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LEGISLATIVE HISTORY

Public Law 389--80th Congress
Chapter 520--1st Session

S. 1774

LEGISLATIVE HISTORY

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DIGEST OF PUBLIC LAW 389

FOREIGN AID ACT OF 1947. Authorizes appropriation of \$597,000,000 to provide assistance to European countries and China through existing Government agencies by allocation, including food, fibers, fertilizer, pesticides, seed, and incentive goods. Prohibits use of such funds for procurement (except commodities under CCC, for price-support purposes, in excess of market prices.) Requires the estimating of a 150,000,000-bushel wheat carry-over as of July 1, 1948. Provides for disposal of surplus commodities at wheat-equivalent prices in connection with this program.

INDEX AND SUMMARY OF HISTORY ON S. 1774

- July 15, 1947 H. Res. 296 was submitted by Rep. Herter and was referred to the House Committee on Rules. Print of the Resolution as submitted. Creating a special Committee on Foreign Aid.
- July 18, 1947 House Committee reported H. Res. 296 with an amendment. House Report 998. Print of the Resolution as reported.
- July 22, 1947 H. Res. 296 was amended and agreed to. Print of the Resolution as agreed to.
- November 10, 1947 Hearings: House, Emergency Foreign Aid.
Senate, Interim Aid for Europe.
Joint Committee Print. The European Recovery Program. Basic Documents and Background Information.
Senate Document No. 108. The Interim European Aid Program. Draft Legislation and Background Information.
- November 17, 1947 House Document No. 430. Address of the President. Interim Aid for Certain Western European Countries and a Program to Curb Inflation in the United States.
House Document No. 435. Supplemental estimate of appropriation for interim aid to France, Italy, and Austria.
S. 1757 was introduced by Senator Connally and was referred to the Senate Committee on Foreign Relations. Print of the bill as introduced.
- November 18, 1947 Remarks on foreign aid by Reps. Smith, Knutson, Scott, Vursell, Hoffman, and Dirksen.
- November 20, 1947 S. 1774 was introduced by Senator Connally and was referred to the Senate Committee on Foreign Relations. Print of the bill as introduced. Remarks of the author and various comments.
- November 21, 1947 Senate Committee reported S. 1774 without amendment. Senate Report 771. Print of the bill as reported.
- November 24, 1947 Senate began debate on S. 1774.
Amendments proposed by Senators Lucas and Ball to S. 1774. Prints of the amendments.
Hearings: Senate, S. 1774 (Appropriations Committee)
- November 25, 1947 Senate debate continued.
Amendments proposed by Senator Donnell to S. 1774. Prints of the amendments.
H. R. 4579 was introduced by Rep. Herter and was referred to the House Committee on Foreign Affairs. Print of the bill as introduced.

November 25, 1947 Herter Reports. Preliminary reports on foreign aid.
House Reports Nos. 1141 - 1151.

November 26, 1947 Senate debate continued.

Amendments proposed by Senators Chavez, Ferguson, and Taylor to S. 1774. Prints of the amendments.

November 28, 1947 Senate debate continued.

Amendments proposed by Senator Kem to S. 1774. Prints of the amendments.

December 1, 1947 Senate debate concluded. S. 1774 passed the Senate with amendments.

December 2, 1947 Print of S. 1774 as referred to the House with Senate amendments.

H. R. 4604 was introduced by Rep. Eaton and was referred to the House Committee on Foreign Affairs. Print of the bill as introduced.

H. R. 4604 was reported without amendment. House Report 1152. Print of the bill as reported.

December 3, 1947 House Rules Committee reported H. Res. 386 for the consideration of H. R. 4604. H. Rept. 1153. Print of the Resolution.

December 4, 1947 H. Res. 386 considered and agreed to.

House began debate on H. R. 4604.

December 5, 1947 House debate continued.

December 8, 1947 House debate continued.

December 9, 1947 House debate continued.

December 10, 1947 House debate continued. Senate Conferees appointed.

December 11, 1947 Debate concluded. House passed H. R. 4604 with amendments. The language of H. R. 4604 was inserted in S. 1774. House Conferees appointed.

Print of S. 1774 with the amendments of the House.

Report of Rep. Maloney relative to the political situation in europe. Committee Print No. 47.

December 13, 1947 Conference Report submitted. House Report 1161.

December 15, 1947 Both Houses received and agreed to the Conference Report.

December 17, 1947 Approved. Public Law 389.

80TH CONGRESS
1ST SESSION

H. RES. 296

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 1947

Mr. HERTER submitted the following resolution; which was referred to the
Committee on Rules

RESOLUTION

Whereas the importance and complexity of aid required by foreign nations and peoples from the resources of the United States is assuming increasing proportions; and

Whereas such aid directly affects every segment of the domestic economy of the United States; and

Whereas the problems relating to such aid are of a nature to lie within the jurisdiction of a number of the standing committees of the Congress; and

Whereas these problems should, in order to safeguard the resources and economy of the United States, be given the most careful consideration in relation to each other; and

Whereas an integrated and coordinated study should be most valuable to the standing committees of the Congress: Therefore be it

1 *Resolved*, That there is hereby created a select committee
2 on foreign aid composed of nineteen Members of the House
3 of Representatives, who shall be appointed by the Speaker.
4 The Speaker shall designate one of the members of the select
5 committee as chairman. Any vacancy occurring in the mem-
6 bership of the select committee shall be filled in the manner
7 in which the original appointment was made.

8 The committee is authorized and directed to make a
9 study of (1) actual and prospective needs of foreign nations
10 and peoples, including those within United States military
11 zones, both for relief in terms of food, clothing, and so forth,
12 and of economic rehabilitation; (2) resources and facilities
13 available to meet such needs within and without the con-
14 tinental United States; (3) existing or contemplated agencies,
15 whether private, public, domestic, or international, qualified
16 to deal with such needs; (4) any or all measures which
17 might assist in assessing relative needs and in correlating
18 such assistance as the United States can properly make
19 without weakening its domestic economy.

20 The committee shall report to the House (or to the
21 Clerk of the House if the House is not in session) from
22 time to time as it shall deem appropriate, but finally not later
23 than March 1, 1948.

24 For the purposes of this resolution the committee, or
25 any subcommittee thereof, is authorized to sit and act during

1 the present Congress at such times and places, either within
2 or without the continental limits of the United States,
3 whether or not the House is sitting, has recessed, or has
4 adjourned, to employ such personnel, to borrow from Gov-
5 ernment departments and agencies such special assistants, to
6 hold such hearings, and to take such testimony, as it deems
7 necessary.

80TH CONGRESS
1ST SESSION

H. RES. 296

RESOLUTION

To create a Select Committee on Foreign Aid.

By Mr. HERRER

JULY 15, 1947

Referred to the Committee on Rules

CREATING A SELECT COMMITTEE ON FOREIGN AID

JULY 18, 1947.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 296]

The Committee on Rules, having had under consideration House Resolution 296, report the same to the House with an amendment with the recommendation that the resolution as amended do pass.

The amendment is as follows:

Page 3, line 4, after the word "adjourned", strike out the words "to employ such personnel, to borrow from Government departments and agencies such special assistants,".

○

House Calendar No. 141

80TH CONGRESS
1ST SESSION

H. RES. 296

[Report No. 998]

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 1947

Mr. HERTER submitted the following resolution; which was referred to the Committee on Rules

JULY 18, 1947

Reported with an amendment, referred to the House Calendar, and ordered to be printed

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80TH CONGRESS
1ST SESSION

H. RES. 296

[Report No. 998]

RESOLUTION

To create a Select Committee on Foreign Aid.

By Mr. HERTER

JULY 15, 1947

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80TH CONGRESS
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H. RES. 296

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 1947

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[Omit the part struck through]

JULY 22, 1947

Considered, amended, and agreed to

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RESOLUTION

To create a Select Committee on Foreign Aid.

By Mr. HERRER

JULY 15, 1947

Referred to the Committee on Rules

JULY 18, 1947

Reported with an amendment, referred to the House
Calendar, and ordered to be printed

JULY 22, 1947

Considered, amended, and agreed to

THE INTERIM EUROPEAN AID PROGRAM

DRAFT LEGISLATION AND BACKGROUND INFORMATION

SUBMITTED BY THE DEPARTMENT OF STATE
TO A JOINT SESSION OF THE
SENATE COMMITTEE ON FOREIGN RELATIONS
AND THE
HOUSE FOREIGN AFFAIRS COMMITTEE

NOVEMBER 10, 1947



PRESENTED BY MR. VANDENBERG
NOVEMBER 20, 1947.—Ordered to be printed

UNITED STATES
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THE INTERIM EUROPEAN AID PROGRAM

DRAFT, EUROPEAN INTERIM AID BILL

A BILL To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The European Interim Aid Act of 1947."

SEC. 2. It is the purpose of this Act to provide immediate assistance in the form of food, fuel, and other commodities urgently needed by the peoples of Austria, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of intolerable hunger and cold and prevent serious economic retrogression which would jeopardize any general European economic recovery program based on self-help and cooperation.

SEC. 3. The President, acting through such departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds to any such departments, agencies, or independent establishments, or by making funds available to the government of a recipient country, whenever he finds it in furtherance of the purposes of this Act and upon the terms and conditions set forth in this Act and upon such other terms and conditions as he may determine—

(a) Procure, or provide funds for the procurement from any source, by manufacture or otherwise, food, seed, and fertilizer; coal, petroleum, and petroleum products; other fuel; fibers; and such other commodities as are necessary for the accomplishment of the purposes of this Act as set forth in section 2;

(b) Transport, or provide funds for transportation of, such commodities;

(c) Transfer such commodities to any recipient country;

(d) Incur and defray expenses, including accessorial and administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

SEC. 4. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act.

(b) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

SEC. 5. After March 31, 1948, no funds may be obligated under this Act.

SEC. 6. Before any commodities or funds are made available to any recipient country under the authority of section 3 of this Act, an agreement shall be entered into between such country and the United States containing an undertaking by such country—

(a) to make efficient use of any commodities made available under the authority of this Act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

(b) to make, when any commodity is made available under this Act, a commensurate deposit in the currency of such country in a special account under such terms and conditions as may be agreed to between such country and the Government of the United States, and to hold or use such special account only for such purposes as may be agreed to between such country and the Government of the United States;

(c) to give full and continuous publicity within such country as to the purpose, source, character, and amounts of the commodities made available by the United States under this Act;

(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this Act.

SEC. 7. The President shall promptly terminate the provision of assistance under this Act for any country whenever he finds that such country is not adhering to the terms of its agreement entered into in accordance with section 6 of this Act.

SEC. 8. All commodities made available pursuant to this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States.

SEC. 9. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this Act; and he may delegate to the Secretary of State or any other official or officials of the Government any of the powers or authority conferred on him under this Act.

SEC. 10. Personnel employed to carry out the purposes of this Act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

SEC. 11. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this Act have been completed, shall transmit to the Congress a report of operations under this Act. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 12. If any provisions of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

GENERAL STATEMENT ON NEED FOR INTERIM AID

Although European production had risen substantially since the war, it became increasingly clear during this spring and summer that general European economic recovery would take a far longer time than had previously been anticipated. For this reason the suggestion was made that the European countries jointly review their situation and develop a cooperative program of recovery. It had been thought that the considerable amounts still available from previously authorized assistance from the United States, from international agencies and from other countries would allow adequate time for such a program to be developed. The financial and economic situation of certain of the countries, however, has already become serious. The principal causes of this development may be summarized as follows:

(a) Severe losses in agricultural products, particularly grain, due to last winter's freeze and the summer's drought.

(b) The higher cost of essential imports, caused by a rise in prices, particularly in the United States.

(c) The effects of the unexpected suspension of convertibility of sterling. The countries in Europe have counted upon their sterling earnings to procure large quantities of commodities which can come only from the dollar area.

The economic difficulties besetting the European countries have become particularly acute in the case of Austria, France, and Italy; and these countries are faced with a serious break-down in their economic life unless assistance is made available at once. Austria has been at a bare-necessities level since the end of the war. France and Italy have been forced to scale down the level of dollar expenditures by taking steps to eliminate procurement of all supplies which are not immediately essential. In June 1947 Italy stopped making governmental purchases of all commodities except cereals, coal, and petroleum products. France took action late in August in stopping the placement of all new dollar contracts except those for cereals, coal, and petroleum products. In spite of these measures, neither France nor Italy will this winter have available resources sufficient to forestall economic and financial disintegration. In the case of Austria, imports for the last quarter of 1947 are being financed principally by the United States relief appropriation. After the first of the year she will be without sufficient resources to maintain the procurement of essential supplies.

After making allowance for all their available resources, it is estimated that these three countries need a total of \$597 million for the period ending March 31, 1948, as follows:

	<i>Million</i>
Austria.....	\$42
France.....	328
Italy.....	227
Total.....	597

Without such assistance their consumption of food would have to be so sharply reduced that serious malnutrition and suffering would occur. They would lack the necessary fuel, fertilizer, and other essential commodities to prevent progressively dangerous deterioration in industrial and agricultural production and to avoid widespread unemployment. Inflation would gain momentum. A rapid con-

traction in the flow of trade with other countries would ensue, with serious economic consequences throughout Europe. The foundations upon which a general European recovery program could be built would be lost.

The funds requested will not cover requirements beyond March 31, 1948. After that date, the problem of holding the line against economic and social disintegration, on an interim aid basis, would become increasingly complex. Not only would Austria, Italy, and France need further aid in substantial amounts but other European countries, with reserves rapidly being depleted, would be unable to carry on without assistance. Detailed statements concerning the situations in Austria, Italy, and France follow.

AUSTRIA

I. BACKGROUND

At liberation, Austria's economy was completely disorganized and had suffered serious war damage. Recovery has been hindered by the lack of raw materials, machinery spare parts, and food, and by the division of Austria into four zones of occupation. Substantial amounts of foreign aid have been necessary to keep the Austrian economy going. (See appendix A for details.) Although with such assistance and the efforts of the Austrian people, some progress has been made, Austria's recovery has been one of the slowest in Europe.

Austria has always depended upon heavy imports of food. To enable her population to survive, UNRRA relief funds and the contributions of the occupying powers have been devoted primarily to the purchase of food. Import needs have been increased by the decline of indigenous agricultural production since liberation. Harvests have amounted to about 50 percent of prewar. Because of lack of fertilizers and manpower, an unusually severe winter, and extreme droughts, the 1947 harvest is little better than that in 1946.

Despite large relief shipments, normal consumer rations were as low as 1,200 calories per person per day in 1946. The ration was lifted to 1,550 calories in late 1946. Prolonged subsistence on such low rations has resulted in reduced efficiency and it is necessary to raise the ration level further in order to increase production.

By devoting imports chiefly to foodstuffs, Austria has lacked imports of equipment and many raw materials, particularly hard coal, needed to revive her industry and to increase her exports.

Austria's industrial production in the first part of 1946 amounted only to slightly more than 30 percent of 1937 output. Output in major industries such as iron and steel, paper, and magnesite declined in the winter of 1946-47 owing to the severe coal shortage, but by summer 1947 reached a level of about 50 percent of 1937.

The rate of recovery has also been very seriously affected by the four-power occupation. The flow of commodities between zones has been hampered by administrative barriers. Occupation costs have been a burden upon the Austrian Government's budget and have decreased the amount of indigenously produced commodities and services available to the Austrian population. A substantial reduc-

tion in these costs has taken place, but they cannot be eliminated until after the signing of the treaty. Completely unhampered movement of supplies among zones is not likely to be achieved until the end of the occupation, after the Austrian treaty has been signed. Reactivation of many industries has been hindered by uncertainty regarding the disposal of major industrial enterprises which the occupying powers might claim as German external assets under the Potsdam Declaration. The United States Government has helped to alleviate this situation by turning over to the Austrian Government as a trustee approximately 200 such enterprises. The British Government has assisted in this matter in a similar manner. The difficulty probably will be fully solved only with the conclusion of a treaty.

II. AUSTRIA'S MINIMUM INTERIM AID REQUIREMENTS

Austria has a potentially viable economy which may become more productive than before the war because of the increased capacity of its metallurgical industry. However, because of the current low level of production in relation to capacity and the disastrously low harvests in the past 2 years, Austria will require additional foreign assistance in order to help feed the population and to enable those industries which are now operating to continue without serious interruption.

Austria's dollar requirements for the last quarter of 1947 will be covered by the United States foreign relief program, and by use of meager resources available from exports and United States Army payments. Consequently, no further aid is needed until the first quarter of 1948.

In the first quarter of 1948 total essential Austrian dollar imports will amount to \$73 million. The resources available to Austria during this period will total \$31 million, leaving uncovered requirements of \$42 million. Interim aid from the United States is needed to cover these requirements. The tentative program for use of the interim aid funds is shown in table I.

TABLE I.—*Commodities to be supplied to Austria under interim aid program during first quarter of 1948*

	[Millions of dollars]
Food.....	20
Coal.....	13
Seeds, fertilizers, and pesticides.....	7
Medical supplies.....	2
Total.....	42

In addition to the items proposed for inclusion in the interim aid program, necessary additional dollar imports of bare necessities during the first quarter amount to \$31 million. These can be covered by other dollar resources available to Austria. A tabulation of these requirements together with a list of the resources which Austria will use to pay for them is shown in table II.

TABLE II.—*Dollar outlays to be covered by Austria and dollar resources available for that purpose during first quarter of 1948*

[Millions of dollars]	
Requirements:	
Food.....	16
Clothing and shoes.....	2
Petroleum products.....	1
Spare parts for agricultural machinery.....	1
Industrial materials:	
(a) Spare parts for other machinery.....	2
(b) Chemicals.....	4.5
(c) Nonferrous metals and metal products.....	4.5
Total.....	31.0
Available resources:	
United States foreign relief program.....	16
Exports.....	4
United States Army payments.....	4.5
Export-Import Bank and War Assets Administration credits.....	6.5
Total.....	31.0

III. EXPLANATORY DATA ON IMPORT REQUIREMENTS

Food.—Austria's total food imports from the United States amount to \$36 million for the quarter. The following tabulation indicates the volume and cost of the foods from the United States:

Austria's first quarter 1948 food import requirements

	Long tons	Price per ton	Total value
Bread grains.....	120,000	\$125	\$15,000,000
Soya flour.....	3,000	146	438,000
Rolled oats.....	9,000	172	1,548,000
Beans and peas.....	12,000	202	2,424,000
Fats and oils.....	12,000	672	8,064,000
Horsemeat.....	4,500	440	1,980,000
Freight.....			6,480,000
Total.....			35,934,000

These imports, together with indigenous food supplies and imports from nondollar areas, including private relief, would provide a ration scale of about 1,700 calories a day for the normal consumer. Requirements for grain appear to be within the general limits of probable IEFC allocations. These tonnages are almost identical with those scheduled under the United States foreign relief program for the period October 1, 1947, to December 31, 1947.

Coal.—In prewar years Austria imported over 50 percent of her coal supply, principally from Czechoslovakia, Poland, and Germany. At present her principal sources are Germany (United States-United Kingdom bizonal area), Poland, and the United States. To meet her minimum needs Austria must import at least 260,000 tons of bituminous coal a month, of which about 150,000 tons (at \$16 per ton) would come from the Ruhr, 85,000 tons (at \$17 per ton) from Poland, (of which 30,000 are compensated in Austrian commodity exports to Poland), and about 25,000 tons (at \$26 per ton c. i. f.) from the United States. Failure to receive this amount would cause a decrease of pro-

duction in major industries and interruptions in transportation, as well as increased hardship for the population.

Austria defrays about 20 percent of her annual coal imports from the Ruhr with exports of electricity to Germany, but must pay the rest in dollars. All receipts from electricity are charged against coal imports. However, during the winter months, because of the shortage of water power, no export of electricity will take place, and it will be necessary to pay in dollars for all Ruhr coal procured.

Seeds, fertilizer, and pesticides.—Austria's needs for these items are broken down as follows: Seeds, \$5 million; fertilizers, \$1 million; pesticides, \$1 million. Another \$1 million is needed for spare parts for agricultural machinery and implements such as tractor parts, chains, leather for harness repairs, binding ropes, leather belting, and cream separators.

Total agricultural requirements for spring cultivation in 1948 are estimated to call for imports of approximately \$18 million of supplies. Approximately \$7 million is tentatively provided for through procurement prior to December 31, 1947, partly from United States foreign relief funds and partly from dollar receipts of the Austrian Government. (Of this \$7 million, 4 is for fertilizers, 1.5 for seeds, and 1.5 for pesticides.)

These additional interim aid imports would enable Austrian agriculture to meet its minimum spring requirements for pesticides, but would cover only four-fifths of its estimated fertilizer needs for the spring season of 1948. This estimated need somewhat exceeds the amount of fertilizers used in Austria before the war, but is essential to compensate for the depletion of the soil during and since the war. Even with prospective imports of fertilizer, Austria will be unable to reach prewar food production within the next 2 years.

The \$5 million requested for seeds, together with the amount already spent by and on behalf of Austria for spring seeding, would provide only about one-half of the estimated seed requirements of Austria in the spring of 1948. Not more than \$5 million worth of seeds could be effectively procured for Austria between December 1, 1947, and the middle of February, the latest date for shipment of spring seeds for distribution in Austria.

Failure to provide agricultural supplies in the amounts described above would be reflected later in lower food production in Austria and in increased requirements for food imports from abroad.

Medical supplies.—The chief sources of medical supplies for postwar Austria have been the United States Army, the British grant, captured enemy supplies distributed by the occupation forces, and UNRRA. All these supplies, however, have fallen far short of meeting the most elementary medical needs of Austria. By the end of 1947 these sources will have been exhausted. In order to compensate for the shortfall from other sources and therefore the failure to supply the most elementary medical needs, the United States foreign relief program called for about \$4 million worth of medical supplies from Austria in 1947. Lack of sufficient funds due to the increased prices of basic food items in the program, however, have prevented the use of more than \$500,000 for this purpose. By the end of January 1948 it is expected that all of this \$500,000 worth of supplies will have been delivered to Austria. The \$2 million interim aid requirements would

assure the continued flow of medical supplies to Austria and will provide for a slight increase over the quantities provided heretofore.

Shoes and work clothing.—Originally it was contemplated that about \$5 million worth of shoes and clothing would be made available in the United States foreign relief program toward meeting the minimum relief requirements for clothing and shoes. This amount was less than one-half the cost of the Austrian relief needs in this category which was submitted by the Austrian Government. Because of the lack of sufficient funds due to the higher-than-anticipated cost of essential food items needed in the program, it was impossible to provide any portion of these items under the United States foreign relief program.

The \$2 million here provided will furnish a small portion of the actual requirements and will be used to supply heavy laborers, particularly in lumbering and mining occupations.

Petroleum products.—Austria will need about \$1 million for petroleum imports during this period. Petroleum products available from indigenous resources in Austria satisfy only about 50 percent of the country's requirements. The remainder has to be provided from imports in approximately the following quantities:

	<i>Tons</i>
Gasoline.....	9,900
Kerosene.....	7,000
Diesel oil.....	18,000
Lubricants.....	2,000

In the past, part of this deficit in the requirements has been met by supplies provided by the United States and the British occupation forces.

Spare parts for agricultural machinery.—A minimum of \$1 million will be needed for spare parts and repairs of agricultural and food-processing machinery. In addition to lack of sufficient fertilizer, pesticides, seeds, and agricultural labor, the revival of Austrian agriculture has been hampered by a lack of spare parts and repair material for its machinery. Included among the needed supplies are tractor parts, chains, leather for harness, leather belting, binder twine, and ropes.

Industrial materials.—Necessary industrial imports from dollar areas are estimated at \$11 million, of which \$4.5 million is for chemicals, rubber, and rubber-processing materials, and another \$4.5 million for ferro-alloys, nonferrous metals, metal products, and electrodes. It is expected that \$6.5 million of these requirements will be financed by the Export-Import Bank credit and the anticipated WAA credit. The chemicals are required to increase the output of Austria's chemical industry, and for use in other industries, such as wood manufactures and textiles. Another \$2 million is needed for machinery spare parts. The industrial requirements here outlined are only a part of those which have been recommended as urgently needed by the United States military authorities in Vienna and which have been submitted as projects for financing by the Austrian authorities to the Export-Import Bank.

IV. EXPLANATORY DATA ON AVAILABLE RESOURCES

UNITED STATES FOREIGN RELIEF PROGRAM

The United States foreign relief program includes a tentative allotment of \$16 million for Austrian relief in the first quarter of 1948.

If the \$16 millions is available at the beginning of 1948, they would suffice to procure food for Austria only until early in February.

EXPORTS

Austrian exports to dollar areas, including the bizon of Germany, are estimated at \$4 million for the quarter, consisting of \$2.5 million in fertilizer deliveries to Germany, and \$1.5 million exports to the United States.

UNITED STATES ARMY PAYMENTS

The United States Army has an agreement with the Austrian Government providing for reimbursement by the United States in dollars for certain expenditures incurred by Austria on behalf of our occupying authorities. It is expected that these dollar payments will amount to about \$1.5 million per month.

EXPORT-IMPORT BANK AND WAA CREDITS

The Export-Import Bank has granted lines of credit amounting to \$13 million to Austria. During the first quarter 1948, the Austrian Government should be able to utilize about \$4.5 million of this credit for the specific projects approved by the bank. It is expected that the War Assets Administration will soon grant a credit of \$10 million. Austria should be able to utilize about \$2 million of such credit during the first quarter 1948.

V. RESTITUTION OF LOOTED GOLD

On November 4, 1947, the Austrian Government signed with the Tripartite Gold Commission a protocol by whose terms it will receive approximately \$40 million of the looted gold in the "gold pot." This prospective resource is not counted among those available for meeting Austria's requirements because of the necessity of constituting a gold reserve against Austria's note circulation. This use of Austria's share of the "gold pot" has long been anticipated by the Austrian people, and its employment for current expenditure at this time would weaken confidence in the Austrian currency. The situation in that country is so precarious that this risk should not be taken.

APPENDIX A—AUSTRIA

FOREIGN AID TO AUSTRIA THROUGH 1947

Military relief.—Until April 1946, when UNRRA began to supply Austrian relief needs, the occupying powers supplied the civilian population in their separate zones with the bare minimum necessary to prevent disease and unrest. Even after the UNRRA program began, some military contributions had to be made. The United States, through the Department of the Army, spent \$56,000,000 between the date of liberation and December 31, 1946, for food, clothing, medical supplies, some petroleum products, and agricultural supplies. Sums spent by other occupying authorities are not now known.

UNRRA program.—On April 1, 1946, UNRRA undertook a relief program for Austria. This program amounted to \$137.3 million

(excluding freight), which consisted chiefly of food and agricultural supplies.

Other relief aid

Before the cessation of UNRRA aid, the United States Army allocated additional funds to Austria for civilian supplies. Expenditures from this source in 1947 amounted to about \$26 million. The British Government has made available in 1947 £10 million (\$40 million) for purchases of food, agricultural supplies, coal, medical supplies, and some industrial items, contracts 65% of which were placed by October 1, 1947. The United States foreign relief program (under Public Law 84) became effective in June 1947, and for the third quarter of 1947, \$49 million worth of commodities were scheduled for procurement for Austria. In addition, during the fourth quarter of 1947, about \$40 million worth of supplies will be procured for shipment.

Other financial aid

The Foreign Liquidation Commission authorized a credit for Austria of \$10 million in 1946 for the purchase of surplus war property. Less than \$3 million of this amount has been used so far because Army surpluses in Europe did not contain much material useful to Austria. In 1947 the Export-Import Bank granted credits aggregating \$13 million to several Austrian industrial concerns for the financing of specific projects. Most of these funds will be spent in 1948. Very small credits have also been granted by certain European countries, such as Norway, but they are for very short terms.

Austria has applied to the War Assets Administration for a \$10 million credit for purchases of domestic surplus property. The credit probably will be concluded shortly and deliveries of procurable items should take place in 1948.

FRANCE

I. BACKGROUND OF PRESENT DOLLAR EXHAUSTION

During 1946 the French balance-of-payments deficit of \$2.3 billion (\$1.5 billion of which was toward the dollar area) was financed by the use of almost a billion dollars of official gold and foreign exchange reserves, by \$1.1 billion of foreign credits mainly from the United States, and by the liquidation of \$200 million of private foreign assets. In April of this year the French estimated that the 1947 balance-of-payments deficit would be \$1.8 billion (\$1.4 billion toward the dollar area) and that \$1 billion of this deficit could be financed by the use of \$600 million of existing foreign credits and the liquidation of \$400 million of private foreign assets. The remaining deficit of \$800 million was to be covered by the expected \$500 million loan from the International Bank (\$250 million of which the French received in May), by restituted gold, and by further use of official reserves if necessary.

Since April 1946, however, the French situation has deteriorated rapidly. Despite the use of a far larger amount of official reserves than was planned for earlier this year, and severe restrictions on foreign purchases and a reduction of the daily bread ration to 200 grams instituted on September 1, 1947, France will run out of dollars before the end of 1947.

The main reasons for the recent rapid deterioration in France's international financial position are:

(a) The higher cost of imports due to rise in United States prices (30 percent during the last year).

(b) Larger requirements for imports of grain due to last winter's freeze and the past summer's drought. Domestic collections of wheat in 1947 are estimated at 3,000,000 tons below 1946.

(c) Failure of exports to the dollar area to come up to expected levels.

(d) The inconvertibility of sterling (French holdings of sterling amount to \$200 million).

II. OBJECTIVES OF INTERIM AID PROGRAM

France is now facing a situation in which her available dollar resources will not be adequate to take care of her commitments of essential commodities and to procure the additional quantities of food, fuel, and materials needed to keep her people and her economy going during the winter and early spring. France will need to import food from dollar areas to assure the continuance of the present reduced bread ration of 200 grams per day per capita and to supply additional cereals or substitute foods to provide the equivalent of an additional 50 grams per day. Such a ration would provide the equivalent of approximately 2,100 calories per day per capita for urban consumers as compared with a prewar level of approximately 3,000 calories per day per capita. She will also need to import coal and petroleum products to avoid extreme suffering by her population and to prevent break-downs of transportation and further reductions in electric power output and essential industrial production. Imports of cotton will also be required to provide clothing for her population. In addition, France should maintain the present levels of employment and production, which her people have worked so hard to achieve in the years since the war. If France is unable to finance purchases of minimum quantities of raw materials and other commodities required by her industries, there will be a severe reduction of output during the winter months as well as a sharp wave of unemployment. This would further reduce the present low standard of living and would furnish a breeding ground for civil unrest and disturbances.

The interim aid program for France would provide the minimum amount of necessary feeding and would, with vigorous economy and wise management, avert serious reductions of output and employment. It would not provide the materials and equipment for higher levels of economic activity or for expanded reconstruction or development of plants and equipment.

III. WHAT AID FRANCE NEEDS FROM THE UNITED STATES

It is now estimated that France's essential outlays during the period December 1, 1947, to March 31, 1948, will amount in aggregate to \$556 million. Against these essential outlays, France will have available only \$228 million. It is proposed here that the difference of \$328 million be supplied by the United States as interim aid.¹

¹ Comparable data covering the period October 1, 1947, to March 31, 1948, appear in appendix E. A tabulation of French requirements in October and November 1947, together with the resources with which they will have been covered, appears in appendix D.

It is now anticipated that this amount of interim aid, if forthcoming by December 1, 1947, will be used to purchase the following commodities:

TABLE I.—*Commodities to be supplied to France under interim aid program during period Dec. 1, 1947, to Mar. 31, 1948*

	[Millions of dollars]
1. Wheat.....	111
2. Milk products.....	3
3. Fats and oils.....	20
4. Coal from United States.....	116
5. Coal from Germany.....	9
6. Petroleum products.....	22
7. Cotton.....	38
8. Fertilizer.....	9
Total.....	328

If the foregoing products are supplied to France under the interim aid program, France's own dollar resources should suffice to cover its other essential dollar outlays, as is indicated in table II.

TABLE II.—*Dollar outlays to be covered by France and dollar resources available for that purpose during period Dec. 1, 1947, to Mar. 31, 1948*

	[Millions of dollars]
Requirements: ¹	
1. Food.....	30
2. Fats and oils.....	12
3. Petroleum products.....	23
4. Food imports for French zone in Germany.....	13
5. Essential supplies for French overseas areas.....	32
6. Imports of industrial materials.....	52
7. Service of foreign debt.....	26
8. Payment to Belgium on commercial account.....	17
9. Payment to Brazil on commercial account.....	3
10. Additional contribution to International Monetary Fund.....	10
11. Administrative and other expenditures.....	10
Total.....	228
Available resources:	
12. Balance available on Dec. 1, 1947.....	153
13. Liquidation of French dollar securities.....	35
14. Earnings from exports and services.....	40
Total.....	228

¹ Equipment items are not listed since it is contemplated that the French will, during the interim period, restrict their equipment imports to the funds becoming available exclusively for this purpose. This will consist of approximately \$100 million of funds from outstanding loans from the Export-Import Bank and the International Bank for equipment purchases.

IV. EXPLANATORY DATA ON REQUIREMENTS

Wheat (table I, item 1)

The figure of \$111 million consists of \$100 million for wheat and \$11 million for ocean freight. The wheat represents imports of 770,000 tons of wheat (and flour) from the United States in the period December 1, 1947, through April 30, 1948, for which payments are due within the period December 1, 1947, through March 31, 1948. On the basis of United States over-all export availabilities estimated at 520,000,000 bushels of wheat, it is believed that the above French import requirements for United States wheat can be met. Furthermore, if the estimate of 770,000 tons of United States exports to

France is realized and if anticipated deliveries of wheat from other sources are also realized, the French daily bread ration can be restored to 250 grams per person from the present low level of 200 grams. The present daily ration of 200 grams of bread per person represents a cut made at the beginning of September 1947, and is 100 grams less than the ration a year ago. Early restoration of the 250-gram ration is regarded as necessary and desirable in the interest of less inadequate nutrition of the French urban population and essential in order to prevent political unrest and civil disturbance in France.

If the anticipated increase in export availabilities of United States wheat is not realized and the present 130,000-ton monthly allocations of wheat to France are maintained, United States wheat exports for this period would be only 650,000 tons, representing an expenditure of \$85 million (plus freight charges of \$9 million).

Appendix B gives further data on French requirements for bread grains and the schedule of payments to be made by the French during the period December 1, 1947, to March 31, 1948, against shipments of United States wheat on the basis of the present rate of allocations, and on the basis of probable increase of availabilities.

Freight.—The estimate of \$11 million for freight on cereals was calculated on the assumption of United States exports of 770,000 tons at an average rate of \$14 per ton. The average rate of \$14 compares with rates of approximately \$12 for Atlantic ports, \$14 for Gulf ports, and \$18 for west coast ports.

Milk products (table I, item 2)

It is estimated that the French will require about 3,000 tons of powdered and unsweetened condensed milk from the United States in the period December 1 to March 31. This amount is required for dietary purposes, primarily for babies and adults on special diets. The French import program for the first 6 months of 1947 called for dollar imports of condensed and powdered milk of 14,000 tons valued at about \$14 million and exports from the United States to France amounted to \$4 million.

Fats and oils (table I, item 3; table II, item 2)

Dollar expenditures for minimum amounts of fats and oils are estimated at \$32 million, or the equivalent of 58,200 tons of imports at an average price of about \$550 cost, insurance, and freight per ton. This amount would barely serve to maintain the fats and oils ration during the winter and spring months. (The average ration in 1947 is 600 grams for urban dwellers and 500 grams for rural dwellers.) These amounts are within the levels of present IEFC allocations.² Of the total of \$32 million it is now anticipated that \$20 million will be supplied under the interim aid program, with the remainder being covered from France's available resources.

Coal from the United States (table I, item 4)

French coal imports from the United States for the period December 1 to March 31 are estimated at 5,560,000 long tons at a delivered cost of \$21 per long ton. The December allocation to France and the French colonies was set at 1,359,000 long tons. Monthly alloca-

² France's 1947 consumption requirements are 570,000 tons with up to 160,000 metric tons from domestic sources, and 160,000 metric tons from French colonies. Her import deficit is therefore 230,000 tons. The IEFC allocation for 1947 was 242,000 metric tons fats and oils for metropolitan France, of which 189,600 from dollar areas.

tions from the United States for the period January through March, inclusive, are expected to be 1,400,000 long tons.

Coal from Germany (table I, item 5)

Allocations of Ruhr coal to France during the 4-month period December to March are estimated at the rate of 150,000 tons per month. The present price of German coal is \$15 per ton. The French are now being billed by the United States military government in Germany and are paying dollars for German coal.

Petroleum products (table I, item 6; table II, item 3)

French petroleum import requirements of \$45 million from the dollar area are based on imports of petroleum products from the dollar area in the first half of 1947. The following tabulation shows in detail the break-down of French imports of petroleum products during the first half of 1947:

France—estimated imports of petroleum from dollar area (January–June 1947)

	Quantity	Price per ton, f. o. b.	Freight per ton	Value, f. o. b.	Cost of freight	Value, c. i. f.
	<i>Metric tons</i>			<i>Million</i>	<i>Million</i>	<i>Million</i>
Crude oil.....	1,400,000	\$12	\$8	\$16.8	\$11.2	\$28.0
Fuel oil.....	260,000	16	8	4.2	2.0	6.2
Gas oil.....	135,000	18	8	2.4	1.1	3.5
Lubricants.....	63,000	70	8	4.4	.5	4.9
Gasoline (including aviation gas).....	405,000	30	8	12.1	3.2	15.3
United States exports to French overseas areas.....				6.6	1.4	8.0
Total.....				46.5	19.4	65.9

Due to recent price increases, an equivalent volume of imports for 6 months would at present amount to \$70 million. The French have outstanding contracts of \$25 million for imports to be delivered in the last quarter of 1947. Since stocks of petroleum products have been at very low levels (as of September 1, 1947, stocks of crude, fuel, and gas oil were less than 2 months' supply), it is estimated that imports during the 4 months' period should be maintained at first half 1947 levels. This would require imports of \$45 million. Of this total it is now anticipated that \$22 million will be provided under the interim aid program with the remainder of \$23 million being covered by France from available resources.

Cotton (table I, item 7)

The estimate of \$38 million for cotton imports compares with French imports of raw cotton from the United States in the first half of 1947 of approximately \$45 million (f. o. b.) (63,000 metric tons). Since cotton purchasing is seasonal, occurring mainly during the winter and spring months, the estimate of \$38 million represents essential requirements for the period December 1, 1947, to March 30, 1948. French cotton consumption averaged 20,000 tons per month during the first half of 1947 or at the rate of 80,000 for 4 months which at \$710 per ton c. i. f. would amount to \$64 million.

Fertilizer (table I, item 8)

As of November 1, 1947, the French had not taken up any of their 1947–48 allocation of nitrate fertilizers from the United States and

Canada amounting to 22,900 metric tons valued at \$8.6 million for the period July 1, 1947, to July 1, 1948. In addition, the French were allocated 23,000 tons from Chile. It appears that half the total allocations have been delivered during October and November. The remaining amounts allocated are needed to prevent further depletion of the soil and in order not to endanger 1948 harvests. It is, therefore, estimated that minimum French import requirements for the 4-month period December to March amount to approximately \$9 million.

Food (table II, item 1)

The French have obtained an allocation of 40,000 tons of Canadian rye for the period December 1, 1947, through March 31, 1948, at a reported price of \$135 a ton. In addition, they are expected to obtain about 100,000 tons from Argentina at an average price of \$170 per ton and 50,000 from the Near East (Turkey and Syria) at approximately the same price payable in dollars. Thus, payments of \$30 million against cereal purchases outside of the United States will probably fall due in the period ending March 31, 1948.

	Tons	Price per ton	Amount
Payment for Canadian rye.....	50,000	\$135	\$6,750,000
Payment for Argentina wheat.....	100,000	170	17,000,000
Payment for Near East wheat.....	40,000	170	6,800,000
Total.....	190,000	-----	30,550,000

These amounts are required to help maintain and increase present rations in France as explained above.

Food imports for French zone in Germany (table II, item 4)

For the autumn of 1947, the French Government adopted a plan of distress to meet the acute economic situation in the French zone of Germany. The program presented herewith makes provision only for that part of the plan which requires food imports from dollar areas. These essential imports total \$28 million, of which \$15 million are attributed to October and November, and the balance of \$13 million to the rest of the period. Food items are as follows:

Item:	Expenditure (in millions of dollars)
Wheat.....	16.0
Fats.....	2.5
Sugar.....	1.2
Pulses.....	1.7
Potatoes.....	3.9
Other.....	2.7
Total.....	28.0

Essential supplies for French overseas areas (table II, item 5)

United States exports to French overseas areas (other than coal, cereals, and petroleum supplies) amounted to nearly \$50 million (f. o. b.) in the first half of 1947. On this basis it is estimated that payments for dollar imports other than for cereals, coal, and petroleum will amount to \$52 million (c. i. f.) for the 6-month period October 1 to March 31, of which \$32 million will be payable in the period December 1 to March 31. Imports of cereals, coal, and petroleum have

been included in the import requirements of those items for metropolitan France.

Imports of industrial materials (table II, item 6)

Imports of industrial materials representing minimum requirements to maintain the status quo in employment and output are estimated at \$52 million for the period December 1, 1947, to March 31, 1948, divided as follows:

	<i>In millions of dollars</i>
1. Iron and steel.....	10
2. Other minerals and metals.....	16
3. Chemicals.....	20
4. Wood and wood pulp.....	6

A break-down of these items is contained in appendix C.

Service of foreign debt (table II, item 7)

Dollar interest and amortization are payable by France on January 1, 1948, as follows:

First Export-Import Bank loan (\$550 million):	<i>In millions of dollars</i>
Principal.....	9.2
Interest.....	6.3
Total.....	15.5
Second Export-Import Bank loan (\$650 million):	
No principal payment.....	
Interest.....	7.5
Total due to Export-Import Bank.....	23.0
Interest and charges on International Bank loan (\$250 million).....	3.1
Grand total.....	26.1

Payment to Belgium on commercial account (table II, item 8)

In 1945 a payments agreement was negotiated under which Belgium extended a credit to France for the excess of French imports and other outward payments over exports and other inward payments in Belgo-Franco trade. The agreement provided that when the credit ceiling (\$26.8 million) was reached, future net imports and other payments were to be settled monthly in gold or dollars.

The amount due to Belgium at the end of September 1947 was \$13.2 million, which was paid by France on October 2, 1947. An additional amount of \$17.3 million was due and payable on November 1, but agreement has been reached deferring actual settlement to December 31, 1947.

Although the flow of trade between France and Belgium is in approximate balance, the former has a persistent deficit on payments account because of worker transfers. About 50,000 workers residing in Belgium are employed permanently in France, largely in the textile industry, where they have an important traditional role. Remittances in Belgian francs for this group for the first 9 months of 1947 were equivalent to \$42 million. In addition, Belgian seasonal workers performing agricultural labor in France transfer about \$8 million annually.

Payment to Brazil on commercial account (table II, item 9)

In 1946 an agreement was negotiated under which Brazil extended to France a credit under a payments agreement for the excess of French imports over exports in Franco-Brazilian trade. The agree-

ment provided that when the credit ceiling had been reached, future net imports into France from Brazil would be paid for in gold or dollars.

The credit ceiling was reached in the summer of 1947 and by October 1 amounts due Brazil exceeded \$10 million. This amount is being settled in the following manner:

1. Paid to Bank of Brazil Oct. 15, 1947-----	\$4, 194, 000
2. Paid to Bank of Brazil Oct. 20, 1947-----	2, 514, 000
3. Due to Brazil and now payable-----	3, 600, 000
Total-----	10, 308, 000

Additional contribution to International Monetary Fund (table II, item 10)

The International Monetary Fund is disallowing certain deductions amounting to \$10 million which the French Government made in calculation of its original contribution to the fund. The sum of \$10 million will therefore become payable during the period.

Administrative and other expenses (table II, item 11)

The term "administrative and other expenditures" includes support remittances, business travel, and official expenditures in dollar areas. The French Government has estimated its official expenditures as follows:

	Expenditures	
	Fourth quarter 1947	First quarter 1948
Diplomatic and consular-----	\$7, 500, 000	\$6, 000, 000
Contribution to international organizations-----	2, 000, 000	500, 000
Miscellaneous-----	500, 000	500, 000

According to the French Finance Ministry, the reduction in rate of projected expenditure reflects measures to deflate official expenses abroad.

V. EXPLANATORY DATA ON AVAILABLE RESOURCES

Balance available December 1, 1947 (table II, item 12)

This represents cash resources which should be available to France for expenditures in the succeeding months. The relation of this balance to transactions during the period October 1 to December 1, 1947, is explained in appendix D.

Liquidation of French dollar securities (table II, item 13)

In the early part of 1947, the French Government requisitioned the declared dollar bank accounts of French nationals residing in France and these have since been spent for necessary imports. Dollar securities owned by French nationals totaling \$80 million were subsequently requisitioned and are in course of liquidation. Of this total, it is estimated that the French Government will receive \$45 million in October–November, leaving a resource of \$35 million for the December 1, 1947, to March 31, 1948, period.

Earnings from exports and services (table II, item 14)

Average monthly receipts from the dollar area are \$10 million, divided as follows:

Exports.....	\$7, 000, 000
Tourist trade.....	500, 000
Miscellaneous (services, dividends, postal transfers, inward remittances).....	2, 500, 000

APPENDIX A

United States financial aid to French Union since VJ-day

[In millions of dollars]

	Amount authorized	Amount disbursed by Sept. 30, 1947	Purpose
1. Export-Import Bank credits: Dec. 4, 1945.....	\$550	\$550	To finance the completion of purchases requisitioned under lend-lease but not contracted for as of VJ-day.
July 13, 1946.....	650	470	To finance purchases of United States equipment and raw materials.
2. Maritime Commission ship sales credit.	56	56	To finance purchases of up to 100 United States surplus war-built vessels.
3. Foreign Liquidation Commission surplus-property credit.	300	300	To finance purchases of United States surplus property in France.
4. Settlement of lend-lease and war-claims accounts (May 28, 1946).	420	420	To finance VJ-day lend-lease inventories, and post-VJ-day transfers.
5. Total credits.....	1, 976	1, 796	

¹ Amount expected to be utilized by Nov. 30, 1947.

² An additional \$50 million Foreign Liquidation Commission surplus-property credit and a \$50 million War Assets Administration credit to France have already been authorized but contracts have not yet been signed with the French Government.

APPENDIX B

FRENCH REQUIREMENTS FOR BREAD GRAINS

French consumption requirements of bread grains are estimated at 350,000 tons a month to support a daily 250-gram normal ration per person. On the most optimistic assumption, average monthly collections from domestic production will not exceed 170,000 tons, leaving an import deficit of 180,000 tons per month for metropolitan France. The import deficit of French north Africa is estimated at 30,000 tons a month. The International Emergency Food Council has estimated north African import requirements for the year 1947-48 at 330,000 tons. Since it is estimated that French stocks of bread grains will have fallen to less than 1 month's consumption requirements by the end of 1947, import requirements for the 5-month period December 1, 1947 to April 30, 1948, are estimated at 1,100,000 tons plus 100,000 to raise stocks above the dangerously low level to which they will have fallen by the year's end.

If present expectations of United States export availabilities of 520,000,000 bushels for the current crop year are realized, it is anticipated that France can receive 770,000 tons from the United States in the period December 1, 1947, to April 30, 1948. This would require an increase of 30,000 tons in United States exports to France above the present monthly rate of 130,000 tons. On this assumption the following wheat imports into France may be realized:

Source:	Quantity in long tons
United States.....	770,000
Australia.....	275,000
Near East.....	40,000
Argentina.....	50,000-100,000
Canada.....	50,000
Total.....	1,185,000-1,235,000

The following table sets forth the schedule of payments for United States wheat exports to France in the period December 1, 1947, to March 30, 1948, necessary to cover United States shipments for the 5 months' period December 1, 1947, to April 30, 1948.

Schedule of payments for United States wheat exports to France, Dec. 1, 1947, to Mar. 31, 1948

Payments due	Allocations at present rate (I)	Allocations based on probable increase in availabilities (II)	Average price (III)	Value free alongside	
				(column I × III) (IV)	(column II × III) (V)
For shipment under December allocations ¹	Thousand long tons 180	Thousand long tons 180	Long tons ² 125	Thousands of dollars 25,750	Thousands of dollars 25,750
Before Dec. 10, 1947, for January allocations after deduction of preshipment of 50,000 tons in December.....	80	110	125	10,000	13,750
Before Jan. 10, 1948, for February allocations.....	130	160	125	16,250	19,990
Before Feb. 10, 1948, for March allocations.....	130	160	125	16,250	19,990
Before Mar. 10, 1948, for April allocations.....	130	160	125	16,250	19,990
Total payments for United States wheat.....	650	770	-----	84,500	99,470

¹ Payments due in December 1947 for December allocations (f. a. s. basis):

United States wheat for France and French North Africa (December allocation) 94,000 tons.....	\$11,750,000
For flour (shipped in November), 24,000 tons *.....	3,000,000
For flour (out of December allocations), 36,000 tons *.....	4,500,000
Probable increase in December allocations (representing preshipment of January allocations), 50,000 tons.....	6,500,000

Total payments due in December..... 25,750,000

* Tonnage figures for flour are in wheat equivalent.

² The price of \$125 per ton is equivalent to a Chicago price of \$3.05 to \$3.10 per bushel.

APPENDIX C

*Payments for industrial materials to be covered by French resources—Dec. 1, 1947,
to Mar. 31, 1948*

Commodity	Quantity (1,000 tons)	Value (c. i. f.) (in million dollars)	United States exports to France, Janu- ary-June 1947 (f. o. b.)
1. Metals and minerals:			
Iron and steel.....	100	10.0	24.8
Copper.....	14	7.0	1.4
From United States.....		2.0	
From Chile.....		5.0	
Lead, metal.....	10	5.0	0.3
From Peru.....		2.5	
From Mexico.....		2.5	
Zinc, ore, and metal.....		1.0	0.8
From Newfoundland.....		.4	
From Mexico.....		.3	
From Peru.....		.3	
Other nonferrous metals and minerals.....		3.0	4.0
Total, metals and minerals.....		26.0	31.3
2. Chemicals (other than fertilizers):			
Sulfur.....	50	1.0	1.7
Benzine products.....		1.0	
Carbon black.....		1.0	
Pigments and paints.....		1.0	1.9
Rubber and rubber manufactures.....		3.5	4.9
Pharmaceuticals.....		1.5	2.5
Other organic chemicals.....		6.0	} 12.0
Other inorganic chemicals.....		5.0	
Total, chemicals.....		20.0	23.0
3. Wood and wood pulp.....		6.0	3.7
4. Other imports from United States (except food, fuels, metals, fertilizers, and machinery).....		None	22.0
Total.....		52	80.0

APPENDIX D

France—Dollar resources available and expenditures during period Oct. 1, 1947, to Nov. 30, 1947

[In millions of dollars]

Resources:

Stabilization fund balance as of Oct. 1, 1947 ¹	50
Balance of International Bank loan available for purchases of supplies.....	21
Possible drawings on International Monetary Fund.....	30
U. S. Army payment ²	50
Restitution of gold from Germany ³	104
Estimated liquidation of French dollar securities.....	45
Export-Import Bank credit available for purchases of supplies ⁴	93
Earnings from exports of goods and services.....	20

Total resources for period Oct. 1 to Dec. 1..... 413

Expenditures:

Payments for contracts outstanding as of Oct. 1, 1947, or incurred during period and payable prior to Dec. 1, 1947, for imports of supplies for France, French colonies, and French zone, Germany ⁵	240
Payment to Belgium under commercial agreement.....	13
Payment to Brazil under commercial agreement.....	7

Total expenditures..... 260

Balance available as of Dec. 1, 1947..... 153

¹ The French had \$50 million available for current use in the stabilization fund as of Oct. 1, 1947. In addition the gold and foreign-exchange reserve of the Bank of France was \$440 million. In view of the present situation in France, it would be dangerous, both economically and politically, to spend any significant part of these funds.

² The U. S. Army paid \$50 million on Oct. 17, 1947, for procurement in France and French North and West Africa since VJ-day. Additional claims are now being discussed but it is not certain whether these will in fact result in additional amounts being due, or, if due, when settlement will take place.

³ On Oct. 17, 1947 the Tripartite Commission in Brussels announced a preliminary distribution of the "gold pot" consisting of the gold found in Germany or looted gold recovered to date. France received \$104 million.

⁴ As of Oct. 1, 1947, approximately \$180 million remained of the \$650 million loan extended by the Export-Import Bank on May 28, 1946, earmarked for equipment. The Export-Import Bank has agreed that the French may use \$93 million of these funds for current purchases of supplies.

⁵ The break-down of these payments is listed as follows:

*In millions
of dollars,
c. i. f.*

Commodities:

Cereals from United States.....	24
Food from other sources.....	11
Milk products.....	2
Fats and oils.....	15
Coal from United States.....	60
Coal from Germany.....	5
Petroleum products.....	25
Cotton and other textile raw materials.....	20
Other industrial materials.....	43
Food supplies for French zone, Germany.....	15
Essential supplies other than food and fuel for French overseas areas.....	20

Total..... 240

APPENDIX E

France—Dollar Requirements and Available Resources, Oct. 1, 1947, to Mar. 31, 1948

[In millions of dollars, c. i. f.]

Expenditures for supplies:	
Cereals from United States.....	135
Cereals from other sources.....	41
Milk, condensed.....	5
Fats and oils.....	47
Coal from United States.....	176
Coal from Germany.....	14
Petroleum products.....	70
Cotton.....	58
Fertilizers.....	9
Other raw materials.....	95
Imports of food supplies for French zone, Germany.....	28
Imports for French overseas areas (excluding cereals, coal, petroleum supplies).....	52
Subtotal.....	730
Other expenditures:	
Payments to Belgium for Belgians under commercial agreement.....	30
Payment to Brazil under commercial agreement.....	10
Interest on foreign debt.....	26
Administration and other expenses.....	10
Additional contribution to International Monetary Fund.....	10
Subtotal.....	86
Total expenditures.....	816

France—Dollar resources available, Oct. 1, 1947, to Mar. 31, 1948

[In millions of dollars]

Resources available:	
Earnings from exports of goods and services.....	60
Stabilization fund balance as of Oct. 1, 1947.....	50
Possible drawings on International Monetary Fund.....	30
Balance of International Bank loan available for purchases of supplies.....	21
Estimated liquidation of French dollar securities.....	80
U. S. Army payment.....	50
Export-Import Bank credit available for purchases of supplies.....	93
Restitution of gold from Germany.....	104
Total resources.....	488

ITALY

I. BACKGROUND OF PRESENT DOLLAR EXHAUSTION

Industry and agriculture in Italy have recovered slowly but substantially from the damage and destruction caused by war. Industrial production reached a level of 65 percent in the fall of 1946, 50 percent in the spring of 1947, and 75 to 80 percent in the fall of 1947. Agricultural output in 1946 had recovered to about 70 percent of the general prewar average output but has fallen off since then as a result of unfavorable weather. In the attainment of these levels of domestic production in Italy the efforts of the Italian people have been reinforced by assistance received from abroad. The United States Government, since the liberation of Italy, has provided her with financial

assistance in one form or another amounting to over \$1.5 billions. (See appendix A for details.)

The estimates of Italy's needs for relief financing in 1947, presented last spring in support of legislation and appropriations for the United States foreign relief program, indicated that Italy in 1947 would be faced with an uncovered balance on foreign account of \$193 million. Roughly, 60 percent of this amount was to be financed by the United States as relief to Italy, and it was assumed that the remaining 40 percent would be covered by aid from other countries. In fact, however, no substantial aid has been forthcoming for Italy from sources other than the United States. The United States foreign relief program has of this date programed for shipment to Italy approximately \$124 million, leaving uncovered \$69 million of the requirements as estimated at the time the relief appropriation was under consideration.

It now appears that Italy's dollar requirements for 1947 are substantially larger than previously estimated. The failure of the Italian economy to achieve the degree of international equilibrium anticipated last spring is due to a number of factors, among which the following deserve particular mention:

(1) The retardation of general economic recovery in Europe, which has been an important factor in the failure of Italian exports to reach anticipated levels.

(2) Increased foreign exchange requirements due to the continued rise in United States and world prices.

(3) Unfavorable weather conditions resulting in a poor wheat and rye harvest (4.7 million tons in 1947-48, as compared with the 1946-47 wheat and rye crop of 6.2 million tons, and with a prewar average of over 7 million tons), with consequent increased requirements for import of cereals.

(4) Suspension of the convertibility of sterling which has deprived the Italian economy of dollars which would have accrued from the conversion of sterling holdings of approximately \$80 million and current accumulations of, roughly, \$6 million per month of pounds sterling.

As a result of these factors, Italy has been forced sharply to reduce her dollar outlays. In June 1947 the Italian Government was forced to cease making dollar contracts for all items except bread grains, coal, and petroleum products. These restrictions have reduced the flow of supplies needed to maintain necessary quantities of fuel, food, and materials for industrial production. Despite these restrictions, Italian holdings of dollars have diminished to an extremely low point. By October 1947 public and private holdings of dollar balances had dwindled to about \$37 million, representing bare working balances. In addition, gold in the amount of only \$40 million remained available to the Italian Government.³

To forestall economic retrogression Italy needs to expend dollars at the rate of about \$85 million per month in the next 4 months. Her resources are clearly inadequate for this purpose. Consequently, Italy requires assistance from the United States to meet her dollar import requirements in the 4 months ending March 31, 1948.

³ Italy's gold holdings as of this date amount to \$60 million. Of this amount, however, it is estimated that at least \$20 million must be held aside to meet Italy's subscription to the International Monetary Fund.

II. OBJECTIVES OF INTERIM AID PROGRAM

The primary objective of the proposed interim aid program for Italy is to sustain the Italian economy at its present levels through the winter and early spring. In terms of food consumption levels, this means maintaining the present bread ration of 270 grams per day for "normal" urban consumers. Such a bread ration would permit the average urban consumer about 1,900 calories per day, one of the lowest caloric diets in all of Europe. The average of the rural and urban diet in Italy today is about 2,200 calories, as compared with the prewar average of 2,550 calories per capita. To achieve this food consumption goal Italy will need to import foodstuffs in large quantities from the United States and from other countries which also require payment in dollars.

In terms of industrial activity, the basic objective of preventing economic retrogression in Italy will require the importation of sufficient quantities of basic raw materials to maintain industrial activity at the present general level of approximately 80 percent of prewar. She will need to maintain a steady flow of coal and other essential raw materials.

At present 2,000,000 workers of a total of 20,000,000 are unemployed; this proportion will increase sharply unless a minimum flow of industrial materials from abroad is maintained.

The interim aid program for Italy would provide minimum food requirements for the period under consideration and, with vigorous economy and wise management, avert serious reductions in output and employment. It would not provide the materials and equipment for expansion of reconstruction, further development of plant and equipment, or the achievement of higher levels of economic activity.

III. ITALY'S MINIMUM INTERIM AID REQUIREMENTS

In the period December 1, 1947, to March 31, 1948, total essential dollar requirements will amount to \$386 million. The resources available to Italy during this period will total \$159 million, leaving uncovered requirements of \$227 million.⁴ Interim aid from the United States is needed to cover these requirements. The tentative program for use of the interim aid funds is shown in table I.

TABLE I.—*Commodities to be supplied to Italy under interim aid program during the period Dec. 1, 1947, to Mar. 31, 1948*

[Millions of dollars]	
1. Cereals.....	128
2. Fats and oils.....	12
3. Pulses.....	5
4. Milk products.....	2
5. Coal:	
From United States.....	36
From Germany.....	10
6. Petroleum supplies.....	13
7. Fertilizer and other agricultural supplies.....	19
8. Medical supplies.....	2
Total.....	227

⁴ Comparable data covering the period October 1, 1947, to March 31, 1948, appear in appendix D. A tabulation and explanation of Italy's requirements in October and November 1947, together with the resources with which they will have been covered, appears in appendix C.

In addition to the items proposed for inclusion in the interim aid program, necessary additional dollar imports of essential supplies during the period under consideration amount to \$137 million. These imports, together with \$22 million of invisible items on current account, can be covered by other resources available to Italy. A tabulation of these requirements, together with a list of the dollar resources which Italy will use to pay for them, is shown in table II.

TABLE II.—*Dollar outlays to be covered by Italy and dollar resources available for that purpose during the period Dec. 1, 1947, to Mar. 31, 1948*

[Millions of dollars]	
Requirements:	
1. Cereals.....	25.0
2. Coal.....	13.0
3. Petroleum supplies.....	12.0
4. Cotton and other textile fibers.....	15.0
5. Raw materials for chemical industry.....	10.2
6. Rubber and carbon black.....	5.1
7. Industrial fats and oils.....	1.3
8. Hides and leather.....	4.0
9. Ferrous metals.....	11.0
10. Nonferrous metals.....	9.4
11. Minerals.....	1.0
12. Lumber.....	7.4
13. Other industrial materials.....	18.6
14. Other foodstuffs.....	4.0
Total commodity requirements.....	137.0
Invisible items on current account.....	22.0
Total payments.....	159.0
Available resources:	
1. Exports of goods and services.....	77.0
2. Export-Import Bank loans.....	55.0
3. Liquidation of blocked assets in United States.....	10.0
4. Treasury surplus account.....	2.0
5. P. o. w.'s trust fund account.....	15.0
Total receipts.....	159.0

IV. EXPLANATORY DATA ON REQUIREMENTS

Cereals (table I, item 1, and table II, item 1)

Requirements are calculated on the basis of the imports needed to maintain the present rations of 270 grams of bread, or equivalent, for the "normal" city-dweller consumer. The total caloric intake for the "average" nonfarm population (including heavy workers, miners, policemen, and other categories receiving extra rations) is estimated by the United States Embassy in Rome at 1,916 per day, including free and black market. This is one of the lowest caloric levels for nonfarm populations in Europe.

To maintain the 270-gram ration, Italy must import, during the 4 months under consideration, 912,000 tons of bread grains from the United States, in addition to 160,000 tons of wheat from Argentina and 133,000 tons from other countries (mainly the Middle East). Except for Argentine cereals, which are to be financed by credit from the Argentine under the recent Italian-Argentine commercial agreement, all other grain imports will require dollar payments and are included in the estimates of requirements. Allocations of wheat from the United States during the last quarter of 1947 have been about

115,000 tons per month, whereas about 228,000 tons per month are needed in the period under consideration to avoid a reduction in rations, which, in the opinion of the United States Embassy in Rome, would have serious repercussions. It seems possible that, starting January 1948, the level of United States allocations can be increased to meet these requirements. However, if the supply situation will not permit such an increase, or will permit only a partial increase, substitute foodstuffs would be included which would partially offset the decrease in caloric intake resulting from a decrease in bread rations. Alimentary paste, soybeans, potatoes, increased amounts of pulses and fats and oils, horsemeat, and sugar are the main commodities which could be substituted for bread grains if it proves absolutely impossible to secure the amounts of cereals indicated above.

Appendix B contains further details on Italy's cereals requirements. Purchases of cereals in the United States are included in table I, whereas those in other countries are included in table II.

Fats and oils (table I, item 2)

Original allocations for the last quarter of 1947 amounted to about 10.5 million pounds of lard, 1.3 million pounds of margarine, 2.7 million pounds of peanuts, and 12,000 metric tons of copra. These commodities, totaling \$6 million in value, have not yet been procured by the Italian Government for lack of funds. They are included in the requirements mentioned above, together with similar amounts expected to be allocated for the first quarter of 1948.

Pulses (table I, item 3)

The allocation of pulses from the United States for the last 4 months of 1947 was 19,000 metric tons. This allocation is included in the United States foreign relief program to the extent of \$4 million for October, November, and December shipments. An amount of \$5 million for pulses is included in the requirements mentioned above for procurement in the 4 months under consideration.

Milk (table I, item 4)

Condensed milk from the United States was included in the United States foreign relief program until the tight dollar situation made necessary the utilization of all possible dollar resources for the procurement of cereals and fuel. The \$2 million requirement for milk listed above is condensed milk for schools and children's institutions, expectant and nursing mothers, and for limited distribution among other special categories.

Coal (table I, item 5, and table II, item 2)

Import requirements of coal to maintain present levels of production and employment are estimated at about 850,000 tons a month from all sources, compared with prewar imports of about 1,000,000 tons per month. Dollar payments must be made for 650,000 tons per month from the United States and 115,000 tons from Germany. It is expected that the balance will come from Poland, Belgium, and other sources. The price of coal from the United States is estimated at an average of \$10.50 free along ship, plus \$11 for freight, or \$21.50 cost, insurance, and freight. Seven million dollars have been deducted to adjust for partial payments of freight to Italian colliers in lire. The price of coal from Germany is estimated at \$15 free along ship, \$21.50 cost, insurance, and freight.

Of the total requirement of \$59 million, it is now anticipated that \$46 million will be provided by the interim aid program, with the balance being financed by Italy from the proceeds of the Export-Import Bank loans.

Petroleum (table I, item 6, and table II, item 2)

Minimum requirements of petroleum and petroleum products during the 6 months' period October 1, 1947, to March 31, 1948, are estimated at over \$40 million, of which only about \$8 million is procurable from the sterling area. During the first 6 months of 1947 the Italian Government purchased 1.8 million tons of petroleum and petroleum products, of which 119,000 tons were from the United States, 749,000 tons from Venezuela (two-thirds of which was paid for in dollars and one-third in sterling), and 1,130,000 tons from the Persian Gulf (three-fifths of which was paid for in dollars and two-fifths in sterling). The total free-alongside ship value of petroleum and petroleum products paid for in dollars was \$17.2 million; and that paid for in sterling, 1.7 million pounds. Expenditures for freight, payable in dollars for all petroleum products, amounted to \$13.1 million. All these amounts are in addition to shipments made by UNRRA at the beginning of 1947, for which no complete data are available.

At least \$10 million of petroleum products should be procured immediately at the beginning of the interim aid program, in order to replenish stocks which have been drawn below minimum working levels by reduced procurements in recent months.

Of the total requirement of \$25 million, it is now anticipated that \$15 million will be provided by the interim aid program, with the balance being covered from the proceeds of the Export-Import Bank and from other available resources.

Fertilizer and other agricultural supplies (table I, item 7)

Requirements for fertilizers and other agricultural supplies include: (a) \$5.6 million for 400,000 tons of phosphate rock, required for the manufacture of phosphate fertilizer; (b) \$8.3 million for 15,000 tons of blister copper, required for the manufacture of copper sulfate, which must be distributed before March; (c) \$4 million for nitrogen fertilizer—42,000 tons were allocated from Chile but have not yet been procured for lack of funds; and (d) \$1 million for miscellaneous agricultural supplies.

Medical supplies (table I, item 8)

This item includes \$1.5 million streptomycin and penicillin and \$0.5 million miscellaneous medical supplies.

Cotton and other textile fibers (table II, item 4)

Minimum import requirements \$15 million for cotton and other fibers. Italy imported before the war about 160,000 tons of cotton and about 40,000 tons of wool. In the first half semester, 1947, imports of cotton amounted to 67,000 tons from the United States and 39,000 tons from other Americas, in addition to some amounts of Egyptian and Indian cotton. During the same period Italy imported 16,000 tons of wool from the United States and 4,500 tons from other Americas, in addition to 5,000 tons of wool rags. She also imported from the dollar area 2,500 tons of other vegetable fibers. The \$15 million included for cotton and other textile fibers correspond to only

1 month consumption requirements, since it is expected that during the period under consideration the Italian industry will be able to secure substantial amounts of fibers from other areas, while reducing its inventories to minimum working levels.

Raw materials for chemical industry (table II, item 5)

Miscellaneous chemical products required for the production of drugs and medicines in Italy are estimated at \$3 million. Other chemical products, for an amount of \$7.2 million, are required by the Italian chemical industry during the period under consideration. Among them, the following can be mentioned:

Anthracite for special purposes	Potassium ferrocyanide
Benzoic acid	Gilsonite
Aeroflat	Glycerin
Butyl alcohol	Cotton linters
Crude anthracene	Crude naphthalene
Carbazole	Solvent naphtha
Calcinated petrol coke	Stearine
Essence of turpentine	Monomer Styrene
Acetacetic ether	Pure toluene
Pure benzene	Xanthogenatos

A substantial number of these chemicals will be financed by the Export-Import Bank industrial loans.

Rubber and carbon black (table II, item 6)

Italian requirements of rubber are estimated at about 32,000 tons per year, half of which is artificial rubber from the United States. Italian imports during the first 6 months of 1947 from the dollar area included 9,400 tons from the United States and 1,600 from other Americas. Table II includes 10,000 tons of rubber valued at \$4.4 million to be imported during the period under consideration, together with \$.7 million of carbon black.

Industrial fats and oils (table II, item 7)

Requirements amount to \$1.3 million, estimated on the basis of the fourth quarter of 1947 allocation of soap and linseed (2,100 tons of soap, oil content, and 1,000 tons of linseed).

Hides and leather (table II, item 8)

Italian production of hides and leather is insufficient to meet the minimum requirements for industrial uses as well as for the shoe industry. During the first 6 months of 1947 Italy imported from the dollar area (chiefly South America) about 10,000 tons of hides and leather, and almost 600,000 pairs of shoes from the United States. Four million dollars are included in the dollar requirements for the period under consideration to allow for the importation of a somewhat smaller amount of hides and leather from the dollar area.

Ferrous metals (table II, item 9)

Italian minimum requirements of ferrous metals for the period under consideration are estimated at \$6 million for 50,000 tons of steel ingots, billets, and blooms, \$1.1 million for 10,000 tons of structural steel, \$2.1 million for 30,000 tons of pig iron, and \$2 million for 20,000 tons of rails.

All the above items, except the rails, which are required by the Italian railways, are to be financed by the Export-Import Bank industrial loans.

During the first 6 months of 1947 Italy imported from this country 30,000 tons of steel ingots, billets, and blooms, 27,000 tons of rails, and 29,000 tons of pig iron.

Italian requirements of ferrous metals should be estimated at a much higher level but for the supply situation. Steel and pig iron are needed especially for the mechanical industry and for the shipyards, in order to maintain their present level of activity and exports. Structural steel is mainly in sizes and shapes not subject to export license. Rail requirements correspond to only one-fourth of the 1948 Italian railways requirements, for which orders should be placed before the end of the year. The amount of 20,000 tons roughly corresponds to the minimum needed for normal wear and tear, and does not take into consideration needs for reconstruction of war damage, or for rebuilding of the second track in most of the principal lines now being operated with a single track.

Nonferrous metals (table II, item 10)

Requirements include \$7.3 million for 13,500 tons of electrolytic copper (especially needed for electric railways), \$1.5 million of special alloys for the mechanical industry, and \$0.6 million for 5,500 tons of tin plate which is expected to be part of the first quarter 1948 allocation.

Miscellaneous minerals (table II, item 11)

Requirements include various items, especially chromite and mica, which are essential to Italian industry and can be procured only in dollars. Phosphate rock, which falls in the same category, is included among essential dollar commodities to be covered by interim aid.

Lumber (table II, item 12)

Italian imports of lumber before the war amounted to about 800,000 tons per year. Present requirements are much larger because of war destruction and the overexploitation of Italian forests during the war and immediately after liberation. The traffic with some of the traditional suppliers of lumber in Europe, especially Yugoslavia, has not yet been fully resumed. It is, therefore, necessary for Italy to import some timber from the dollar area. Against annual requirements of at least 1,000,000 tons, only 60,000 tons are included, totaling in value to \$7.4 million. The lumber included in the requirements is hardwood especially needed for the maintenance, repair, and continuation of essential output in the railway car, shipbuilding, and the building industries. Some procurement contracts have already been signed but probably shall be canceled owing to lack of dollar resources.

Other industrial materials (table II, item 13)

Requirements include \$18.6 million for a large number of items necessary in industrial operations; for example, tanning materials, colophony, asbestos, cellulose, various products for food industries, and boiler pipes for repair of locomotives.

Other foodstuffs (table II, item 14)

About \$4 million are required for other foodstuffs imported from the dollar area such as meat, coffee, cocoa, and tea from South America. These items are imported by businessmen with proceeds of foreign exchange becoming available under the exchange controls.

Invisible items on current account (table II, item 15)

The \$22 million invisible items on current accounts include:

	<i>Million</i>
Payment to United States for settlement of certain war claims of United States nationals against Italy (Lombardo agreement, December 1947)-----	\$5
Partial repayment of Export-Import Bank, 1946 cotton loan (December 1947 to March 1948)-----	7
Interest on United States surplus property credit (Jan. 1, 1948)-----	4
Diplomatic expenditures, prewar bond settlement, interest payments, and miscellaneous financial items-----	6
Total-----	22

V. EXPLANATORY DATA ON AVAILABLE RESOURCES

Exports of goods and services (table II, item 1)

Italian dollar receipts from the export of goods and services during the period under consideration are estimated at \$77 million, or about \$19 million per month. Under the present system of foreign exchange control the Italian Government permits exporters to utilize directly or to transfer to other importers 50 to 75 percent of their dollar receipts. Such exchange must be used only for licensed essential imports. The balance of the exporter's exchange proceeds is sold to the Italian Government. The estimate of \$19 million per month appears to be realistic under present conditions, being equivalent to receipts recorded in the earlier part of 1947. Of this total about \$14.5 million per month result from commodity exports payable in dollars and the balance consists of emigrant remittances, tourist expenditures, financial payments (including United States Government expenditures in Italy), shipping earnings, and miscellaneous items.

Export-Import Bank loans (table II, item 2)

The Board of Directors of the Export-Import Bank has authorized credits totaling approximately \$97 million for various Italian industries, against the \$100 million earmarked for industrial loans to Italy. As of November 5, 1947, contracts for a total amount of \$43.4 million have been signed by the bank and the Istituto Mobiliare Italiano (IMI), an Italian semigovernmental intermediate credit institution, which accepts the loans on behalf of the Italian firms. The other contracts are now being signed, and IMI will then sign agreements with the individual Italian firms. The \$97.3 million authorized by the Board, it is estimated, will finance about \$30 million worth of solid and liquid fuels, \$28 million ferrous metals, \$12 million machinery, and the balance of \$27 million will be used for miscellaneous industrial products. Export-Import Bank officials have estimated that about \$60 million will be used to finance essential Italian imports before March 31, 1948. This figure is used in the present estimates, although the agreements of the loans require a procedure which may result in a slower utilization of the funds. Of the \$60 million estimated by the bank, it is assumed that \$5 million will be spent during November and \$55 million during the 4-month period under consideration. Of the amount to be spent between December 1, 1947, and March 31, 1948, it is estimated that \$13 million will be used for coal and \$4 million for petroleum products.

Liquidation of blocked assets in United States (table II, item 3)

Under the terms of the financial agreement between the United States and Italy signed on August 14, 1947, a procedure was agreed upon for the release of Italian assets in the United States to the Italian Government. Approximately \$15 million of blocked Italian assets in this country are in liquid form, and it is reasonable to assume that the Italian Government will be able to liquidate \$10 million of these assets before the end of March 1948.

Treasury suspense account (table II, item 4)

Of the \$9 million remaining in the Treasury suspense account as of October 1, 1947, \$6.6 million were paid to the Italian Government in October. It is expected that the balance will become available to the Italian Government during the period under consideration.

P. O. W.'s trust fund account (table II, item 5)

It is anticipated that the Department of the Army will conclude a lump-sum settlement with the Italian Government on the outstanding dollar scrips in the hands of Italian prisoners of war in Italy. This may amount to as much as \$15 million.

VI. OTHER POSSIBLE RESOURCES—NOT AVAILABLE BEFORE MARCH 31, 1948

1. INTERNATIONAL BANK AND THE INTERNATIONAL MONETARY FUND

The Italian Government has applied to the International Bank for Reconstruction and Development for a credit of \$250 million. It appears highly unlikely that the Bank will take favorable action on this application during the next 6 months.

As regards the Fund, it is believed that the Italian Government will be unable to qualify for assistance from this source before March 31, 1948, owing to its inability to certify a firm rate of exchange unless, as appears unlikely, the Fund makes a special exception for Italy.

2. ITALIAN CLAIMS AGAINST GERMAN "GOLD POOL"

Italy has submitted claims to the Tripartite Gold Commission for \$72 million of gold looted by Germany. If Italy's total claims are ultimately recognized as valid by the Gold Commission, it is estimated that Italy's share of the gold pool might amount to about \$40 million. Since \$27 million of this must be held aside by the Gold Commission for the settlement of gold claims outstanding against Italy, Italy's net share of the gold pool may be estimated at \$13 million. However, in view of the difficult issues to be decided by the Tripartite Commission, it is impossible to estimate when this gold might be available.

APPENDIX A

UNITED STATES ASSISTANCE TO ITALY SINCE LIBERATION

The United States Government has made available to Italy since liberation more than \$1.5 billion of financial assistance. (See table next page.) Prior to the United States foreign relief program, Italy had received \$507 million of relief supplies from the Allied military

authorities to avoid disease and unrest, \$148 million of relief supplies in the period September to December 1945 from the Foreign Economic Administration program, and about \$520 million of UNRRA aid, of which \$375 million was the United States share. In addition to this relief assistance, the United States has made available to Italy approximately \$310 million which represents the dollar countervalue of occupation currency which the United States armed forces expended in Italy for troop pay, supplies, services, and facilities. The following credits have also been extended to Italy by the United States: Foreign Liquidation Commission surplus property credit, \$178 million; Maritime Commission credit for the purchase of 110 surplus ships, \$62 million; Export-Import Bank cotton credit, \$25 million; Export-Import Bank tobacco credit, \$5 million. In addition, the Export-Import Bank earmarked in January of 1947 a sum of \$100 million for credits to Italian enterprises, of which \$97 million have been authorized in September and October 1947, but none of this amount has been disbursed as of November 8, 1947. The present United States foreign relief program has scheduled shipments for Italy during 1947 valued at \$124 million.

TABLE I.—*United States assistance to Italy since liberation, September 1943 to Oct. 31, 1947*¹

[Millions of dollars]

Agency	Amount authorized	Amount disbursed or committed	Balance Oct. 31, 1947	Comments
1. U. S. Army military relief program (United States share).	376	376	-----	To avoid "disease and unrest" among Italian civilians during period of war.
2. Foreign Economic Administration, transitional program (United States share).	134	134	-----	Relief assistance to Italy in fourth quarter 1945 to tide Italy over to beginning of UNRRA program.
3. UNRRA program (United States share).	375	375	-----	
4. Treasury, suspense account.	² 319	310	9	Dollar countervalue of occupation lire expended by United States in Italy for troop pay, supplies, services, and facilities.
5. OFLC, surplus property credits.	178	178	-----	
6. Maritime Commission-----	62	62	-----	For purchase of 110 surplus ships.
7. Export-Import Bank credits.	127	30	97	\$25 million cotton loan, \$5 million tobacco loan, and \$100 million earmarked for industrial loans, of which \$97 million has been authorized.
8. United States foreign relief program.	124	90	34	
Total-----	1,695	1,555	140	

¹ United States aid rendered to Italy by the decision of the United States not to avail itself of its rights under the treaty of peace have not been included. This consists of (1) the transfer to Italy of 27 Italian ships seized in United States ports prior to the outbreak of the war with Italy or equivalent tonnage where such ships were lost by the United States in the war effort; and (2) the return of blocked and vested Italian assets in the United States valued at \$60 million.

² Only \$317 million has actually been certified; there remains an additional \$2 million which Department of War is withholding until final accounting has been made.

APPENDIX B

ITALY—CEREAL REQUIREMENTS

The basic assumption in the computation of Italian cereal requirements is the maintenance of the present bread rations in Italy. The present rations allow the "normal" urban consumer 270 grams of

bread or its equivalent—200 grams of bread, 35 grams of corn flour, and 35 grams of alimentary pastes (i. e., spaghetti, macaroni, etc.). The “average” nonfarm population (including heavy workers, miners, policemen, and other categories receiving extra rations) receives a ration 15 or 20 percent higher. The total caloric intake, including free and black market, is estimated by the United States Embassy in Rome at 1,916 calories per day for the “average” nonfarm population, of which 1,142 calories are from legal rations, 190 from the black market, and 584 from the free market. This is one of the lowest caloric levels prevailing in Europe.

The maintenance of the present levels of cereal consumption in Italy it is estimated, will require about 370,000 tons per month, or a total of 4.3 to 4.4 million tons of cereals for the consumption year 1947–48. Expected domestic cereal collections over this same period are below 2 million tons; Italy will, therefore, require total imports in the consumption year under reference of 2.3 to 2.4 million tons, maintaining 1-month working stocks. Since funds must be disbursed 1 month ahead of actual shipment, Italy in the period December 1, 1947, to March 31, 1948, will require funds to finance January 1 to April 30, 1948, shipments, estimated at 912,000 tons from this country, 160,000 tons from Argentina, and 133,000 tons from other sources. Except for Argentine cereals, which are to be financed under the terms of the recent Italo-Argentine trade and payments agreement, all other imports will require dollar payments and are included in the estimate of dollar requirements in table I.

The estimate of dollar requirements for the essential cereal requirements has been made on the basis of the following price and shipping costs assumptions. In the case of United States wheat, the price used is \$125 per ton free along ship. This corresponds to a \$3 to \$3.10 per bushel Chicago spot price. In the last few months 15 to 20 percent of the Italian allocations of United States wheat have been in flour, a factor increasing the average cost of Italian grain imports. Shipping costs from the United States have been estimated at \$15 per ton, including demurrages, charges for shipment to secondary ports, etc. In the case of cereal imports from other countries, the price has been estimated at \$170 per ton, since a substantial part of such imports would consist of coarse grains from the Middle East. Freight for cereals from these sources is calculated at \$13 per ton.

The maintenance of bread rations in Italy as explained above will require in the period under reference cereal shipments from the United States of approximately 912,000 tons or 228,000 tons per month. In the past few months allocations of United States wheat for Italy have been at the level of 115,000 tons per month. In view of the importance of cereals in the Italian diet and the serious political repercussions of a failure to maintain bread rations, it is hoped that it will be possible to obtain the required higher allocations of United States wheat beginning in January. However, if the supply situation does not permit such allocation, an effort should be made to prevent a drastic deterioration in the caloric content of the Italian rations by substituting to the greatest degree possible other commodities for the unavailable cereals. To the extent that cereals are not available, it is planned to substitute potatoes, increased amounts of pulses and fats and oils, and some amounts of sugar, horse meat, soybeans, and alimentary paste.

APPENDIX C

Italy—Estimated dollar expenditures and receipts, Oct. 1 to Nov. 30, 1947

[Millions of dollars]

Expenditures:

1. Supplies:

Cereals:

United States.....	29
Other countries.....	11
Freight.....	4

Total.....	44
------------	----

Coal, cost, insurance, and freight:

United States.....	22
Germany.....	5

Petroleum supplies, cost, insurance, and freight.....	5
---	---

Other commodities, cost, insurance, and freight.....	23
--	----

Total supplies.....	99
---------------------	----

2. Invisible items on current account.....	1
--	---

Total expenditures.....	100
-------------------------	-----

Receipts:

1. Current receipts: Exports of goods and services.....	37
---	----

2. Resources becoming available by United States executive action:	
--	--

United States foreign relief program.....	51
---	----

Export-Import Bank credits.....	5
---------------------------------	---

Treasury suspense account.....	7
--------------------------------	---

Total receipts.....	100
---------------------	-----

Balance.....	0
--------------	---

1. *Expenditures*.—Payments over the 2-month period include November and December allocations of United States cereals and coal. Payments which, except for the financial stringency, would have been made in November, to cover December shipments of petroleum and of most miscellaneous raw materials, have been carried forward into December. This will restore part of the flow of these essential supplies.

2. *Receipts*.—Italian receipts during October and November include, in addition to receipts on current account for exports of goods and services, the resources becoming available by United States Executive action. The most important item of receipts is the United States foreign relief program, of which the remaining \$51 million is expected to be spent by the end of November 1947. In addition, it is assumed that the first \$5 million of the Export-Import Bank industrial loan will be utilized by the end of November, as well as the \$6.6 million from the Treasury suspense account, which was paid to the Italians at the end of October.

3. *Balance*.—The balance of payments for the period October and November 1947 is in equilibrium, since Italian purchases in this period will of necessity be restricted to the availability of funds. As indicated above, they will be forced to defer necessary purchases of petroleum and other essential commodities to the month of December.

APPENDIX D

Italy—Dollar requirements and resources, Oct. 1, 1947, to Mar. 31, 1948

[Millions of dollars]

Expenditures:	
Supplies:	
Cereals	
United States ¹	143
Other countries ²	34
Freight ³	20
Total cereals	197
Coal, cost, insurance, and freight:	
United States ⁴	71
Germany ⁵	15
Petroleum supplies, cost, insurance, and freight	30
Other commodities, cost, insurance, and freight	150
Total supplies	463
Invisible items on current account	23
Total expenditures	486
Receipts:	
Current receipts:	
Exports of goods and services	114
Liquidation of blocked assets	10
Subtotal	124
Resources becoming available by United States Executive action:	
United States relief program	51
Export-Import Bank credits	60
Treasury suspense account	9
Prisoner-of-war trust fund account	15
Subtotal	135
Total receipts	259
Uncovered requirements	227

¹ 1,145 thousand tons, at \$125 per ton.² 200,000 tons, at \$170 per ton.³ \$15 per ton for United States cereals, \$13 per ton for Middle East cereals.⁴ 600,000 tons monthly in November and December, 650,000 tons per month January through April. Price estimated at \$21.50 cost, insurance, and freight per ton. \$11 million have been deducted to adjust for partial payments of freight to Italian colliers in lire.⁵ 115,000 tons per month at \$15 free along ship, plus \$6.50 freight.

METHOD OF OPERATION OF INTERIM AID PROGRAM

In view of the necessity for immediate action in procurement and shipment of supplies, it is not feasible to set up new machinery involving the employment of new personnel and establishment of new procedures, to handle interim aid funds. The funds requested should be completely obligated within 90 to 120 days after the passage of the legislation. The program is primarily directed at three countries, for two of which United States supply machinery is already in operation in connection with the relief assistance program. In the case of France also, existing machinery can be utilized without difficulty to assure a continuous and expeditious flow of supplies. It is contemplated that if and when legislation is passed authorizing United States participation in the European recovery program and machinery is established to administer United States funds, any uncommitted funds from the interim appropriation would be made available for expenditure under that machinery.

It is proposed that, upon passage of enabling legislation and appropriation of funds to the President for interim aid, the President authorize the Secretary of State to control the allocation of funds to carry out the program as has been done in the case of the United States foreign relief program. These operations could then be integrated into the existing organization responsible for carrying out the relief assistance program. The increased burden placed on the organization will not be considerable, in view of the fact that France is the only country added to present operations.

Two methods of providing for the procurement and shipment of supplies would be used. Wherever it seems feasible, particularly in the cases of commodities in short supply where unified procurement is advisable, allocations would be made to the Department of Agriculture (Commodity Credit Corporation), the War Department, or the Bureau of Federal Supply in the Treasury Department, which would then enter into procurement contracts. To the extent necessary, they would also contract for shipment of the supplies. Supplies would then be transferred to the receiving government, to be utilized by it in accordance with general understandings contained in an agreement with the country.

In the case of supplies which the foreign country through governmental facilities or through commercial channels appears to be best equipped to procure, the following arrangements would be carried out: The foreign government would be authorized to arrange for the procurement of certain specified quantities of particular commodities. Pursuant to this authorization, the foreign country would make contracts and pay the suppliers and shipping agents. It would then present to the appropriate United States officials documents showing (a) terms of contract, (b) delivery of goods, and (c) evidence of payment. Upon being satisfied that the commodities procured were within the amounts previously authorized by the United States, were properly procured, and had been delivered and paid for, the State Department officials would authorize a check to be drawn in favor of the foreign government as reimbursement for the expenditures made. Supplies procured in this manner would also be utilized by the foreign government in accordance with the agreement with that country.

80th Congress }
1st Session }

COMMITTEE PRINT

THE EUROPEAN RECOVERY PROGRAM

BASIC DOCUMENTS AND BACKGROUND INFORMATION

PREPARED BY THE STAFFS OF
SENATE FOREIGN RELATIONS COMMITTEE
AND
HOUSE FOREIGN AFFAIRS COMMITTEE



NOVEMBER 10, 1947

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THE EUROPEAN RECOVERY PROGRAM

Basic Documents and Background Information

INTRODUCTION

This is a collection of facts, official statements, background data, and reports, both of individuals and Government agencies, on the Marshall proposals, dealing with the European recovery program. It has been prepared jointly by the staffs of the Foreign Relations Committee of the Senate and of the Foreign Affairs Committee of the House for the use of those committees and of all Members of Congress. There has been no attempt at critical commentary or recommendations. Certain sections were furnished, at the request of the staffs and with the approval of the chairmen of the committees concerned, by the Department of State.

The object of this staff report is to bring together in convenient form a number of documents and other materials which have just become available and which will be useful to the Congress in understanding the programs presented by the administration. Appraisal is, of course, a matter for the committees themselves and for the individual Members of the Congress. In view of the forthcoming Report of the House Select Committee on Foreign Aid, the subjects of interim aid to France and Italy and the principles and organizations for any foreign-aid program have not been treated in detail.

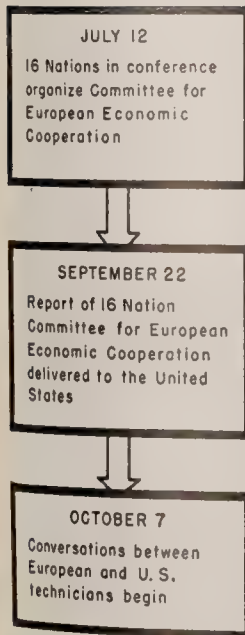


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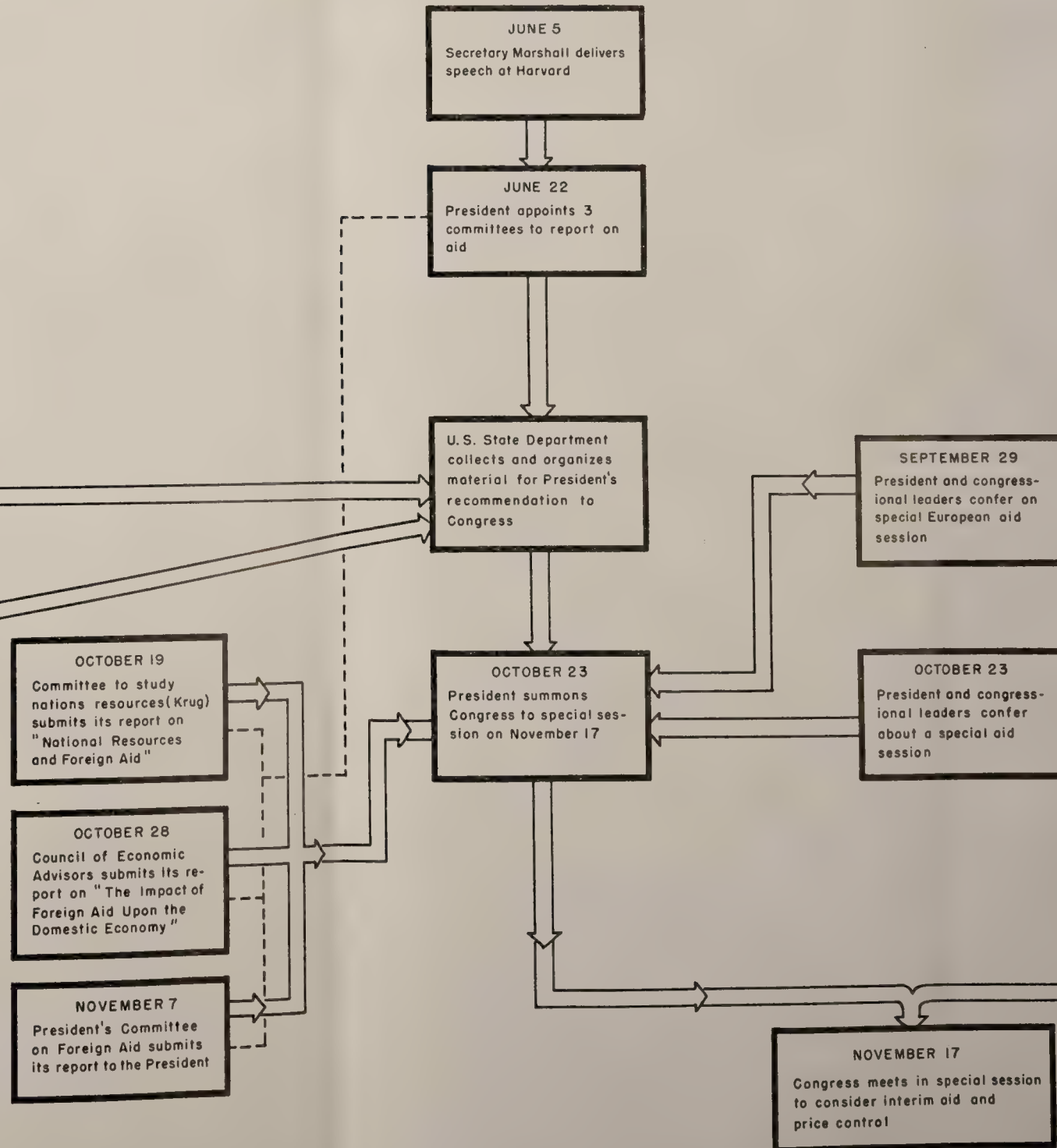
MAJOR STEPS IN THE DEVELOPMENT OF THE MARSHALL PLAN

FROM JUNE 5 TO NOVEMBER 17, 1947

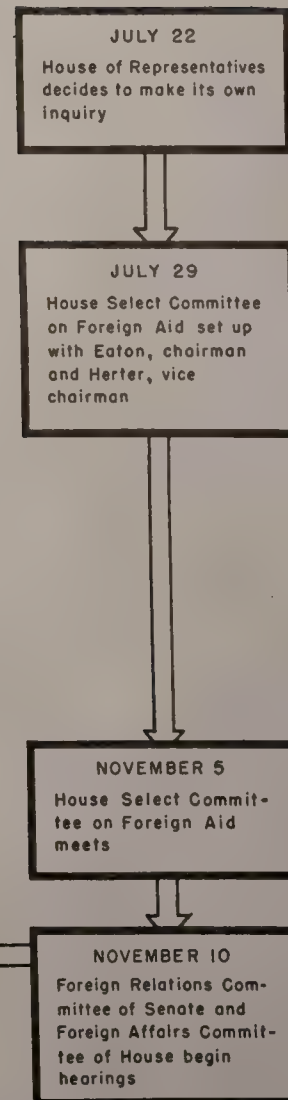
THE EUROPEAN COUNTRIES



THE EXECUTIVE



THE CONGRESS



PART ONE: SUMMARY

I. THE DEVELOPMENT OF THE EUROPEAN RECOVERY PROGRAM

BACKGROUND

The background of the European Recovery Program, in addition to its humanitarian features, is partly economic and partly political.

Economic.—The war killed off millions of people in Europe, made other millions homeless, caused widespread disease and hunger, wrecked laws and governments, and wrought destruction on an unprecedented scale. Such industry as survived was unable to renew activity without help, agricultural production languished, and transportation and power systems everywhere were disrupted. To help Europe and the liberated areas, the United Nations Relief and Rehabilitation Administration (UNRRA), in which 44 members participated, was established in November 1943. But UNRRA was not able to set Europe effectively on the road to recovery; and on June 30, 1947, it ceased to exist. Its dissolution was preceded by a winter of extreme cold, and followed by a summer of severe drought, both of which intensified and magnified the European recovery problem.

Political.—To outward appearances the relative harmony which existed among Allied states during the war, lasted up to and through the San Francisco Conference. The shape of things to come, in the way of serious divergences of interest and objectives, had appeared in the discussions at Tehran and at Yalta, but there was no general public recognition of the seriousness of these issues until after Potsdam. After that, wartime unity decreased noticeably and an ever-widening rift occurred in Soviet-American relations. The weakened condition of Europe left a grave danger that the world might be divided into two power systems. The Russian system was committed to an ideological revolution and a communism which it attempted to spread to its neighboring states. Russian expansion caused grave concern to the United States and to a number of European states. But quite apart from the rift in Europe, which Russia had widened, the deterioration in European civilization—even the possible destruction of its basic political and economic institutions—was a matter that vitally affected the national interest of the United States. Without overlooking the importance of other areas of the world, Western European civilization has been in the vanguard of scientific, cultural, and other forms of human progress, a chief source of strength for democratic institutions. Its disappearance would leave a serious vacuum which could not but affect the destinies of this country. The experience of the last three decades has clearly demonstrated that the

security of free institutions throughout the world is linked to the health and strength of Western Europe.

DEAN ACHESON'S STATEMENT, MAY 8, 1947

The first official pronouncement of what was later to become the European recovery program was made by Under Secretary of State Dean Acheson, substituting for President Truman as speaker before the Delta Council at Cleveland, Miss.

Mr. Acheson outlined a five-point program implementing American international political and economic policies. He mentioned the relief and reconstruction measures already undertaken by the United States, saying that they had been adopted "in part" for humanitarian purposes, but principally because the distance is so short "from food and fuel either to peace or to anarchy." He demonstrated a clear-cut appreciation of the implications of any program of United States aid for the world and stated,

* * * as great as is our supply of commodities and services to the world during the current year, it is still far short of what the people of the world need if they are to eat enough to maintain their physical strength and at the same time carry on essential measures of reconstruction and become self-supporting.

Later, on June 16, at Princeton, he called for the assessment of American resources with a view to determining how far the United States would be able to help the world. At Cleveland he recommended (1) an increase in American exports, (2) the elimination of trade barriers, (3) the concentration of the United States "emergency assistance in areas where it will be most effective in building world political and economic stability, in promoting human freedom and democratic institutions, in fostering liberal trading policies, and in strengthening the authority of the United Nations," (4) the pushing ahead with the restoration of Germany and Japan, (5) the continuation of congressional delegation to the executive branch of powers over the sale, transportation, and exportation of commodities upon which our security depends.

THE MARSHALL STATEMENT AT HARVARD, JUNE 5, 1947

At the Harvard Commencement on June 5, 1947, Secretary of State George C. Marshall, having been apprised of the rapid dwindling of French, English, and Italian dollar resources, carried the policy outlined in Mr. Acheson's speech one step further. Being unable to suggest American readiness to assist Europe without having his overtures interpreted as "dictation from Washington," he took occasion in the Harvard address to say that if the European countries wished to plan and cooperate in a program of reconstruction, the United States stood ready to consider what assistance it could provide for such a program. Pertinent passages from Secretary Marshall's speech follow.

It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. * * *

It is already evident that, before the United States Government can proceed

much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves must take in order to give proper effect to whatever action may be undertaken by this Government.

It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans.

The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so.

It will be noted from this that the so-called Marshall Plan was no plan at all but a general statement that the United States would look with sympathy upon European requests for aid and rehabilitation, provided Europe examined her own resources and her abilities to meet her needs, and outlined an appropriate program of action.

WESTERN EUROPE'S REPLY

At the outset, only brief references were made to the speech in European papers. On June 13, 1947, however, Mr. Bevin hailed Marshall's statement as "a real attempt * * * to (create) a healthy world." On the next day the French Foreign Minister, Georges Bidault, invited Mr. Bevin to discuss the proposal and 3 days later talks opened in Paris dealing with raw materials, tariffs, currency, and priorities of aid. It was obvious from the outset that Soviet participation would be desirable and the meetings were broken off in order to invite Foreign Secretary Molotov to attend.

Meanwhile, at the invitation of Chairman Styles Bridges of the Senate Appropriations Committee, ex-President Herbert Hoover on June 15, without mentioning Marshall's proposed plan, raised questions about the need for limiting United States aid to foreign countries. While Mr. Hoover questioned the extent of relief the United States might safely provide, the Soviet press attacked the Marshall proposal as United States' use of the dollar for political prestige and as an American interference in the domestic affairs of foreign countries. Mr. Bevin replied in the British House of Commons that Britain was prepared to go ahead with a program, Soviet Union or no Soviet Union. On the next day, June 20, the U. S. S. R. asked for further information about the credits the United States planned to grant and the relationship the Marshall Plan bore to the United Nations organization.

THE PRESIDENT'S STUDY COMMITTEES

On June 22, President Truman appointed three committees to examine the more pertinent aspects of the proposal in search of answers which would have to be given if the program were to be given definite form and congressional approval obtained.

One committee was composed of specialists within the Government under the chairmanship of the Secretary of the Interior, Julius A. Krug. Its duty was to study the state of the Nation's resources with a view to determining the ability of the United States to support the program. The second committee, known as the Council of Economic

Advisers, was to study "the impact on our economy of aid to other countries."¹ The third was a 19-member advisory committee under the chairmanship of the Secretary of Commerce, W. Averell Harriman. It consisted of financial, business, and farm leaders charged with the responsibility of studying the broad aspects of the aid program and to advise the President "on the limits within which the United States may supply and wisely plan to extend such assistance."²

These committees worked throughout the summer at top speed, utilizing the aid of Federal agencies. The Krug Committee made its report to the President on October 7; the Council of Economic Advisors on October 28; and the Harriman Committee on November 6.

THE BIG THREE CONFERENCE

On June 23, Foreign Secretary Molotov accepted the invitation to the conference of the Big Three scheduled for June 27 at Paris. When the conference opened the English and the French were eager to establish immediately a steering committee consisting of the Big Three and other states. Its function was to coordinate the work of the subcommittees charged with surveying the resources and developing the outlines of a European recovery program. Russia, on the other hand, demanded (1) that the United States be asked to specify the exact amount of help which she would be willing to grant; and (2) that each state should make its own surveys and estimates because Russia viewed a steering committee with the functions contemplated in the English-French plan as a meddler in the domestic affairs of independent nations.

By this time Russian opposition to the recovery plan was rapidly crystallizing. For example, Poland, which had agreed on June 24 to cooperate in the plan, later decided not to participate. Pravda editorially (June 25) expressed concern over the limitations which the United States might place upon any aid which she contributed, and stated that the Marshall Plan was designed to prolong the post-war boom in the United States and thus prevent the ultimate economic crisis which Russia and Russian propagandists expected to occur at any minute in this country. Tass (June 29) warned that the conference should not attempt to draw up any all-embracing program for European countries, and attacked the American European aid program as an interference in the internal affairs of that continent by

¹ Dr. Edwin G. Nourse, chairman; Leon Keyserling, and John D. Clark.

² Hiland Batcheller, president, Allegheny-Ludlum Steel Corp., Pittsburgh, Pa.; Robert Earle Buchanan, dean, Graduate College, Iowa State College, Ames, Iowa; W. Randolph Burgess, vice chairman, National City Bank of New York, New York, N. Y.; James B. Carey, secretary-treasurer, CIO, Washington, D. C.; Granville Conway, president, the Cosmopolitan Shipping Co., Inc., New York, N. Y.; Melville F. Coolbaugh, Golden, Colo.; Chester C. Davis, president, Federal Reserve Bank, St. Louis, Mo.; R. R. Deupree, president, Procter & Gamble Co., Cincinnati, Ohio; Paul G. Hoffman, president, the Studebaker Corp., South Bend, Ind.; Calvin B. Hoover, dean, Graduate School, Duke University, Durham, N. C.; Robert Koenig, president, Ayrshire Collieries Co., Indianapolis, Ind.; Edward S. Mason, dean, School of Public Administration, Harvard University, Cambridge, Mass.; George Meany, secretary-treasurer, American Federation of Labor, Washington, D. C.; Harold G. Moulton, president, the Brookings Institution, Washington, D. C.; William I. Myers, dean, College of Agriculture, Cornell University, Ithaca, N. Y.; Robert Gordon Sproul, president, University of California, Berkeley, Calif.; Owen D. Young, Van Hornesville, N. Y.; Robert M. La Follette, Jr., Washington, D. C.; John L. Collyer, president, B. F. Goodrich Company, Akron, Ohio.

the United States as another instance of "imperialism" on the part of the United States.

In an effort to counteract current misconceptions about the American proposal, Secretary of the Treasury, John Snyder, pointed out that

* * * all that Secretary Marshall had done was to invite European countries to "sit down and see what their problem is. He didn't say anything about letting the U. S. know how much is wanted."

Six days later, Secretary Marshall told the Women's National Press Club in Washington

* * * All the United States wants * * * is that the aid be used for the purpose it is intended; that it should not be expended to serve selfish economic or political interests; that it should help to restore hope and confidence among the people concerned, that the world will know peace and security in the future.

THE MEETING OF THE 16 EUROPEAN NATIONS IN PARIS

On the day following the break-down of the conference of the Big Three, brought about by Russia's veto on any concerted action, Foreign Secretaries Bevin and Bidault issued a joint communiqué inviting 22 additional European nations to meet in Paris on July 12 to consider a recovery plan. Czechoslovakia, which had at first agreed to participate in the conference, after a visit of Premier Gottwald and Foreign Secretary Masaryk to Moscow said it would be impossible to accept the Franco-British invitation. The other Russian-dominated countries sent their refusals. When the conference convened at the Quai d'Orsay in Paris, 48 diplomatic representatives representing 16 countries were present. The countries in attendance were: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom. On the other hand, not represented were, Finland, Poland, Hungary, Rumania, Bulgaria, Yugoslavia, Czechoslovakia, and Russia.

The conference immediately set to work and created a general overall committee, known as the Committee for European Economic Cooperation (CEEC). After 4 days of sessions, 4 subcommittees were established, namely for food and agriculture, iron and steel, transport, and fuel and power. This was the organization under which the reports of the 16 European nations were to be prepared for submission to the United States in September.

THE RUSSIAN REPLY—THE "MOLOTOV PLAN"

The Russian reply to the Marshall proposal was not only verbal but also one of action. The Soviet Government immediately entered into a number of trade agreements with her satellite states. On July 12, Premier Gottwald and Foreign Secretary Masaryk brought back a 5-year trade pact between Russia and Czechoslovakia. On the same date Bulgaria completed an 87 million dollar trade agreement with Russia for 1947-48. On July 17, Hungary signed a trade pact with Russia, and on July 18 Finland and Hungary concluded a trade agree-

ment. On July 16, Bulgaria and Rumania entered into a power and transport, and territorial adjustment pact. On July 27, Russia granted Albania a small credit for machinery. On July 29, the Soviet Government and Yugoslavia announced a barter and credit agreement in Moscow. On August 3, Bulgaria and Yugoslavia signed an agreement covering customs, visas, and general foreign policy. These were only the first of a number of similar trade agreements. Supported by the Russian grain aid and barter arrangements, they constituted the so-called "Molotov Plan" which purported to be the Soviet reply to the Marshall Plan. The net result of these agreements was to further tighten Russian control over the exports of the countries concerned and a diversion of their products to the east, most of which had previously flowed naturally to the west and to other areas outside Russia or the countries under Russian control.

COMINFORM CREATED TO OPPOSE EUROPEAN RECOVERY PLAN

In her opposition Russia spoke for the Communist world. Any questions on this score evaporated when, on October 6, Pravda announced in Moscow that a new organization representing the Communists of nine nations, namely those of Russia, Yugoslavia, France, Italy, Poland, Bulgaria, Czechoslovakia, Hungary, and Rumania, had organized for an all-out fight against the Truman Plan, the Marshall Plan, and United States imperialism. This was the Cominform, a new version of the supposedly defunct Comintern. Headquarters were located in Belgrade. The conference, at which the declaration had been prepared, had met in Poland and Communist representatives of all of the nine nations were in attendance. The program of this new organization was set forth by Zhdanov on October 22 as one calling upon the Communists everywhere to wreck the Marshall Plan as an instrument designed by the United States to achieve "world domination by American imperialism." Acting Secretary of State Robert A. Lovett commented upon the Cominform program on October 8, stating that—

* * * the Manifesto will carry to new lengths the distortion of United States policy * * *. The parties and governments associated with this program have made clear their intention to prevent, if they can, the economic recovery of Europe.

THE HOUSE OF REPRESENTATIVES SELECT COMMITTEE ON FOREIGN AID

Meanwhile, the House of Representatives decided to make its own inquiries into European needs, and a preliminary study, Needs, Limits, and Sources of American Aid to Foreign Countries, was issued July 19, 1947, by subcommittee No. 2 of the Foreign Affairs Committee, under the chairmanship of Mr. John M. Vorys. This report, which brought together the existing studies of the problem and made an analysis of its probable magnitude, also pointed to the policy issues which would have to be settled before an intelligent appraisal of the needs for European recovery and the possibilities of that recovery could be determined. House Resolution No. 296, introduced by Mr. Christian A. Herter, was passed with the object of establishing a select committee to put the study of European recovery on a broader basis. Its aim was

to secure the representation of the major standing committees of the House which would be concerned with different phases of the whole foreign aid problem. As a consequence a 19-man committee, known as the Select Committee on Foreign Aid, was set up on July 29 to make special inquiries.³ It sailed for Europe on August 28 and returned on October 10 with a wealth of information. The first summaries of its agreed principles to form the basis of a report began to appear in the press on November 7.⁴ The members of this committee were divided, for purposes of more thorough study and coverage, into five subcommittees: A subcommittee on Great Britain, whose chairman was Mr. Kunkel; a subcommittee on Austria and Germany—chairman, Mr. Case; a subcommittee on France, Belgium, Holland, and Luxembourg—chairman, Mr. Wolverton; a subcommittee on Italy, Greece, and Trieste—chairman, Mr. Jenkins; and a subcommittee on Agriculture (covering most of Europe)—chairman, Mr. Andresen. As their reports will soon be available, it is necessary in this summary only to point out that Congress had set up its own machinery in the last session and was proceeding on an independent study of the entire problem of foreign aid, not limiting this study to European aid alone and stressing the questions of actual and prospective needs of foreign nations; resources and facilities available to meet such needs, both within and without the continental United States; existing or contemplated agencies, whether public or private, domestic or international, qualified to deal with such needs; and any or all measures which might assist in assessing relative needs and correlating such assistance as the United States could properly make without weakening its domestic economy.

THE SUMMER OF 1947

Closely related to the recovery program were a number of events. On August 14, the United States cancelled 1 billion dollars worth of war claims against Italy; released 60 million dollars in war assets; signed over to Italy 28 ships seized during wartime; redeemed 10 to 15 million dollars in script issued to Italian war prisoners in the United States; trimmed United States claims against Italy to 5 million dollars, and agreed to sign a friendship pact with Italy later in the year. Other pacts between the two parties covered 136 million dollars in prewar Italian bonds, and the disposal of German external assets.

Another significant event was the 6-day conference in London in which France, the United States, and Britain agreed to restore the German production levels equivalent to those of 1936. These talks were held in spite of Russian protests. They failed to guarantee France all the Ruhr coal and coke she might need for her industries. It was also agreed that German recovery should not have priority over

³ It was headed by Representative Charles A. Eaton (chairman) and Representative Christian A. Herter (vice chairman). The membership of the committee was Representatives Thomas A. Jenkins, Charles A. Wolverton, August H. Andresen, Francis Case, John C. Kunkel, John M. Vorys, Charles W. Vursell, W. Kingsland Macy, Richard M. Nixon, E. E. Cox, James P. Richards, Francis E. Walter, Harold D. Cooley, George H. Mahon, Overton Brooks, Eugene J. Keogh, and A. S. Mike Monroney.

⁴ See summary, part II, No. 9.

that of democratic countries; that the demilitarization of Germany still remained a primary objective, and that any new United States-British plan should be so drawn up that it could not be used for the recovery of the Ruhr, in other words, so as not to allow that area to become again an instrument of aggression.

On September 12, the Foreign Ministers announced that a study of the possibilities of a customs union would be made among the following states: Austria, Belgium, Britain, Denmark, Ireland, France, Greece, Iceland, Italy, Luxembourg, the Netherlands, Portugal, Rumania, Turkey; and 10 other eastern European countries would probably be invited, including Russia. Russia, however, was not happy with this announcement and she warned the Scandinavian countries against the formation of any union among them because such a union would be regarded by the Soviets as yielding to the western bloc now sponsored "by reactionary Anglo-American sources."

On September 12 an aid conference was held in Paris with Secretary William Clayton, at which six basic conditions were proposed by the United States which were accepted by the conference. These were, (1) to take immediate steps toward financial and monetary stability; (2) each to guarantee its production program; (3) to agree to reduce trade barriers; (4) to make allowance in total requirements for capital needs which might be financed by the World Bank; (5) to form continuing organization and check expenditures under it; and (6) to recognize common objectives and responsibilities. This was the point at which on September 18 Deputy Commissar of Foreign Affairs Vishinsky rose in the United Nations Organization to accuse the United States of "war-mongering."

On September 20, the Senate Appropriations Committee met for a day to discuss the American financial policies abroad.

THE REPORT OF THE COMMITTEE OF EUROPEAN ECONOMIC COOPERATION (CEEC).

On September 22, the Committee of European Economic Cooperation presented its report, signed by the 16 nations participating in the conference, to the United States. The recovery plan covered all 16 signatories.

WASHINGTON CONVERSATIONS OF TECHNICIANS

Conversations opened (October 7) between the technicians of the European states and the United States with a view to clarifying the European report and the recommendations. All phases of the report were meticulously gone into.

THE EUROPEAN SITUATION WORSENS

Meanwhile the food situation in Europe continued to grow worse. On September 24, the 19-member committee chaired by Secretary Harriman made a special interim report on the grain export policy of the United States, with a view to conserving as much grain as possible for Europe.

The various committees of Congress visiting Europe saw for themselves the conditions which existed there. In addition to the House Select committee on Foreign Aid, and subcommittees of the House Foreign Affairs Committee, already in Europe, Asia, and the Near East, the Senate Armed Services and Appropriations Committee sailed on September 26, and various other groups left from time to time.

In order to assure public assistance and to insure an adequate amount of food for foreign relief, President Truman on September 25 proclaimed the national "waste less" campaign to conserve food products affecting grain supplies. He appointed a Citizens' Food Committee under the chairmanship of Charles Luckman, to direct a campaign of public participation, stating that the European economic emergency "cannot wait on a careful study required for the over-all decision on the Marshall Plan." Later, on October 27, the President took another step in order to secure further public support of the aid program. He invited 100 leaders of industry, labor, agriculture, and the general public to confer with him at the White House.

THE PRESIDENT MEETS WITH CONGRESSIONAL LEADERS

As the food prospect in Europe became increasingly bleak, Secretaries Harriman and Marshall both warned of starvation abroad unless help was forthcoming from the United States. The President's advisors engaged in an intense search for \$580,000,000 for stop-gap aid for Italy and France in order to avoid calling Congress into a special session.

They were unsuccessful, and on September 29 President Truman met with a number of congressional leaders relative to the situation abroad. He asked the Appropriations and the Foreign Relations Committees of both Houses of Congress to meet "at the earliest possible time." After informing the congressional leaders that he would consult with them again as to the necessity of a special session, he pointed out that available funds would not meet a stop-gap aid program for France and Italy. He emphasized that the long-range recovery program would be impossible unless the United States provided food and fuel to help France and Italy "to survive this critical winter as free and independent nations," and then observed that there was no use calling a special session unless the appropriations and foreign affairs committees would approve stop-gap aid. On the next day the Senate and House Foreign Affairs Committees agreed to meet in joint session on November 10 to begin hearings on the aid program. Five days later, the Senate Appropriations Committee scheduled its meetings to begin on November 18.

THE PRESIDENT SUMMONS CONGRESS FOR A SPECIAL SESSION ON NOVEMBER 17, 1947

But more definite action on interim aid seemed to the President to be necessary in time to stave off starvation and suffering in Europe. No long-range recovery program could be entered upon unless immediate needs were met, as he had already indicated in his meeting with

the congressional leaders on September 29. At a second meeting with congressional leaders convoked at the White House on October 23, he announced that he was calling Congress into session on November 17. There were two compelling reasons, namely, "the continued rise in prices * * * (and) * * * the crisis in western Europe."

II. THE CHARACTER AND THE CRISIS OF EUROPEAN ECONOMY

BACKGROUND OF THE EUROPEAN CRISIS

Europe—the land from the Ural Mountains to the Atlantic Ocean—is similar in size, resources, and economic organization to the United States, although it supports a population triple that of our country. Europe has a highly industrialized seaboard, consisting of Sweden, the Low Countries, Germany, Great Britain, and France, corresponding to our industrialized New England and Middle Atlantic States. It has an inland region, Germany, rich in iron ore and coal, which supports a great concentration of factories. We have a similar inland industrial and raw-material area in the Pittsburgh-Chicago region. Behind the industrialized seaboard and stretching around the inland industrial area of the Ruhr is the vast agricultural region of central and eastern Europe, corresponding to our Middle West and Great Plains States. Secondary industrial areas had been built up in the Russian sector of this region and in a smaller degree in Czechoslovakia. The war shifted Russia's developing industry more beyond the Urals, into Asia.

The resemblance between Europe and the United States is strong, but when it is examined more closely, it can be seen that there are important differences. The United States is a single economic and political unit with freedom of trade and movement from one part to another. Europe is a group of separate and independent nations, criss-crossed with trade barriers and without freedom of movement across national boundaries. In a general sense, that situation is one of the basic causes of the present European crisis.

The parallel to Europe would be closer if the 16 States comprised in the New England and Middle Atlantic groups plus Ohio, Indiana, Illinois, Louisiana, and Alabama (in order to simulate the isolated and strategic positions of Greece and Turkey) were all suddenly to be politically separated from the rest of the United States and formed into 16 separate and independent nations. Imagine further that these 16 new States were devastated by war and drought and were effectively cut off from trading with the rest of the United States by serious ideological and national differences, and a rift created by a foreign power that controlled all the rest of the United States. The difficulties which these imaginary countries would face in restoring their production and standards of living are like the problems which western Europe has struggled with since the end of the war, with the difference that western Europe controls extensive colonial resources.

The 16 nations of western Europe which have requested American aid are Austria, Belgium, Denmark, Eire, France, Greece, Iceland,

Italy, Luxemburg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom. With some exceptions, these countries possess considerable industrial capacity and have common problems in feeding their populations, obtaining raw materials for their factories, and marketing their products, except the fact that some possess great colonial empires while others do not. Even those possessing colonies, however, cannot develop them rapidly or adequately under present conditions. A brief summary of their chief economic characteristics will make this clear.

With the exception of Denmark, none of these countries is a net exporter of food. The following table shows the prewar percentage of home-grown food to the total food consumed in each country:

TABLE I.—*Self-sufficiency in food production—Prewar*¹

Country	Percent of home-produced food to total food consumed	Country	Percent of home-produced food to total food consumed
Austria	75	Norway	47
Belgium	47	Portugal	92
Denmark	² 100	Sweden	90
France	83	Switzerland	47
Greece	79	United Kingdom	32
Netherlands	62		

¹ Source: *Food and Agricultural Data for Selected European Countries*, pp. 1-3. Average for food years 1933-34 and 1937-38.

² Excluding imports of coffee, citrus fruits, tropical foods, etc.

Even before the war, therefore, these countries were unable either individually or as a group to feed their people out of their own resources. Since the war, the ability of these countries to feed themselves at least in part has been still further reduced by severe summer droughts and severe winter freezes, by spring floods in England, by lack of agricultural machinery and farm animals, and by shortages of fertilizers and farm labor.

A similar reliance upon outside supplies has existed with respect to raw materials for industry. Resources of coal and iron ore are relatively plentiful in western Europe and before the war were sufficient to meet most needs. But other important raw materials were in part or wholly lacking—especially nonferrous metals, cotton, wool, lumber, pulp and paper, rubber, petroleum, and tropical products, such as oils and heavy fibers. The war has only aggravated the dependence upon imported supplies by using up stock piles and exhausting slender natural resources of some of those products possessed by a few countries.

As a result of its inability to supply itself with food and industrial raw materials from its own sources, western Europe has to rely heavily on foreign trade. In order to import, these countries have always been forced to export so as to earn the necessary funds for purchasing abroad. Table II shows the per capita value, converted in dollars, of the foreign trade of the chief western European nations as compared with the United States in the year 1937.

TABLE II.—*Per capita imports and exports, 1937*¹

[Converted into dollars at 1937 rate of exchange]

Country	Imports	Exports
Austria.....	\$44.30	\$37.10
Belgium.....	106.25	99.00
Denmark.....	99.90	94.60
France.....	40.50	22.80
Netherlands.....	98.80	73.20
Norway.....	110.45	69.25
Sweden.....	85.10	81.10
Switzerland.....	98.75	70.55
United Kingdom.....	108.20	54.85
United States.....	22.90	25.10

¹ Source : *Foreign Commerce Yearbook*, 1938, p. 427, as corrected.

It can be seen at a glance that those countries were far more dependent upon foreign trade than the United States. The difference between the value of imports and the value of exports was, before the war, made up by the so-called invisible items in the balance of payments—earnings from the shipping trade and from insurance, income from overseas investments, remittances from emigrants, and money spent by tourists in Europe, etc. But exports paid for the great bulk of imports into western Europe and even before the war it was literally true for Europeans to say, “We must export or we die.”

What did western Europe export before the war which enabled her to pay for her imports? In large part it was the products of European industry and certain specialized foods and beverages, such as cheeses, wines and liquors. But just as the war has sapped western Europe's ability to raise part of its own foodstuffs, so too has it severely reduced the output of European factories of these products, and cut off the tourist trade and other “invisible” items of export.

1. *War damage*

The physical damage to and destruction of mines, factory buildings, machinery, equipment, and transportation facilities was enormously greater in the recent war than in any previous conflict. Only a beginning has thus far been made in rebuilding and replacing plant and equipment.

2. *Shortages*

World-wide shortages of raw materials and industrial and transportation equipment have hindered European reconstruction during the past 2 years even for those countries which may have had the necessary funds for foreign purchases.

3. *Business relationships*

The commercial, financial and business relationships which knitted together and sustained the productive resources within each of the 16 countries and between western Europe and the rest of the world were shattered by the war and are only slowly being reestablished because of the disappearance of many old firms, loss of trained personnel, and the psychological and political uncertainty and insecurity of postwar Europe. Title to many important properties was in a hopeless legal snarl for much of the period since the war.

4. *Labor*

Both the supply and productivity of labor in the factories and on the farms are much less than prewar. This is especially due on the continent where millions of skilled and semiskilled workers were killed or displaced from their farms, mines, and work benches by the Germans. Nor does the reduced western European labor force work as hard today as it did before the war for physical and psychological reasons. Lack of adequate food, shelter, and clothing for over 7 years has reduced the physical stamina of the European worker, whose average age is also greater than prewar by reason of the greater mortality among and disappearance of young men. Psychologically, the incentives to hard work are gone—taxes are high and goods are scarce. Factory workers can buy little food with their wages and farmers find few manufactured goods on which to spend their incomes. The result is a vicious circle—the lower the productivity, the less there is for consumers to buy; but the less there is for consumers to buy, the less the incentive to work hard.

5. *Political situation*

A concerted program on the part of the Communist-dominated Left, designed to make recovery impossible and operating through demagoguery and sabotage, was met by the natural reactions of the Right—which certainly did not help matters—and by the inability of the Center and Liberal parties to control the economic and political factors which could produce stability and recovery. Since the Communists have been excluded from certain ministries in Europe marked improvement has been evident in the political stability of these countries and their willingness to take necessary measures for recovery.

The factors outlined above which have hampered the recovery of western Europe's industrial output are only part of the picture of the current European economic crisis. Of equal importance are changes in the direction, volume and financing of the foreign trade of the 16 countries.

GERMANY

Germany is no longer the chief single market for and supplier of the other western European nations. In 1929, 53 percent of Germany's total exports were consumed in the 16 countries of western Europe. In the same year 35 percent of Germany's imports for home consumption came from those 16 countries.¹ The difference was made up in part by the western European countries out of their earnings from transporting a substantial portion of the remaining German exports and imports to and from the rest of the world. It is unlikely that western Europe can find or create without the utmost difficulty an adequate substitute for the role which Germany played in their economies before the war. Consequently, unless and until there is a revival of western Germany's capacity to produce and consume at reasonable levels, there is little chance of restoring the western European stand-

¹ Source: Computed from figures given in *Foreign Commerce Yearbook*, 1930, vol. II, p. 253.

ard of living to the level of 1938, much less to that of 1929, without serious drain on the economy of the United States.

EASTERN EUROPE

Before the war, the European area east of a line from Stettin on the Baltic to Trieste on the Adriatic was one of the chief sources of the raw materials, especially foodstuffs, required by western Europe. But since the war, the food-producing countries of eastern Europe, especially Poland, Hungary, Rumania, and the U. S. S. R., have also suffered reduced outputs of food for the same reasons as noted above in the case of western Europe. Since the last harvest, however, relative exportable surpluses have appeared in certain eastern countries, but there are difficulties which must be overcome before they can be bought by western Europe. Chief among these are the inability of western Europe to supply, as formerly, desired manufactured goods to the eastern countries and the serious ideological and political gap between east and west which makes trade negotiations difficult.

UNITED STATES AND OTHER DOLLAR AREAS

In place of their prewar sources of supply in Germany and eastern Europe, the 16 nations of western Europe have been forced to turn to the United States. Our exports to Europe will be three times as great in 1947 as in prewar times. Not only are we shipping vast quantities of food and industrial products to Europe, but we will supply western Europe with some 40,000,000 tons of coal in 1947, a commodity never before imported from outside Europe. Western European countries have also been forced to expand their purchases in Canada and Latin America, where they must pay in dollars or acceptable goods for all imports. While, therefore, world shortages and the loss of German and eastern European supplies have compelled the 16 nations to expand their imports from dollar areas, they have at the same time been able to reestablish only 60 percent of their exports to dollar areas, as compared with prewar. Before the war, Europe sold less to us than she bought from us, and now the difference is much greater because of the shortage of acceptable exports from western Europe. For the past 2 years, western Europe's trade deficit with the dollar areas has been financed in one way or another by the United States.

INFLATION

The world-wide inflation has seriously affected the ability of the 16 nations to trade among themselves and with the rest of the world. What businessmen and economists call "the terms of trade" are unfavorable to all 16 western European countries except Switzerland and Sweden. This means that, because of a relatively greater internal inflation, those countries must charge higher prices for their exports than the costs of producing similar goods in competing countries outside of Europe. This is also true for trade carried on among the 16 countries wherever the degree of inflation is markedly different, as for example between France and Switzerland. At the same time,

foreign currency, especially dollars, earned by or loaned to the 16 nations buys much less than prewar in terms of goods. The result is that western Europe, except Sweden, Portugal, Switzerland, and Spain (the latter is not among the 16 nations of the Paris Conference), has difficulty in selling even the limited quantities of goods it has for export and it pays much more for goods it must import.

CURRENCY INCONVERTIBILITY AND TRADE BARRIERS

Even before the war, western European countries were experiencing difficulty in maintaining the value and free convertibility of their currencies. This situation was a result of the great depression of the 1930's which reduced Europe's foreign trade substantially and created conditions basically similar to but by no means as critical as those of the present day. In an effort to balance their trade with other countries, many of the 16 nations adopted various restrictive devices designed to limit their imports but expand their exports. The use of such devices as import and export quotas, barter and compensation agreements, blocked currency funds, etc., has been continued and strengthened since the war. It will be difficult for Western European nations to abandon these artificial aids for carrying on foreign trade until their own economies have recovered to the point where confidence is restored in their currencies and goods for export and import are in more plentiful supply.

LOSS OF FOREIGN INVESTMENTS, ETC.

As noted above, western Europe was, in general, able to balance its trade with the rest of the world before the war by reason of its earnings from the so-called invisible items of the balance of payments. During the past 7 years, however, many of the 16 nations have lost most of their income from one or another of the invisible items. Great Britain sold a large part of its foreign investments in order to finance necessary imports during the war. Great Britain, Norway, the Netherlands, and Italy no longer have maritime fleets of anything like prewar size and have lost the income formerly derived from carrying the major portion of the world's ocean traffic. Tourists no longer flock to France and Italy nor do the fortunate few that get there spend anything like in prewar days. Disorders in the Netherlands East Indies and French Indochina prevent any substantial remittances from those regions to the mother countries. Only Belgium and Britain still earn substantial profits from their overseas possessions, though potentially nearly all European colonies are economic assets.

Such, in brief, are the main reasons why western Europe cannot now grow and manufacture enough to feed, clothe and shelter its people and repair the ravages of war, or reestablish sufficient foreign trade through the normal mechanisms of commerce and finance to make up the deficit in its home production. Not even before the war did the 16 nations of western Europe have anything like the degree of self-sufficiency and independence of foreign trade so fortunately possessed

by the United States. The war and its aftermath of political unrest and world-wide shortages have only aggravated to a crisis western Europe's organic inability to support itself, without the natural flow of food and raw materials from eastern Europe. To a very great extent, the present plight of western Europe arises from the operation of factors beyond the conscious control of the people of Europe. Seven years of war, terror, uncertainty, hunger and cold have increased painful but necessary tasks.

If Europe is to recover, particularly if western Europe is to recover, without mutual assistance from an eastern Europe dominated by Russia, exports must be increased far beyond prewar levels, colonies must be better developed and open to general use, and barriers to internal as well as external trade for the 16-nation group reduced as rapidly as possible.² Population problems will remain difficult, particularly in Germany, where the bizonal area has had to absorb many millions of nonproductive exiles. At the same time, German industrial plant and technical skill are potentially the greatest factors inside Europe for providing manufactures and equipment for the rest of western Europe. Under suitable exchanges for raw materials and safe political conditions, western Germany could also greatly aid the recovery of Eastern Europe.

² See pledges, part II, No. 4.

III. EXTENT OF RECOVERY IN EUROPE

PRODUCTION

Europe has come a long way on the road to recovery since the Allied armies liberated the countries occupied by Germany. Industrial production has recovered to better than prewar levels in a number of countries of Europe, including the British Isles and the Scandinavian countries. In a second group comprising France, Belgium, and the Netherlands, production stands at approximately 80 to 90 percent of 1937. In Italy, however, production is only about one-half its prewar size, while in Germany and Austria it is considerably less.

The general extent of this recovery may be indicated by the following figures:

Index of industrial production

[1937=100]

	1945	1946	1947					
			Janu- ary	Feb- ruary	March	April	May	June
Austria.....		¹ 41						
Belgium.....	31	72	86	77	83	88	87	85
Denmark.....	74	96	106	105	98	99	100	100
France ¹		79	88	95	96	102	102	97
Germany: ²								
United States Zone.....		37	34	31	38	46	49	48
United Kingdom Zone.....		31	28	26	30	33	34	34
Ireland.....	92	107		102				
Italy ¹		51	48	46	52			
Netherlands ³	31	74	86	80	90	90	89	91
Norway.....	69	100	109	118	113	113	122	
Sweden.....	88	107	108	107	107	109	108	108
United Kingdom.....		¹ 102						

¹ 1938=100.

² 1936=100.

³ Manufacturing, mining, and public utilities.

Production of steel and coal in western Europe, basic ingredients of European economic recovery, is still far below prewar. Although the output of steel in the United Kingdom is higher than it was in 1938, it is still only a fraction of what it was before the war in western Germany. With the exception of France the production of coal is

far below output in 1938. These facts are brought out clearly in the following table:

Steel production in the participating countries and western Germany

[Millions of metric tons]

Country	1938	Mid-1945	October 1946
1. United Kingdom.....	10.6	11.7	13.4
2. Other participating countries.....	13.2	3.5	13.2
3. Western Germany.....	21.0	-----	3.2
4. Grand total.....	44.8	15.2	29.8

Source: CEEC, Technical Reports, p. 10.

Progress of hard-coal production in the participating countries and western Germany—Annual rate

[Millions of metric tons]

Country	1938	July 1945	May 1947
United Kingdom.....	231	168	180
France.....	47	31	47
Other participating countries.....	51	23	35
Total participating countries.....	329	222	262
Western Germany.....	153	27	75

Source: CEEC, Technical Reports, p. 9.

Agricultural production in Europe as a whole is nearly 80 percent of prewar levels. The major difficulty lies in shortages of fertilizers, farm tools and equipment, and, in certain localities, deficiencies of draft animals and farm labor. In the summer of 1945 drought struck in France and in French North Africa. The severe winter of 1946-47, culminating in early spring floods, froze seed in the ground and ruined the winter wheat crop in Britain, France, and Germany. Further damage resulted from dry weather in June and July 1947.

The rate of recovery has not been uniform over the whole area. The countries' own efforts were supported by considerable assistance from the rest of the world. The following tables are of interest:

Production and total supplies of basic foodstuffs in the participating countries and western Germany

[Millions of metric tons]

	Total available supplies		Domestic production (included in available supplies)	
	1934-38 (average)	1945-46	1934-38 (average)	1945-46
Wheat and rye.....	47.9	36.6	34.0	22.4
All cereals.....	89.8	60.7	64.5	43.1
Oils and fats ¹	6.0	3.6	2.8	1.9
Sugar.....	6.8	4.4	3.4	2.4
Meat.....	10.6	7.1	9.0	5.8
Milk ²	72.5	52.9	72.5	52.9

¹ Including butter.

² Liquid milk.

Source: CEEC, Technical Reports, p. 24.

Index of agricultural production

[1938=100]

Austria	51
Belgium	85
Denmark	76
France	75
Germany:	
United States Zone	75
United Kingdom Zone	60
Italy	84
Netherlands	77
Norway	84
Sweden	101
United Kingdom	120

CONSUMPTION

While Europe's production has recovered more than is generally appreciated in the United States, consumption has lagged far behind. In the first place, production has more work to do. In addition to providing for consumption, maintenance and depreciation of existing capital equipment and normal capital expansion, it must make up the great losses of the war. It must also accommodate far larger populations in most of the countries of Europe, resulting from population growth during the war years and from large scale movements of population.

Consumption in food has on the whole been sufficient to sustain life. In certain countries, however, it has not provided the population in general with the food needed to provide the energy for active living. Rationing has been designed to provide special allowances for miners and other types of physical workers. It has also been directed to building capital in human resources. Special food has been made available to prospective and nursing mothers, and growing children have been favored at the expense of older people. Apart from the quantity of food, its quality has deteriorated greatly, except on farms and in metropolitan black market restaurants. Bread and potatoes are the rule for the urban dweller without access to farm products.

In other consumption lines, conditions are little better. A long stretch of years looms ahead before prewar housing standards will be regained. Destruction of cities, growth of populations, influx of refugees, and in the occupied areas requisitioning of houses for occupation armies and their families have brought about the most crowded conditions known in Europe. Repair of damaged houses and the construction of temporary shelter have alleviated the situation to some extent. Building materials are scarce. Lumber to repair roofs and walls, cement for foundations, brick and masonry for new construction are not available to meet even the most urgent needs. Yet in certain areas the spirit of the people remains high.

Some progress has been made in producing clothing and shoes for the working class at one end of the scale and in the production of fashion items for the well-to-do and for export at the other. However, stocks of clothing in the average family continue to dwindle, having been stretched out over the war and the 2½ years following without substantial replacement. One of the important problems facing Euro-

pean countries generally is to insure the production of sufficient clothing to take care of the needs of growing children.

Average consumption figures conceal wide differences between the consumption of the various participating countries. Even though the figures for 1947-48 are more in the nature of consumption per head implied in estimates of requirements, the table below is of interest:

Food consumption per head

[Kg. per head per year]

	1934-38	1947-48
Bread grains.....	192	159
Potatoes.....	236	228
Sugar.....	27.4	20
Meat.....	42.9	30
Fats (oil equivalent).....	24.1	17.0

Source: CEEC, General Report, p. 48.

EXPORTS AND IMPORTS

More than any other region of the world, Europe is dependent on trade for its economic well-being. Although Europe, excluding the U. S. S. R., contains only 19 percent of the population and 4 percent of the land area of the world, European trade constituted somewhat more than half of total world trade before the war. Much of this was intra-European trade, which accounted for 54 percent of total European imports and 64 percent of exports.

The war completely disrupted this intricate trade network. Normal trade relationships and the entire European economy were hammered out of shape in order to serve the needs and the requirements of the war. As the war continued, damage and deterioration lowered production and reduced even such trade as was permitted. At VE-day trade was virtually at a complete standstill.

Exports have increased from low wartime levels in most of the countries concerned, but at current rates of production, domestic requirements have absorbed the bulk of available supplies. Import needs have been enormous. While production has exceeded consumption in most countries of Europe—though possibly not in Italy, Austria, and Germany—the margin between production and consumption would have been far wider if imports had been limited to the goods which the European countries could have bought with their own exports.

Imports of food from overseas areas far surpassing the prewar volume have been required to maintain food consumption; more coal and petroleum products have been brought in to keep the economy running; steel and machinery have been sought to repair damaged or deteriorated machinery and to expand capacity in certain lines. Imports of raw materials—textile fibers, nonferrous metals and ores, and leather—have been less than they usually were in peacetime. Normally, western Europe relied on overseas areas for these commodities and on eastern Europe for nonferrous metal ores. Since the war, however, supplies of coal and electricity have been insufficient to get ca-

capacity in these lines operating fully, while capacity itself has shrunk through the destruction of war and the depreciation of machinery. A particular factor has been the difficulties encountered in reassembling machinery which was cleared out of civilian-type factories to make room for armament machinery during the war. Textile plants were a favorite choice of German armament officials anxious both to expand airplane and general armament production and to disperse such production away from Allied bombardment.

The total value of imports has been increased not only by enlarged requirements for food, coal, and steel but also by large increases in import prices. These increases have exceeded those in the manufactured goods which western Europe normally exports.

A further new item of cost in dollars has been shipping. Because of tremendous wartime merchant marine losses, shipping which was carried formerly in European bottoms is now transported by the United States merchant marine. American shipping costs are high. Coal sold at a western Pennsylvania mine for \$4 to \$6 and \$7 to \$9 at an Atlantic seaboard port costs approximately \$16 to \$18 laid down in Cherbourg, Marseilles, or Trieste. With one and one-half million tons of grain moving eastward out of Atlantic ports monthly, and two and one-half million tons of coal, 1,500 ships of the Liberty type have been engaged in moving bulk supplies across the ocean at rates of \$10 to \$12 a ton for coal and \$20 a ton for wheat.

In 1938 the world looked to the participating countries for about 60 percent of its tonnage. Some of the progress made in the reconstruction of the merchant fleets is due to the expenditure of dollars on acquiring ships built in the United States. The following table is of interest:

Tonnage owned by the participating countries in 1938 and 1947

[Tonnage figures in millions]

Type of vessel	End 1938			Mid-1947		
	No.	G. R. T.	D. W. T.	No.	G. R. T.	D. W. T.
Passenger*.....	600	3.5	2.0	300	1.8	1.0
Dry cargo.....	7,000	25.5	36.1	5,150	20.8	29.1
Tankers.....	1,060	6.7	10.1	950	6.1	9.5
Total.....	8,660	35.7	48.2	6,400	28.7	39.6

*For the purpose of this report, vessels classed as "Passenger" vessels include only those which have no substantial cargo capacity. G. R. T.=Gross Register Tonnage; D. W. T.=Deadweight Tonnage. German tonnage excluded, 6.3 million D. W. T. Source: CEEC, Technical Reports, p. 343.

The economic recovery is linked with the strength of the inland transport systems. The traffic figures given below reflect the results of combined efforts since the war ended to repair material damage, build new equipment and repair old, and to revitalize the administrative machinery.

Volume of traffic in Belgium, France, and Netherlands

[Millions of metric tons]

Traffic	1938	1945	1946
Railways.....	252.6	131.1	217.1
Waterways.....	132.3	40.4	75.0
Ports.....	135.8	42.1	60.5

Source: CEEC Technical Reports, p. 323.

ECONOMIC INTERCOURSE

Apart from the difficulties of increasing production, the necessity to restrain consumption and the need for foreign aid in meeting minimum requirements both for consumption and production, European economies have been handicapped in recovery by a serious deterioration in the normal ways of doing business. This is applicable both to trade within and among the countries of Europe.

Prior to the war, the economies of Europe, with certain obvious exceptions as in the case of Germany, were in principle based on the mechanism of price and profits, and the distribution of goods to final users on the basis of price and incomes. Departures from this principle occurred in varying degrees, as governments, cartels, and other institutions took action to alter the results of the operation of a simple price economy. In general, however, the operation of the economy was fairly automatic.

During the war the price and market mechanism was drastically modified in all countries, as resources were mobilized for war. Allocations, priorities, and rationing provided the assignment of resources to particular uses and distributed products to consumers.

Since the war many countries have made an attempt to get back to the price economy. But so great have been the prevailing scarcities in some fields, and so great the degree of monetary disturbance engendered by the war and its consequences, that price control, rationing, allocations, priorities, and labor services necessarily have been retained in varying degrees in certain sectors of some economies and throughout others.

The result is that they have achieved success in neither direction. Price controls have broken down in most countries, and where they have held, as in Germany, the rationing and allocations system required to distribute goods in the absence of the price system has been inadequate to the task. Inflation and black markets exist in France, Italy, Germany, Austria, Greece, disturbing the normal division of labor between farmer and city dweller, disrupting the flow of scarce supplies into priority uses, making it impossible to insure that food is collected and distributed to those who most require it.

In Germany a barter market has evolved. The term black market is reserved for the movement of goods to final consumers outside the normal ration. When a factory, however, barter its product for raw materials—for fuel, for building materials, and for tools—this is barter, not black market trading. Factories and mines trade their

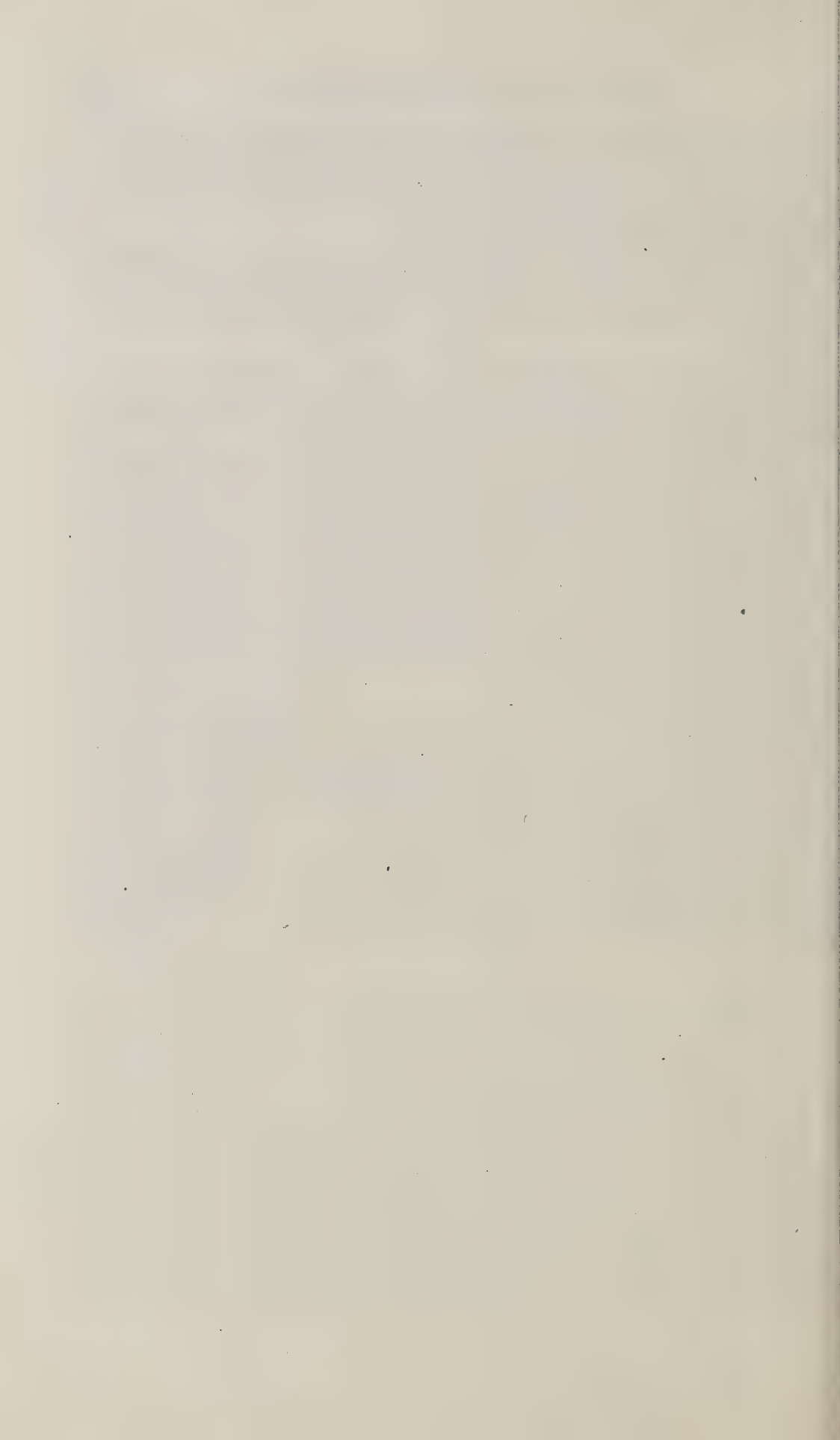
produce for food to feed their workers a noon-day meal; obtain building materials to repair the houses of the managerial staff and the workers; even pay the workers in cloth, shoes or other consumers goods which are made in the factory, to enable the workers to engage in black market trading for their own account.

In an economy where normal economic intercourse is almost totally disordered, other types of easily transferable goods take on the attributes of money—such as cigarettes and other items small in size and high in value, including nylon stockings, Paris perfumes, even flasks of penicillin.

The situation in countries other than Germany is evidently less extreme, though the economies of Austria, Italy, and France suffer in some degree from the same lack of confidence in the currency in use, from barter, and black-market trading.

In international trade the normal pattern of dealing has not been restored. At the end of the war, world trade was at a complete standstill in the countries of Europe liberated by Allied arms. As local economies gradually picked up, international trade was resumed on a barter basis or through bilateral agreements between two trading nations. Currencies were inconvertible and for the most part have remained so. Foreign monies were made available by governments only for approved imports or for import transactions undertaken by government agencies. Obtaining access to foreign materials or selling domestically produced goods abroad involved an individual or a firm in endless complications.

Bilateral trading was an improvement from the total absence of trade. But bilateral trade is restricted to the amount of goods the poorer country can buy or supply. The most acute problem in this connection has been presented by the trade of Germany, which is anxious to sell goods in Europe for dollars with which to pay for some of the wheat, fertilizer, medicine, and petroleum products bought from the United States. Other countries have had goods to sell to Germany which Germany would have liked to buy, but which with the serious shortages in basic consumption commodities it could not afford.



IV. UNITED STATES ASSISTANCE TO EUROPE

JULY 1, 1945, TO JUNE 30, 1947

United States financial assistance to Europe since the end of World War II has been of two kinds: (1) The provision of funds and supplies in the form of repayable loans and credits, and (2) the provision of funds and supplies in the form of relief and special grants not requiring specific repayment. United States assistance to western Europe has been largely of the first kind; that is, long-term interest-bearing loans and property credits.

A. INTEREST-BEARING LOANS AND CREDITS

The interest-bearing loans and credits have been of the following types:

1. The Treasury loan to the United Kingdom of 3,750 million dollars, authorized by Congress in July 1946. As of August 31, 1947, the unutilized balance of this loan was \$400 million.

2. Export-Import Bank loans for reconstruction purposes. The largest single recipient of this type of assistance has been France, which received two loans, one of \$550 million in September 1945, and one of \$650 million in June 1946.

3. The sale of United States surplus property abroad and surplus merchant vessels on long-term credit. Of the countries of Europe, France and Italy received the largest surplus property credits: France a credit of \$300 million and Italy a credit of \$160 million for the purchase of surplus property in Europe, and each a credit of approximately \$42 million for the purchase of merchant vessels.

4. Lend-lease settlement and "pipe line" credits. These lend-lease credits were established in full settlement of obligations arising out of the war on account of lend-lease and other wartime claims. They are essentially property credits for the value of civilian-type lend-lease goods held by foreign governments at the end of the war and for lend-lease goods in the process of procurement at the war's end. Among the 16 Paris Conference countries, settlements establishing long-term credits on this account have been effected with the United Kingdom, France, and The Netherlands.

Following this brief review of United States assistance to Europe are three tables which present in detail a break-down of the figures showing our aid to all the countries of the world. These tables are taken from the report by the Council of Economic Advisers on The Impact of Foreign Aid upon the Domestic Economy—often referred to as the Nourse report. It will be noted that there are separate tabulations of Export-Import Bank and other loans and property credits. Except for the United Kingdom and some non-European countries,

the former is a listing of Export-Import Bank credits only; the latter is a composite of credits for the purchase of surplus property and merchant vessels and in settlement of lend-lease obligations. In the period July 1, 1945, to June 30, 1947, the United States Government authorized repayable loans and credits to the Paris Conference countries of \$7,353 million in all.

B. GRANTS AND RELIEF

The second type of United States assistance to Europe has been in the form of grants and relief.

The programs comprehended in this group are the following:

1. *UNRRA*.—The United States Government appropriated \$2,700 million for relief distribution to the war devastated countries of Europe and Asia through the agency of UNRRA. This contribution amounted to 72 percent of UNRRA's operating budget. Italy and Greece were the largest recipients of UNRRA aid among the Paris Conference countries, which altogether received United States assistance through UNRRA amounting to approximately \$700 million.

2. *United States Foreign Relief Program*.—In May 1947, in anticipation of the expiration of UNRRA, Congress authorized the provision of further relief assistance to certain specified needy countries, and in July 1947 appropriated \$332 million for this purpose. Austria, Italy, Greece, and Trieste are the European recipients of this assistance. A donation of \$15 million was made from the appropriation to the International Children's Emergency Fund.

3. *Greek-Turkish aid*.—Congress also appropriated \$400 million in 1947 for special civilian and military aid to Greece and Turkey. Aid to Greece under this appropriation is programmed at \$300 million of which approximately one-half is for military assistance; aid to Turkey is programmed at \$100 million, solely for military assistance.

4. *Relief of occupied areas*.—Since July 1, 1945, Austria, Italy, and Germany have been the recipients of relief under the "disease and unrest" program of the War Department. The most substantial expenditures in this program have been made for Germany. Relief expenditures for Italy and Austria under this program diminished considerably after the first year and are currently negligible.

5. *Lend-lease aid*.—During the period July 1, 1945, and VJ-day, when straight lend-lease assistance to our European allies was terminated, several countries in Europe received lend-lease aid. Although this assistance was subsequently settled for in the establishment of property credits under comprehensive war settlement agreements, the lend-lease aid received by European countries in the period after July 1, 1945 (amounting to \$420 million), is recorded in the attached tables under Grants and Other Relief.

In the period July 1, 1945, to June 30, 1947, the United States Government authorized assistance under the five programs listed above of some \$1,943 million allocable to specific Paris Conference countries, a further \$767 million allocable to German relief, and a further \$481 million not allocable to specific countries in Europe but intended almost entirely for the Paris Conference countries—making a total of \$3,191 million.

In summary, loans, credits, grants, and relief to the Paris Conference countries and Germany authorized in the period July 1, 1945, to June 30, 1947, totaled approximately \$10.5 billion. Of this amount roughly two billions of dollars had not been utilized by the recipient countries.

C. PRIVATE REMITTANCES

Apart from the assistance which the United States has rendered Europe through Government channels it should be kept in mind that aid from private sources has not been inconsiderable. In 1946, according to Department of Commerce estimates, personal remittances to Europe in the way of money orders, food, clothing, etc., totaled \$285.3 million. Remittances from voluntary agencies during the same year reached a figure of \$218.3 million. The total remittances from nongovernmental sources thus ran to slightly more than half a billion dollars.

THE EUROPEAN RECOVERY PROGRAM

TABLE A.—U. S. Government loans, property credits, and grants¹—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country

[Millions of dollars]

Country	Amount available, July 1, 1945–June 30, 1947 ¹			Amount utilized, July 1, 1945–June 30, 1947			Unutilized balance, June 30, 1947		
	Total	Loans and property credits ²	Grants and other relief ³	Total	Loans and property credits ²	Grants and other relief ³	Total	Loans and property credits ²	Grants and other relief ³
Total.....	16,302	9,128	7,174	4,12,575	4,7,309	4,5,266	3,727	1,819	1,908
Europe.....	12,160	7,977	4,183	9,902	6,752	3,150	2,258	1,225	1,033
Paris Conference countries.....	9,331	7,388	1,943	7,828	6,414	1,414	1,503	974	529
Austria.....	195	11	184	140	1	139	54	9	45
Belgium and Luxembourg.....	210	149	61	210	149	61	15	15	---
Denmark.....	30	30	---	15	15	---	15	15	---
France.....	1,928	1,907	21	1,719	1,698	21	209	209	---
Greece.....	745	121	624	329	55	274	417	67	350
Italy.....	926	331	595	223	223	561	142	108	34
Netherlands.....	303	283	20	276	256	20	27	27	---
Norway.....	81	80	1	11	10	1	70	70	---
Sweden.....	1	---	1	1	---	1	---	---	---
Switzerland.....	2	---	2	2	---	2	---	---	---
Turkey.....	141	41	100	6	6	---	134	34	100
United Kingdom.....	4,769	4,435	334	4,334	4,000	334	435	435	---
Countries not at Paris Conference.....	2,305	546	1,759	1,866	337	1,529	439	209	230
Czechoslovakia ⁶	247	73	174	204	30	174	42	42	---
Finland.....	106	106	---	71	71	---	35	35	---
Germany.....	767	---	767	537	---	537	230	---	230
Hungary ⁷	37	37	---	10	10	---	27	27	---
Poland.....	439	90	349	379	30	349	60	60	---
U. S. S. R.....	410	242	168	364	196	168	45	45	---
Yugoslavia.....	301	---	301	301	---	301	---	---	---
Europe unallocable.....	522	41	481	207	---	207	315	41	274
Canada.....	6	6	---	12	12	---	6	6	---
Latin-American countries.....	495	473	22	206	184	22	289	289	---
China.....	1,328	229	1,099	1,262	163	1,099	66	66	---
Japan.....	606	15	591	398	7	391	208	8	200
Korea.....	170	25	145	48	3	45	122	22	100
Philippines.....	769	76	693	194	76	118	575	---	575
All other countries.....	367	332	35	169	134	35	198	198	---
Unallocable.....	411	6	405	405	---	405	6	6	---

For detailed explanation of footnotes see Nourse report, p. 94.

TABLE B.—United States Government loans and property credits—Amount available, utilized, and unused, as of June 30, 1947, by type and country

[Millions of dollars]

Country	Amount available, July 1, 1945-June 30, 1947 ¹			Amount utilized, July 1, 1945-June 30, 1947			Unutilized balance, June 30, 1947	
	Total	Export-Import Bank and other loans ²	Property credits ³	Total ⁴	Export-Import Bank and other loans ²	Property credits ³	Total	Property credits ³
Total.....	9,128	6,426	2,703	7,309	5,052	2,258	1,819	445
Europe.....	7,977	5,734	2,242	6,752	4,776	1,976	1,225	267
Paris Conference countries.....	7,388	5,544	1,845	6,414	4,689	1,725	974	120
Austria.....	11	1	10	1	100	1	9	9
Belgium and Luxembourg.....	149	100	49	149	15	49	15	10
Denmark.....	30	20	10	15	15	(⁵)	209	7
France.....	1,907	1,200	707	1,698	998	700	202	20
Greece.....	121	25	96	55	5	50	67	46
Italy.....	331	130	202	223	24	199	108	2
Netherlands.....	283	205	78	256	197	59	27	19
Norway.....	80	50	30	10	6	10	70	20
Turkey.....	41	28	13	6	6	6	34	6
United Kingdom.....	4,455	3,785	650	4,000	6,350	650	435	6
Countries not at Paris Conference.....	546	149	397	337	87	250	209	147
Czechoslovakia ⁷	73	23	50	30	22	8	42	42
Finland.....	106	81	26	71	58	13	35	13
Hungary ⁸	37	7	30	10	7	10	27	20
Poland.....	90	40	50	30	7	23	60	27
USSR.....	242	94	242	196	7	196	45	45
Europe, unallocable.....	941	941	941	941	941	941	941	941
Canada.....	6	6	6	6	6	6	6	6
Latin-American countries.....	473	394	79	184	149	35	289	44
China.....	229	98	131	163	60	103	66	28
Japan.....	15	15	15	7	7	7	7	7
Korea.....	25	25	25	3	3	3	22	8
Philippines.....	76	76	76	76	76	76	76	76
All other countries.....	332	128	206	134	7	127	198	78
Unallocable.....	6	6	6	6	6	6	6	6

For detailed explanation of footnotes see Nourse report, p. 97.

TABLE C.—United States Government grants and other relief—Amount available, utilized, and unutilized, as of June 30, 1947, by type and country

[Millions of dollars]

Country	Amount available, July 1, 1945-June 30, 1947 ¹				Amount utilized, July 1, 1945-June 30, 1947				Unutilized balance, as of June 30, 1947					
	Total	UNRRA and post-UNRRA	Occupation program	Lend-lease	Other	Total ²	UNRRA and post-UNRRA ³	Occupation program ⁴	Lend-lease ⁵	Other ⁶	Total	UNRRA and post-UNRRA	Occupation program ⁷	Other
Total	7,174	2,642	2,014	1,151	1,365	5,266	2,310	1,484	1,151	319	1,908	332	530	1,046
Europe	4,183	1,973	1,219	420	570	3,150	1,641	989	420	99	1,033	332	230	471
Paris Conference countries	1,943	802	285	420	436	1,414	673	285	420	35	529	129		400
Austria	184	104	79		(⁸)	139	59	79		(⁸)	45	10	45	
Belgium and Luxembourg	61	1		60		61	1		60					
France	21	3		16	2	21	3		⁹ 16	2				
Greece	624	321			303	274	271			3	350	50		300
Italy	595	359	206		30	561	325	206		30	34	10	34	
Netherlands	20	1		19	(⁸)	20	1		19	(⁸)				
Norway	1	1			(⁸)	1	1			(⁸)				
Sweden	1	1				1	1							
Switzerland	2	2				2	2							
Turkey	100				100						100			100
United Kingdom	334	9		325		334	9		¹¹ 325	(⁸)				
Countries not at Paris Conference	1,759	969	771		61	1,529	945	524		61	230		230	
Czechoslovakia	174	168			6	174	168			6				
Germany	767	13				537	13	524			230		230	
Poland	349	304			45	349	304			45				
U. S. S. R.	168	166			2	168	166			2				
Yugoslavia	301	293			8	301	293			8				
Europe unallocable	481	227	180		74	207	24	180		3	274	203		12
Latin-American countries	22			5	17	22			5	17				71
China	1,089	334		644	121	1,089	334		644	121			200	
Japan	591		591			391		391			200		100	
Korea	145	1	144			45	1	44			100		100	
Philippines	693	10	28		655	118	10	28		80	575			13
All other countries	35	1	31	2		35	1	31	2					575
Unallocable ¹⁴	405	324		79	2	405	324		79	2				575

For detailed explanation of footnotes see Nourse report, p. 101.

V. RECENT POLITICAL DEVELOPMENTS IN PARTICIPATING COUNTRIES AND WESTERN GERMANY ¹

The 16 countries which collaborated in the Committee for European Economic Cooperation vary widely in their historical backgrounds, their cultural and social traditions, and their degrees of economic development. They stretch from the Arctic Ocean to the Mediterranean and from the Atlantic into the Near East. In some the basic political forms have been developing over the course of centuries, others have existed as nations for only a comparatively short time. The cultural traditions of Greece were old when much of northern Europe was in a primitive state. Yet, in spite of these divergencies, they belong to the main stream of what we know as western civilization, the civilization of which we are a part. Though varying in the forms of their governments, they adhere to the principles of representative constitutional democracy. Governments derive their powers from and are responsive to the electorates; the rights of the individual, including the rights of political minorities, are recognized and protected.

Political developments in these countries show a similarity of trend, though differences in application. Generally, there has been an increase in the responsibility assumed by society, through the state, for insuring certain basic essentials to the people. This has taken not only the familiar forms of social insurance, public health, etc., but also has shown itself in an increasing tendency towards nationalization of key industries and enterprises. The dislocations of war accelerated this tendency. The immense problems of restoring war-torn economies to running order seemed insoluble except in terms of governmental action. The political and economic theories which can generally be designated as those of the Social Democrats have come to the fore and to the extent that a common political trend can be singled out, it is the emergence into a position of power of the right wing socialists supported by strong trades unions as exemplified by the Labor Government in the United Kingdom. A few indications of a move away from the planned economy of the Social Democrats may be observed in some countries, but any widespread reversal of the trend is not likely in the near future, as was shown by the acceptance by the British Conservative Party of many of the nationalization measures taken by the Labor Government.

Most of the 16 countries, and of course Germany also, belong to the category of industrialized societies, as distinguished from the more agricultural countries of eastern Europe. Therefore the war affected them in the same way, though in varying degrees. Damage and dislocation are not to be measured in physical destruction alone, but also

¹ This section is based on information obtained from the Department of State.

in the invisible disorganization which can so seriously disrupt a highly industrialized society.

Short analyses of the various countries are found below; generalization about them is difficult. However, they have basically common problems against a common background. They belong to that great tradition which we call Western Civilization. The principles of representative democratic government based on the rights of individuals are followed. All are suffering the scars of war, visible or invisible, and the economic dislocations of their industries are similar. They form part of a great trading complex whose activity is essential to international prosperity. Though local differences are great, essentially they have much in common with each other and with us.

AUSTRIA

The present Austrian Government was formed in accordance with the results of a free election in November 1945 and was simultaneously recognized by the four occupying powers on January 7, 1946. It is a coalition Government in which the People's Party and the Socialist Party share political power almost equally between them whereas the Communists represent a small minority interest. The two dominant parties have a long political tradition in Austria and a solid foundation in the social structure of the country. The People's Party represents Catholic, conservative, business, and peasant elements and the Socialist Party represents urban working-class and lower middle-class groups. They hold 161 out of 165 seats in Parliament with the People's Party having 85 and the Socialists 76. Both parties, despite programmatic differences, have cooperated closely as dominant partners in a Government which has a noteworthy record of internal stability, resistance to communism, and devotion to democratic reconstruction and national independence. The Communists have 4 seats in Parliament and 1 member in the Cabinet on the basis of 5.4 percent of the total vote. Since Austria is under Allied military occupation, the Austrian Government is subject to certain controls exercised collectively by the 4 powers as represented in the Allied Commission for Austria and individually in the 4 zones by the respective commanders in chief.

BELGIUM AND LUXEMBOURG

The present Spaak government in Belgium is a coalition of the Socialist and Catholic parties and represents the strongest combination of political forces that has governed Belgium since the liberation. The two Government parties control an overwhelming majority in the Parliament and are also supported by the two major trade union federations. The Government's program is essentially one of favoring free enterprise and progressive reduction of the remaining controls on the economy. The principal problem potentially affecting the Government's stability is the somewhat explosive monarchy question which is, however, latent for the moment but for which the Spaak government, when it came to power last March, publicly stated that

it would seek a generally acceptable solution. Other sources of possible trouble are largely economic, i. e., the possibility of having to reduce the bread ration, the decline in Belgium's dollar balances, and the problem of wage-price relationship. The Communists, although extremely vocal, are not important politically, but they do exert a certain amount of influence in some of the trade unions.

The present conservative Government of Luxembourg, a coalition of the Catholic Christian Social Party and a Liberal-Resistance combination, is quite stable. The most important Ministers, including the Prime Minister and the Minister of Foreign Affairs, are the same men who were in the prewar Government.

DENMARK

A minority cabinet of the Agrarian Party was formed in Denmark following the 1945 elections. This cabinet fell on October 4, 1947 and a new election has just been held for the Lower House of the Parliament. This resulted in gains for the Social Democrats and Agrarians and losses for the Communists and Conservatives. The Social Democrats are the largest party but do not have a majority. A new cabinet remains to be formed. Whether it will be another minority or a coalition cabinet is uncertain. As all major Danish parties are firmly anti-Communist, it seems highly unlikely the Communists will be permitted to participate in the new cabinet.

While the new Cabinet may inaugurate special economic policies peculiar, to some extent, to its political complexion, it is probable that whatever policies are adopted will be within the basic framework of a drive for increased exports, of measures to combat internal inflation, and of balanced foreign trade; in brief, an attempt to bring Danish exports and imports into balance while at the same time protecting, as far as possible, the Danish standard of living.

FRANCE

Since May 1947 France has been governed by a middle-of-the-road coalition of Socialists, Popular Republic, and Radical Socialists, excluding the powerful Communist Party and the Right. The country-wide municipal elections held throughout France on October 19 and 26 involved national rather than local issues and their results, while not technically affecting the composition of the Parliament, revealed an important change in the sentiment of the electorate. While the Communist Party's losses were slight, General de Gaulle's new Rally of the French people, campaigning largely on an anti-Communist platform, obtained a popular vote approaching 40 percent, largely at the expense of the Popular Republics and Radical Socialists, two of the center parties which compose the present coalition government. The Socialist Party roughly maintained its position.

The normal solution for such a situation would be the dissolution of the Parliament and the holding of elections for the selection of a Parliament clearly reflecting the popular will. However, this normal solution is rendered impossible by a provision in the new French Constitution which forbids the holding of general elections before

June 1948. The constitution can be amended by a two-thirds vote of the Assembly or by a majority vote of the Assembly ratified by a referendum. General de Gaulle, who now holds no official position, and who has virtually no representation in the Parliament, has issued a statement calling for an amendment of the constitution permitting immediate elections and also increasing the powers of the President. The Parliament, called into extraordinary session, has given a very narrow vote of confidence to the present coalition government. This is considered an indication of the Parliament's reluctance to vote a middle-of-the-road government out of power at a moment of mounting tension between Right and Left.

The Government is faced with serious economic problems revolving around a standard of living significantly below prewar levels, accompanied by inflation, a flourishing blackmarket, and a slowing down of industrial recovery. Like its predecessors the present Government has had only moderate success in meeting these problems.

GREECE

The current Greek Government, formed in September of this year, is based on a coalition between two historic Greek political parties: The Populists, representing the largest single parliamentary group, and the Liberals, the party which had hitherto led the parliamentary opposition. Formation of this Government was welcomed by the United States as a movement toward national unity demonstrating the desire of loyal Greek political parties to subordinate partisan differences and to work together in accord for the welfare of the Greek Nation.

Greece is confronted with serious military and economic problems. The Communists, aided by neighboring countries to the north, have endeavored to perpetuate economic and political chaos in order to discredit all non-Communist regimes and to prepare the way for the establishment of a Communist dictatorship in Greece. Toward these ends they have adopted a program of economic and political sabotage which has included systematic destruction of communications, promotion of frequent and wide-spread strikes, terrorization of Greek peasants and villagers, the dissemination of vicious and vociferous propaganda within and without Greece and, particularly since March 1946, the conduct of armed warfare against the Greek Government. Greek guerrilla forces are currently estimated in number approximately 18,000. Owing primarily to the lack of internal security and the magnitude of war-induced destruction, the Greek economy has remained in a critical situation despite assistance from UNRRA, the British Government, and, particularly since May 1947, from the United States. Progress of the American Aid Program has been, in general, satisfactory but its ultimate success has been jeopardized by the continuing guerrilla warfare and serious adverse weather conditions resulting in greatly lowered production.

The program of the Greek Government as outlined in an address delivered by Prime Minister Sophoulis in October 1947, provides for continuance of the amnesty designed to induce the desertion of non-

Communist guerrillas from the Communist-led insurgent forces, and the application of severe measures against those guerrillas that do not avail themselves of this opportunity. In the economic field, the Prime Minister has declared the Government's intention to cut expenditures to the minimum and increase revenues and announce the establishment of a foreign trade commission with control over imports and the creation of a fiscal policy designed to increase exports. As a means of improving the internal security of the country, a national guard is being organized to protect inhabited localities and to free the Greek National Army for offensive operations against the guerrillas.

ICELAND

The present Government of Iceland is a coalition of Conservatives, Progressives, and Social Democrats which came into power after several months of dissension subsequent to the withdrawal of the Communists from the Government in protest following the ratification of the Iceland Airport Agreement with the United States in October 1946.

The Icelandic Communists account for 20 percent of the voters of Iceland—the highest percentage in Scandinavia. Through their control of important trade unions the Communists are the principal thorn in the side of the Government and have a considerably greater influence than their electoral strength would indicate.

The principal economic problem of Iceland is domestic inflation which keeps the price of Icelandic fish so high as to make them uncompetitive in world markets. Upon its fish exports depends Iceland's ability to pay for essential imports. The present Government has not yet shown itself to be in a strong enough position to deal firmly with this inflation.

IRELAND

The Fianna Fail Party, a moderate party, led by Eamon De Valera, was reelected to office in the general election of 1944 with a substantial majority in the Dail (the lower house of the Irish Parliament). The party continued throughout the past year to maintain its dominant position in domestic Irish politics. The Government's strength was enhanced by its success in maintaining neutrality during the war. The principal opposition party, Fine Gael, has no effective leadership and it seems unlikely that James Dillon, the principal independent, could unite opposition parties and seriously challenge the Government. However, there has been considerable discontent with the Government's handling of inflation and with certain labor problems, although a recently concluded Anglo-Irish economic understanding may ease Irish economic problems and reduce this discontent. Because of the success of opposition parties in recent byelections, the Government has announced its intention to call a general election early in 1948.

ITALY

From the liberation of Rome until June 1947, the Italian Government was based principally on a coalition of Communists and Chris-

tian Democrats, the two largest parties. This Government was constantly faced with serious problems of political and economic rehabilitation. The protracted negotiations for the Italian peace treaty embittered the Italian people, who regarded its terms as unduly harsh. Coincident with this growing political unrest, there was a gradual deterioration in economic conditions. The cost of living rose steadily, food supplies remained at a low level, and unemployment increased.

In this situation, the Communists capitalized on political unrest to stress Italy's need for Soviet friendship. They alleged that the Western powers desired to keep the Italian nation weak and dependent, and had therefore failed to support Italy in the treaty negotiations on economic issues; they blamed the Government for its failure to solve Italy's problems and presented a program of moderate social and economic reforms as proof to the Italian people that they stood for real democracy.

Finally, in June 1947, the Christian Democrats withdrew from the coalition, charging that the Communists themselves had consistently sabotaged the Government's efforts toward reconstruction. Prime Minister De Gasperi then formed a new government of Christian Democrats and independents, excluding the Communists and left-wing Socialists. This Government has been endeavoring to carry out a program of financial and other measures, including credit restrictions, increased tax collections and a reduction in budget expenditures, designed to strengthen the domestic economy. While it has met with initial successes in curbing Communist-inspired strikes, lowering prices and restoring public confidence, this favorable trend will be reversed unless essential imports can be maintained.

NETHERLANDS

The present government in the Netherlands is a coalition government of the two major political parties, the Catholic Party and the Labor Party. In the elections in 1946 the Catholic Party (moderate right-wing to liberal) returned 32 members to the Estates General, Labor elected 29, a scattering of members were elected by the various right-wing parties, and the Communist Party elected 10. The total membership in the Estates General is 100.

The main political issue in Holland at present is the Government's handling of the Dutch-Indonesian dispute. On this issue the Government has not as yet proved the validity of its announced policy, which is the creation of an autonomous federal state in the Netherlands East Indies, to be allied to Holland in a Netherlands-Indonesian Union under the Netherlands' Crown. Failure thus far successfully to implement this policy has resulted in a decline in the popularity of the Government and in a tendency on its part to rely more heavily on the support of the Conservative Catholic members as against the Labor side of the Coalition. If the deadlock in the Netherlands Indies is continued, it may result in further cleavage within the Coalition Government and new elections, in which event it is anticipated that conservative elements will gain more power.

It is not anticipated that the Communist Party will make any serious inroads before the possible new elections (perhaps next spring) unless economic conditions in the Netherlands deteriorate seriously this winter.

NORWAY

The Norwegian Government, one of the most stable in Europe, is controlled by the Labor Party (Social Democratic), which has 76 members in the 150-member Storting (Parliament) elected in 1945 following the liberation of Norway. The Communist Party has 11 members in the Storting. Country-wide municipal elections held in October 1947 gave the Communist Party about 10 percent of the vote. It was the only party which received fewer votes than in the last municipal elections in 1945, indicating a weakening of its position, which has never been numerically strong.

Immediately following liberation all the political parties in Norway adopted a joint program for economic rehabilitation. This calls for extensive investment of capital in industry and the rebuilding of the merchant fleet by 1950. To this end, the proportion of the country's carefully controlled imports allotted to ships, machinery, and industrial materials, is larger than in prewar periods. The Norwegian Government hopes that this use of foreign exchange resources will produce the maximum return in terms of increased productive and earning capacity. It has been frank in stating to the Norwegian public that this program involves some hardships and the foregoing of present improvements in the living standard.

PORTUGAL

Portugal is governed by a strong and highly centralized government which came into power in 1926. Through widespread government control and the solid support of the Army, a quiet and stable situation is maintained within the country.

Extensive economic controls have assisted the Government in maintaining relative economic stability and an average level of economic activity. Portugal's budgetary and financial situation is sound, with sufficient gold and foreign exchange holdings to finance improvements in its economy. The Government has undertaken long-range programs to improve the transportation system, to develop hydroelectric power, for industrial modernization and expansion and to increase its merchant marine. In addition, the Government has initiated a large-scale development program in its colonies, particularly in Angola and Mozambique.

While there have been some recent inflationary tendencies in Portugal, there is no immediate threat to the stability of the Portuguese Government from political or economic causes.

SWEDEN

The present Cabinet of the Swedish Government is Social Democratic. This party has a slight majority in the Swedish Parliament which it will keep at least until the elections in September 1948. It

is fairly generally believed that the Social Democrats will lose some of their strength in the next elections for a number of reasons grounded largely in domestic politics, and that a coalition government, possibly between the Social Democrats and one of the nonsocialist parties, will then be formed. The Communists obtained about 10 percent of the votes in the 1944 elections, but it is widely believed they may show less strength in the next elections, barring unforeseen developments. The other parties show signs of increasingly firm anti-Communism.

As regards economic policy the present Cabinet follows a policy of State planning, social welfare measures, nationalization of enterprises where it can be demonstrated the enterprises affected would be more economical than under private ownership, state control of foreign trade (though leaving actual purchase, sale, and distribution to private enterprise), and measures to control inflation. Its approach to these problems is basically "sound" and rarely doctrinaire.

SWITZERLAND

The national parliamentary elections recently held in Switzerland resulted for the most part in a retention of the traditional party lineup with a combination of parties representing business and agrarian interests controlling a large majority in both the Federal Assembly and the Federal Council. The middle of the road Radical Democrats are now the strongest single political party, followed by the Social Democrats, an essentially moderate, nonrevolutionary workers' party, supported by the bulk of the trade unions. Communism is not a great problem; the party has only a handful of seats in the Federal Assembly, and even in the trade unions it exerts little influence. Switzerland is essentially a country of the conservative middle class, proud of its independence, jealous of its neutrality, and heartily in favor of free enterprise. There are no apparent internal political or economic problems that threaten the stability of the Swiss Government.

TURKEY

A republican form of government was established in Turkey in 1923 under a constitution embodying most of the progressive principles common to the American, British, and French systems. These principles have not always been adhered to in practice, but since World War II there has been a general tendency toward democratization along accepted Western lines, within limits imposed by considerations of national security. In 1946 an opposition party of substantial strength came into being which has violently criticized some of the government's domestic economic policies, while supporting the national foreign policy.

The present political regime, headed by President Ismet Inonu is fundamentally both stable and secure. Subjected since 1945 to an unrelenting war of nerves by the Soviet Union, the Turkish Government has steadfastly refused to submit to foreign domination, and in so doing has thus far been successful in opposing certain major Soviet moves. Russian demands include bases in the Straits, territories in

Eastern Anatolia, as well as press and radio clamor for the overthrow of the "reactionary, fascist" Turkish Government.

Turkey's foreign policy is based on close cooperation with Great Britain and the United States. A neutral during most of the war, Turkey qualified for charter membership in the United Nations, and has consistently supported the principles of that organization.

Since its physical economy suffered no damage during the war, the Turkish problem is one of development rather than recovery.

UNITED KINGDOM

The Labor Party came into power July 1945 with a parliamentary majority of 393 seats out of 640, a clear majority of 146 over all other parties combined.

Although there have been 30 byelections since the Labor government was elected to power, it has not lost any seats in the House of Commons. It has, however, retained these seats by majorities smaller than it received in 1945. Widely held municipal elections on November 1st, reveal the first clear and unmistakable trend toward the Conservatives since 1945.

The Labor Party's principal support comes from the trade-union movement although large sections of lower and middle income groups also support the party. The Labor government recently imposed additional austerity measures and assumed the power to direct the employment of both male and female labor, in order to increase production of essentials. Although there is within the parliamentary Labor Party a dissident left-wing element, the party leadership has maintained unity.

Labor's long-term program is characterized by economic planning within the framework of parliamentary democracy to achieve full employment and a prosperous economy with some redistribution of purchasing power. It includes the nationalization of certain key industries and services which when completed will include an estimated 20 percent of British industry.

There is no divergence of view between the Government and the Conservatives on broad issues of foreign policy. The Conservative Party at its recent conference approved a program accepting some of the nationalization measures thus far adopted by the Labor government.

WESTERN GERMANY

The three western zones comprise 11 German Lander (including the city states of Hamburg and Bremen). The eastern zone of Germany, which is under Soviet administration, is not presently considered to be within the program of European cooperation for recovery. Each Land has a democratically elected diet, to which the government is responsible. Most governments are based on a coalition between the Social Democratic and the "bourgeois" parties (chiefly the Christian Democratic Party), except the Bavarian government (entirely Christian Democratic) and the government of Schleswig-Holstein

(entirely Social Democratic). The Communists are represented in six of the eleven Land governments.

The principal issue between the parties is whether the reconstruction of Germany is to follow the capitalist or the socialist pattern. The Liberal Democratic Party, representing chiefly business interests, and the Christian Democratic Party, which draws its chief strength from the middle classes, the agricultural population, the former Christian trade-unions, and the Catholic hierarchy, are generally for a conservative social and economic policy, although the latter party has gone on record for the socialization of certain key industries.

The Social Democratic Party continues to be the major working class party in the western zones, although it attracts a considerable segment of middle class voters. The party is committed to a socialist policy, but insists that such a policy be executed by democratic means only. Its commitment to the political forms of western democracy makes the Social Democratic Party anti-Communist.

Communist popular strength in the western zones as shown in the general elections is between 7.8 and 10.4 percent. However, the Communists have gained considerable influence on the lower eschelons of the trade-unions and in the works councils.

Although all parties advocate the reestablishment of a united Germany, they would—with the exception of the Communists—endorse the formation of a western German state as opposed to unification under conditions which might facilitate the extension of the eastern zone political pattern into the western zones.

VI. OFFICIAL ATTITUDES OF PARTICIPATING COUNTRIES, SOVIET UNION AND UNITED NATIONS TOWARD EUROPEAN RECOVERY PROGRAM¹

Secretary Marshall's speech of June 5, 1947, evoked an immediate response from the governments of many of the European countries. The majority of officials who made public statements indicated that they were encouraged by this evidence of the willingness of the United States to consider further assistance to Europe and many welcomed the opportunity to cooperate with their European neighbors in a recovery program. The United Kingdom and France took up the suggestion in concrete fashion by inviting the other nations to confer. They had previously been unsuccessful in inducing the Soviet Union to join them in this invitation and the Soviet Union subsequently stated its belief that the proposal of the Secretary was "altogether unsatisfactory and incapable of yielding any positive results".

There follow some of the more significant expressions of the governmental attitudes of the participating countries toward the European recovery program, together with the views of the Soviet Union and the UN.

AUSTRIA

On July 1, 1947, the Austrian Federal Government officially notified the Department of State of its readiness to cooperate wholeheartedly in a program for European economic cooperation to the limit of its ability. In a public announcement on July 9 of its decision to participate in the Paris Conference on economic cooperation, the Austrian Government indicated that it was moved by the favorable effect on Austria's difficult economic position which it expected from general European recovery and because of its belief that the project was not directed against any nation or the sovereignty of any participating country.

In a radio address on this subject on September 24, Foreign Minister Gruber stated that the economic recovery program "is based upon the realization that collaboration and willingness to extend aid constitute one of the most essential functions of democracy and that America wishes to give aid and not doles or annuities." Dr. Gruber also said, "it is not clear why such a new form of international collaboration, based upon unanimous American aid, should constitute the formation of a bloc."

BELGIUM

The Belgian Government has been a strong and consistent supporter of the Marshall proposals ever since the Secretary made his Harvard address in June. On October 27, Prime Minister Spaak stated to an

¹ This section is based on information obtained from the Department of State.

officer of the American Embassy in Brussels that failure to make the Marshall plan effective would be both an economic and political catastrophe for Europe.

DENMARK

The first indication of Denmark's official attitude toward the Marshall Plan was given by Prime Minister Kristensen in a speech at a Danish-American Fourth of July celebration. He said that "hardly anybody could be in doubt that Denmark will go in for these ideas." The invitation to the Paris Conference was accepted promptly and without reservation.

FRANCE

In a letter to the French Ambassador in Washington M. Bidault said on June 7, "I should like you, without delay, to inform Mr. Marshall that the French Government has noted with the greatest interest the terms of his speech at Harvard. It agrees with him, in his belief that any policy of European reconstruction must be based on a program of cooperation." The President of the Council and other Cabinet members have also made public statements in support of a constructive recovery program based on self-help measures and mutual cooperation. All of the parties in the National Assembly, with the exception of the Communists, who are violently opposed, have expressed their support for this program. General de Gaulle, while virtually without representation in the Assembly but having a 40-percent plurality in the recent municipal elections, has likewise indicated his full support.

GREECE

The official Greek reaction to the Marshall Plan was contained in a communiqué issued jointly by the Prime Minister and the Foreign Minister welcoming the proposals as "the most constructive yet advanced," as "foreshadowing global economic and political cooperation," and as "constituting the most realistic means for meeting urgent European needs."

ICELAND

While there is not available an official statement concerning the attitude of the Government of Iceland toward Secretary Marshall's proposals, Iceland was the first of the Scandinavian countries to accept the invitation to the Paris Conference. The Icelandic Government is deeply interested in resuming normal trade with Europe and hopes to achieve this in the working out of the European recovery program.

IRELAND

The Government of Ireland responded enthusiastically to the proposals for European reconstruction made by the Secretary of State in his speech at Harvard. It welcomed the opportunity to participate in the work of rebuilding Europe. When Prime Minister De Valera

signed the report of CEEC on behalf of Ireland on September 22 he said:

We should be very grateful to the American Secretary of State, whose speech at Harvard University gave our nations this great opportunity for coming together in mutual help. We are all pleased that the opportunity has been so well availed of. May I express the hope that the cooperation now so significantly begun will continue long into the future.

To seek from another what one could supply by one's own efforts is always unworthy. It is doubly so when the assistance is requested from a friend who has proved himself generous repeatedly.

I am happy to sign this report on behalf of Ireland * * *.

ITALY

Speaking before the Constituent Assembly on June 20, Italy's Foreign Minister, Count Sforza, praised the Marshall Plan and pledged Italy's cooperation in its fulfillment. In an earlier press interview, Sforza had said " * * * the proposal * * * is a great step towards peace and prosperity * * * . The United States do not intend to impose their plans for European reconstruction; rather, they expect that Europe should achieve it spontaneously, with their assistance."

NETHERLANDS

Response in The Netherlands, both official and in the press, to the European recovery program and subsequent conferences in connection therewith has been overwhelmingly favorable. Government officials are generally optimistic regarding the CEEC Report. Wide publicity resulted in Right and Center endorsement, some moderate Left-Wing criticism and bitter Communist condemnation.

In a radio broadcast on August 8, Finance Minister Liefstinck expressed "admiration" for the recovery program. More recent statements of Mr. Liefstinck have centered attention on the need in the relatively near future for temporary balance of payment aid which the people expect through the Marshall Plan.

The Minister of Transport, addressing the Economic Congress of the Labor Party, referred to alleged "political conditions" for European recovery program aid. He said conditions involving cooperation, with partial surrender of national sovereignty in the economic field, were acceptable, but warned against any endeavor to impose as a condition for aid the blocking of socialistic trends realized through democratic process in The Netherlands and elsewhere.

NORWAY

The Norwegian Government indicated early interest in the Marshall Plan by requesting available information following the Secretary's Harvard speech. Norway promptly accepted the British-French invitation to meet in Paris; upon announcing this acceptance the Norwegian Foreign Minister noted Norway's view that the administration of the plan should not interfere in the internal affairs of any country or with normal trade relations. He expressed the hope that

all the countries of Europe would participate and that the UN should be employed so far as possible in the administration of the program.

PORTUGAL

The Portuguese Government has, from the beginning, supported the basic principles of the European recovery program. The Government has stated that it will not request financial assistance and that it will cooperate with other European countries to the limit of its ability, especially in the export of certain commodities and, in appropriate cases, in the extension of credits to participating countries to assist in the purchase of these commodities.

SWEDEN

The Government of Sweden has stated that it deems the earliest possible economic reconstruction of Europe as a vital need of Sweden and hence is prepared to consider any plan which offers hope of achieving that objective. It believes that the most desirable approach to a solution of the problem should be on a Europe-wide basis preferably through an agency of the United Nations. It, therefore, looks upon the adhesion of only a group of European nations to the European recovery program as a defect in the program as it now stands. Nevertheless, Sweden will participate in the program if it seems to offer reasonable prospects of achieving the economic reconstruction of a large part of Europe without necessitating the alienation of Sweden from nonparticipating countries.

SWITZERLAND

The official attitude toward the European recovery program as expressed by the Swiss Government reflects its belief that, while Switzerland does not require aid from the United States, nevertheless a viable European economy is in the long run essential to the economic well-being of Switzerland. Consequently, Switzerland accepted the invitation to participate in the Paris discussions but with three reservations:

- "1. That Switzerland would undertake no engagement incompatible with its traditional status of neutrality;
- "2. That resolutions affecting the Swiss economy would not become binding on the Confederation without its consent; and
- "3. That Switzerland reserved the right to maintain her present trade agreements and negotiate new ones with nations which would not be taking part in the Conference."

TURKEY

Turkish political leaders in Ankara stated to the American Ambassador that they viewed the Marshall Plan as a "magnificently constructive historic step."

The Turkish Foreign Minister told the American Ambassador that "We must now face the fact of a divided Europe by the act of Soviet

Russia. Everything possible must be done to make non-Soviet Europe a going concern economically, while at the same time leaving the door open for Russia and countries under Russian domination to come in if they ever want to."

A Turkish Foreign Office official stated to an American Embassy official that the President of Turkey was interested in the recovery program. He also stated that the Turkish Government realizes perhaps better than other governments the necessity for the success of this plan. It would, therefore, be a great triumph for the U. S. S. R. if the program were not supported by the American people.

UNITED KINGDOM

British official reaction to the Secretary's Harvard speech was prompt and enthusiastic. Mr. Bevin took the initiative and flew with his economic experts to Paris where he met M. Bidault. After Russian withdrawal Bevin went ahead and with the French brought the conference into being by issuing invitations. Throughout the Paris meetings the British delegation provided initiative and leadership. Mr. Bevin speaking in the House of Commons June 19 stated "* * * we regard Mr. Marshall's offer as a great opportunity for Europe. It is a chance that His Majesty's Government will not miss." He stated that the British "will seize this opportunity and try to turn it to the greatest possible account." He added "We shall continue pushing ahead with all possible energy" and also "When the Marshall proposals were announced I grabbed them with both hands." Mr. Anthony Eden speaking for the opposition in the House of Commons said, "That momentous offer * * * has brought new hope to Europe and to the world. It is, indeed, a generous action, and one which deserves to rank with 'the most un-sordid act in history.'"

WESTERN GERMANY

Because of the nonexistence of a central government, public opinion in Germany is expressed chiefly by the major political parties. Reaction to the European recovery program is overwhelmingly favorable in the western zones. The various expressions indicate the hope that the program will strengthen the economic and political position of Western Germany by integrating it into the orbit of the Western Powers, and that it will provide an effective instrument for promoting economic reconstruction and combatting Communism. Apprehension has been expressed by the Social Democrats that the program may be used for imposing American commercial and political interests (chiefly prevention of socialization) upon Germany. The Communists denounce the program as a device for subordinating Europe to American "monopoly capitalism."

SOVIET UNION

The Soviet Union has not only officially refused to participate in the European recovery program but, through the Soviet Foreign Minister, Mr. Molotov, has criticized it as being "altogether unsatisfactory

and incapable of yielding any positive results," as an infringement of the sovereignty of the participating countries and as "dividing Europe into two groups of states and creating new difficulties in the relations between them." Mr. Molotov, also, went further and officially cautioned "the Governments of Great Britain and of France against the consequences of such action which would be directed not toward the unification of the efforts of the countries of Europe in the task of their economic rehabilitation after the war but would lead to opposite results, which have nothing in common with the real interests of the peoples of Europe."

The failure of certain eastern European countries to participate in the recovery program was due to the attitude toward the plan adopted by the Soviet Government. Czechoslovakia, which had actually accepted the invitation to participate in the Paris Conference withdrew its acceptance, with the statement that "Czechoslovakia's participation would be interpreted as an act directed against our friendship with the Soviet Union." The official communique stating that there was "no possibility" of the Finnish Government's participation in the Paris Conference said that the Marshall Plan "has developed into a cause of serious conflict among the great powers," and attributed Finland's nonparticipation to a desire "to remain outside the political strife of the world." Prior to the Polish Government's refusal of the invitation, the Polish Foreign Minister indicated to the United States Ambassador his personal conviction that Poland would participate and would be present at the Paris Conference.

In addition, the Soviet Union, acting through the All-Union Communist Party which, according to the Soviet Constitution (art. 126) is "the leading core of all organizations of the working people, both public and state," has initiated active efforts to prevent the Marshall Plan from becoming a success. The Resolution passed by the representatives of the nine Communist parties (Russian, Polish, Czechoslovakian, Yugoslavian, Hungarian, Bulgarian, Rumanian, French, and Italian) participating in the recent Cominform meeting states "The Truman-Marshall Plan is only a farce, a European branch of the general world plan of political expansion being realized by the United States of America in all parts of the world." On that occasion Mr. Zhdanov, one of the leading members of the Politburo, the principal policy-making body of the All-Union Communist Party, which is, under Premier Stalin, the final repository of power in the Soviet Union, made the statement "as for the U. S. R., it will make all efforts to see to it that this plan is not realized."

UNITED NATIONS ¹

In the annual report of the Secretary General on the work of the United Nations Organization the following statement is made:

At present important discussions are still in progress with regard to the economic problems of Europe and their relation to assistance from the United States of America. It will be possible to evaluate these problems fully only when the discussions have been concluded.

¹ See "International Organizations and the Recovery Program" in part II, No. 11.

There is no record of any other public statements by the Secretary General or other officials of the United Nations, but the following substantive statements were made in the Economic Commission for Europe, which has had one session of the full Commission since Mr. Marshall made his speech at Harvard. At that session, which began July 5, the British delegate informed the Commission that the Executive Secretary of the Economic Commission for Europe had been sent a copy of the joint United Kingdom-French invitation in order to maintain contact with both the Economic Commission for Europe and with the United Nations in New York. The head of the French delegation further expressed the hope that the European countries who had thus far been reluctant to participate in the Paris meetings would still do so.

Mr. Zorin, head of the Russian delegation, then read a lengthy statement in which he stated the United Kingdom and France, with the aid of the United States, and behind the back of the Soviet Union, had agreed on a general economic program for Europe; that they intended to set up a super-economic organization outside the United Nations framework which would be dominated by the United Kingdom and France, and which would be used primarily to overcome their own economic difficulties.

Mrs. Koch, the principal Swedish delegate, also made a formal statement specifically relating to the Marshall plan. She regretted that closer economic cooperation among all European countries had not resulted from Mr. Marshall's speech. She emphasized that there should be no conflict of functions between the work in Paris and the Economic Commission for Europe, and that she felt the Economic Commission for Europe should be organized quickly and efficiently so that in the future it would be in a position to handle any calls placed upon it.

During the Paris Conference, and in the report from the Conference (par. 110, vol. I), the countries members of the Economic Commission for Europe also expressed their desire to use that organization, where possible, in furthering the objectives of the European recovery plan.

VII. EUROPE'S NEEDS AS ESTIMATED BY THE COMMITTEE OF EUROPEAN ECONOMIC COOPERATION¹

The report of the Committee of European Economic Cooperation estimates that the total value of goods required from foreign sources by the participating countries and western Germany during the period 1948-51 will amount to approximately 57 billion dollars, distributed fairly evenly over the 1948-51 period. In addition, requirements of dollar shipping are estimated at 1.7 billion dollars. These estimates were predicated on the following main assumptions: (1) That foreign exchange to pay for essential imports would be available; (2) that consumption standards would not exceed those which the respective countries expect to be able to maintain after 1951; (3) that import requirements would be consistent with the aim of reducing the dollar deficit of the countries by 1951 to that manageable thereafter without special external assistance; and (4) that production and consumption would be at levels consistent with "high and stable employment." For some commodities expected to be in short supply relative to import needs, such as cereals, meat, and timber, the data used were the estimated available supplies rather than the import requirements. The statistics over the entire period were converted to value on the basis of prices ruling on July 1, 1947 "in the most likely outside source of supply."

Because of the loss of supplies from customary prewar sources, the 16 European countries expect to depend heavily on the United States and other American countries for imports of needed commodities. During the period 1948-51, it is estimated that 61 percent of total commodity requirements will come from the Western Hemisphere (35 percent from the United States and 26 percent from other American countries), compared with about 45 percent in prewar years. Assuming a gradual resumption of imports of goods from customary prewar sources such as eastern Europe and southeast Asia, however, the share of total imports from the United States is estimated to decrease from 43 percent in 1948 to 30 percent in 1951; on the other hand, the share of imports from non-American countries is estimated to increase from 34 percent in 1948 to 43 percent in 1951. Import

¹ See in part 2, No. 3, detailed summary of CEEC report, and summary of Harriman report and "Magnitude of the Problem," Nos. 7 and 7a.

requirements of the participating countries and western Germany, in billions of United States dollars, are estimated to be as follows:

	1948	1949	1950	1951	Total
United States.....	6.0	5.3	4.8	4.3	20.4
Other American countries.....	3.2	3.9	3.8	3.9	14.8
Rest of world.....	4.7	5.4	5.9	6.2	22.2
Total.....	13.9	14.6	14.5	14.4	57.4
Dollar shipping.....	.6	.4	.4	.3	1.7

In term of value, requirements of the participating countries and western Germany for foreign goods are expected to consist primarily of food, fuel, and fertilizer, which together are estimated to amount to 73 percent of total imports during the 4 years 1948-51. Imports from the United States are anticipated to be chiefly food and fertilizer (28 percent of total imports from the United States); fuel (14 percent); other raw materials (27 percent); and various types of equipment (25 percent). Import requirements from other countries in the Western Hemisphere are expected to consist principally of food and fertilizer (59 percent) and other raw materials (35 percent).

FOOD, FEEDSTUFFS, AND FERTILIZERS

The need for large imports of food to maintain standards of consumption in the participating countries during the period agricultural production is being restored is emphasized by the committee; because of the increase in population, however, the consumption of food per capita by 1950-51 is expected to be still somewhat below prewar levels. Substantial imports of feedstuffs and fertilizers are also considered necessary to achieve the projected levels of agricultural production. Total import requirements of these goods for the four crop years 1947-48 to 1950-51 are estimated at 31.8 billion dollars; of this amount, imports of food and feedstuffs are estimated at 31.3 billion dollars and fertilizers at 450 million dollars. Sources of these imports are considered to be as follows: dependent overseas territories, 6.2 billion dollars; United States, 6.7 billion dollars; other Western Hemisphere countries, 8.8 billion dollars; and rest of the world, 10.1 billion dollars.

COAL AND OTHER SOLID FUELS

During the period of the recovery program, requirements for solid fuel are expected to increase from 535 million tons in 1948 to 620 million tons (65 million tons, or 12 percent, above the 1938 level) in 1951. These requirements exceed anticipated production by a total of 187 million tons. To supply this deficit, import requirements from the United States are estimated at 86 million metric tons, valued at 774 million dollars; and requirements from Poland and other countries at 101 million tons, valued at 1,515 million dollars. After 1951, it is expected that imports from the United States, which are uneconomic because of the long haul, will not be required.

PETROLEUM PRODUCTS

Total requirements for petroleum products in the 16 European nations and western Germany, including necessary imports, are expected to increase materially during the period 1948-51. Import requirements of crude oil in these years are estimated at 87 million metric tons, valued at 1.2 billion dollars; of this, 46 million tons, valued at 580 million dollars, is expected to be needed from sources requiring payment in dollars. Imports of refined products are estimated at 156 million tons, valued at 3.5 billion dollars; of this 62 million tons, valued at 1.9 billion dollars, is expected to be needed from dollar sources.

IRON AND STEEL

To achieve the planned production of crude steel, to utilize fully steel finishing capacity, and to supply certain requirements of finished products, the participating countries estimate their import needs of iron and steel products during the 4 years 1948-51 as follows: Steel-making materials (excluding coke), 446 million dollars; crude and semifinished steel, 662 million dollars; and finished steel, 330 million dollars. Total import requirements of these products are valued at 1,438 million dollars; of this amount, 1,165 million dollars, or 81 percent, is expected to be available from the United States.

TIMBER

The available supply of timber during 1948-51 is not expected to be sufficient to furnish all the important requirements of the participating countries for softwood, or for pitprops, pulpwood, and poles. Quantities expected to be available, including import requirements of hardwood, are estimated to cost 2.4 billion dollars during the 4-year period 1948-51. Of imports of timber, about 15 percent is expected to be available from the United States, 26 percent from other American countries, and 59 percent from other nonparticipating countries.

EQUIPMENT

To achieve the planned production program, the participating countries and western Germany anticipate the need for importing various types of machinery and equipment. Total import needs of equipment for the period 1948-51 are estimated at 5.2 billion dollars, virtually all of which is expected to be required from the United States. Of the total amount, 500 million dollars represents electrical equipment; 555 million dollars, petroleum equipment; 400 million dollars, steel plant equipment; 1,188 million dollars, agricultural machinery; 220 million dollars, mining machinery; 490 million dollars, inland transportation equipment; 57 million dollars, timber equipment; and 1,800 million dollars, miscellaneous equipment.

MARITIME TRANSPORT

To assist in the replacement of wartime losses of merchant tonnage as well as in the expansion of their maritime transport capacity, the participating countries propose to purchase from the United States 3 million dead-weight tons of shipping at an estimated cost of 300 million dollars, in addition to 500 million dollars already purchased. During 1948-51, however, the total carrying capacity of the participating countries will be insufficient to meet their requirements and those of western Germany. To make up the deficit, the use of substantial, but decreasing, amounts of dollar tonnage for dry cargo shipping are considered necessary. These requirements are estimated to decrease from 500 million dollars in 1948 to 130 million dollars in 1951; total costs are expected to be 1,220 million dollars. On the other hand, requirements for dollar tonnage of tankers are expected to increase, as imports of petroleum increase, from 70 million dollars in 1948 to 180 million dollars in 1951; total costs of tankers are estimated to be 485 million dollars.

VIII. FOREIGN AID AND THE UNITED STATES DOMESTIC ECONOMY ¹

Although in comparison with the aggregate resources and real income of the United States the estimated 22 billion dollar deficit of the 16 cooperating European countries for the next 4 years is relatively small, the furnishing of the scarce commodities which are most needed and any method of financing which imposes a greater burden on the budget of the United States will put a heavy burden on the total economy of the United States.

PRODUCTIVE CAPACITY

The United States emerged from the war with a productive capacity far in excess of anything previously attained. Since VJ-day our income, measured in physical as well as in monetary terms, is vastly in excess of what it was prior to the war. The gross national product of the United States in the first half of 1947 reached the staggering total of 224 billion dollars (annual rate) and, even though the export surplus in the same period was at the high annual rate of almost 12 billion dollars, the proportion of the product that remained available for domestic civilian use reached 90 percent, the highest since 1939. During the war the proportion had reached a low point of 59 percent.

PERSONAL INCOME

That the tremendous increase in the national product is not merely a phenomenon of rising prices is indicated by the fact that disposable personal incomes, on a per capita basis and expressed in terms of 1944 dollars, are now only slightly lower than in 1946 but considerably larger than in 1939. The following figures show that disposable personal incomes in 1947 compare favorably with those of recent previous years.

Disposable personal income on a per capita basis ¹

	Current dollars	"1944" dollars
1929.....	678	695
1932.....	383	492
1939.....	536	677
1942.....	863	930
1944.....	1,057	1,057
1946.....	1,122	1,017

SEASONALLY ADJUSTED ANNUAL RATES

First quarter 1947.....	1,184	963
Second quarter 1947.....	1,188	953
Third quarter 1947.....	1,243	970

¹ From Report of the President to the Council of Economic Advisers (the Nourse report), October 1947.

¹ See also part 2, Nos. 5, 6, 7, and 9.

Measured in terms of physical units, Americans are consuming, per person, 25 percent more of the leading foodstuffs than they did before the war.²

Notwithstanding such aggregate abundance, the complaint of rising prices and high living costs is heard everywhere. Pent-up demands are so great, and money is so plentiful, that we are already enmeshed in the familiar wage-price-cost inflationary spiral.

EXPORT

A sometimes convenient, but altogether inadequate, explanation of our inflationary difficulties is our rapidly increasing export surplus. Before the war, from 1936 to 1938, exports were running at the rate of about 4 billion dollars a year. Imports during the same period averaged about 3.6 billion dollars, leaving a net export surplus of approximately one-half billion dollars. By 1946, due to enormous pent-up demands throughout the world and to the continuance of United States foreign aid, exports had risen to around 15 billion dollars and imports to around 7 billion dollars, leaving a net export surplus of around 8 billion dollars. In 1947 exports are at the rate of approximately 19 billion dollars and imports around 8 billion dollars, which represents an excess of exports over imports of over 11 billion dollars.

The big increase in United States exports has been not to Europe but to North and South America, Asia, and Oceania. In fact, it has been all that the European countries could do to pay us for a part of the food and raw materials that they have required from us. Only 36 percent of our exports in the third quarter of 1947 went to Europe, in contrast to 41 percent in the corresponding period in 1946, and to 52 percent in the third quarter of 1945. And, if it were not for the aid that we have been granting them these figures would be still lower, for thus far in 1947 Europe has been able to pay in the form of exports of goods to us for only about 15 percent of its merchandise imports in contrast to 57 percent in the 1936-38 period.

Europe's inability to export has in turn contributed to the large increase in our exports to non-European areas. Latin American and other non-European countries, finding it impossible to secure manufactured goods from their accustomed European markets, have turned to the United States. In consequence, United States exports—principally of manufactured goods—to these areas increased from 432 million dollars per quarter in the 1936-38 period to 2.2 billion dollars in the third quarter of 1947.

To deny that exports of those few types of goods that are in serious short supply has added to the price-lifting pressures on such goods would be to dodge an annoying fact. But, to attribute to exports the sole, or even the principal, blame for rising prices would be to err much more seriously in the opposite direction. With an increase in gross national product from 90 billion dollars before the war to 213 billion dollars in 1945, and to 224 billion dollars in 1947 it is difficult

² Ibid., p. 20.

to see how the sole cause could be an increase in the excess of exports over imports from one-half billion before the war to 6 billion dollars in 1945, and to 10 billion dollars in 1947.

The basic inflationary pressures are far too insidious and all-pervading to be explained away so easily. As pointed out in the report of the Council of Economic Advisers, rising prices must be explained in terms of large individual incomes, huge pent-up demands throughout the war period, ample financial reserves in the hands of both individuals and institutions, and numerous production bottlenecks and commodity shortages.

Since recent exports have been financed so largely by existing and expiring foreign aid programs it is practically inevitable that in the absence of a new foreign aid program our export surplus will decline to 4 or 5 billion dollars. Taking the requirement figures of the Paris Conference Report as their point of departure the Council of Economic Advisers concludes³ that "the export surplus resulting from any future foreign aid program will at no time equal, and for most of the time will be substantially less, than levels which have been reached during the current year." In point of fact, then, so far as exports are concerned, the question of a new foreign aid program revolves around the question of the desirability or undesirability of continuing exports at roughly their present rate.

Optimistic though the picture is, so far as the basic wealth of the Nation is concerned, there is grave danger in failing to look beyond the relationship of aggregates and into some of the details.

Although the export surplus, both recent and likely under a new foreign aid program, is small in relation to the real income and the basic resources of the country, the impact of exports happens to be greatest in those very fields in which commodity shortages both here and abroad are the most serious; namely, food (principally grains), coal, fertilizer, and iron and steel.

COMMODITIES IN LIMITED SUPPLY

It is precisely because food and coal constitute an important share of the consumer's budget, and because the "cost of living" and the price of coal and steel constitute such an important part of the cost of all manufacturing, that price rises in these commodities are dangerously inflationary. When consumers find their living costs mounting higher and higher, and manufacturers similarly are confronted with rising costs of production, the pressure for higher wages and higher selling prices breaks beyond the resistance point. Unless the familiar wage-price-cost spiral is halted the consequences are likely to be serious.

It is essential, therefore, in reaching decisions as to the amount of foreign aid to be authorized and the manner in which it is to be made available, to be aware of the inflationary dangers that we shall face if we allow the demands for goods in tight supply to have unrestrained impact on the limited supplies of those goods. This impact is out of all proportion in its inflationary effects to the dollar volume involved.

³ October 1947 report, p. 74.

FOOD

Current foreign food demands on the United States are abnormal. Wheat, the cheapest effective source of the calories needed to meet basic foreign requirements, was exported in 1939 at the rate of 93 million bushels as compared with about 393 million bushels in the 12-month period ending July 1, 1947, and an estimated 400 to 500 million bushels in the current year.

For the immediate future, the food situation is very serious. The huge 1947 wheat harvest has been more than counterbalanced by a short corn crop which raises the probability that without some kind of joint action wheat will be fed to animals in even greater quantities than at present since the demand for meat and dairy products is bound to remain heavy. On top of this domestic demand is the world shortage caused by lack of fertilizer and bad-weather conditions resulting in the poorest harvest in decades in the important western Europe area.

There seems to be little question but that domestic and foreign demands together will result in still further increases in the prices of foodstuffs, prices that are already considered to be inflated. Expansion of production is quite remote; indeed, considerable concern is expressed that current production cannot be maintained since weather conditions have been better than normal during the past several years.

STEEL

Of the 62 million tons of rolled-steel products produced (annual rate) during the first half of 1947, slightly more than 10 percent was exported, of which something more than a quarter went to Europe. Domestic demand for steel is strong and is not being satisfied. It is certain that this superimposition of foreign upon domestic demand has had price repercussions. Since, however, steel prices are determined mainly by conscious decisions of business policy it is not possible even to approximate the effect. Both the Krug and the Nourse reports emphasize that steel shortages are due, in part, to the failure of the industry to expand at an aggressive rate and indicate the belief that steel capacity is not sufficient to handle even the domestic requirements of the United States economy at full employment. Current shortages of scrap and pig iron are further complicating factors. Even if this judgment on the complex factors as to steel expansion and demand is reasonable, the temporary expansion of steel capacity in the United States to meet an emergency demand in Europe is of questionable merit if European sources, such as Germany, can be brought into play to the same end. This would be particularly true if, as the CEEC figures seem to show, a great part of the added steel requirements from the United States are for reexport.

Maximum demands of the participating European countries for steel are estimated at about 4 percent of current United States production, which compares with about 2.8 percent in recent years. A major portion of steel exports is now going to other than European countries which would normally buy in other markets.

The present demand-supply situation with regard to steel is dangerous. Increases in prices of steel products are felt throughout the

economy and consequently can easily generate rises in the prices of many other products.

The Council of Economic Advisers,⁴ pointing to food and steel as the really tight areas, observes that "whether the domestic situation worsens considerably or progresses satisfactorily depends upon the use of vigorous, affirmative measures to assure distribution to the most urgent uses and to prevent a spiraling of prices."

COAL, PETROLEUM, FERTILIZER, AND INDUSTRIAL EQUIPMENT

As a result of war damage, shortages of transportation and other equipment, and labor difficulties, Europe's production of coal has been critically short. In 1946, 18 million tons were shipped to Europe from this country and it is estimated that 37 million tons will be shipped in 1947. Since domestic production is running at the rate of 660 million tons this means that only about 7 percent is being exported. European demand will be as great or greater in 1948, after which time it should taper off.

The coal problem in the United States is essentially a transportation problem rather than one of mining capacity. Coal availabilities of about 600 million tons for the domestic market are considered fairly satisfactory although shortages of certain types of coal at different times will almost surely result unless some program of allocation and delivery is devised. The inflationary pressure of the foreign demand for coal is not apt to be nearly so dangerous as in the case of steel and food.

Though the shortages of petroleum products do not assume the same importance in dollar volume, their immediate impact on an extremely tight position for petroleum supplies in the United States and particularly for distillates may be very serious. This is also in part a transportation problem, for the moment, but it is on the longer-run requirements submitted by the CEEC more a problem of the rate of development of petroleum supplies and of refining capacity. The world supply picture does not present any reasonable prospect of meeting the European requirements as stated up to 1951 unless "oil country" goods and steel and refining equipment can be made available in much greater amount from Europe and especially from Germany.

NITROGEN FERTILIZERS

Although world production of nitrogen fertilizers is above prewar levels, demand has increased so sharply that there are serious deficiencies in Europe and elsewhere. Production in the United States has about tripled but consumption has increased at about the same rate. United States production in 1946 was 900,000 tons while domestic demand was estimated at about 1,000,000 tons. Relatively little nitrogen is now being exported through domestic channels. Two hundred and twenty-five thousand tons were produced in Government ordnance plants and will go through Army channels to occupied areas. European requirements for the next 2 years are considerably larger

⁴ October 1947 report, p. 77.

than our current exports. Thereafter, European producers are expected to supply the major portion of their requirements.

Exports of nitrogen are, of course, much more economical than the exportation of food. In addition, the sacrifice involved in expanded exports of nitrogen is much less, and the inflationary pressures small, compared with the expansion of food exports. Such expansion could be met in part by a fuller conversion of wartime nitrogen facilities, yet it appears that without some curtailment of domestic use and allocation for export there seems little hope, because of the enormous domestic demand, that we will export in a volume sufficient to alleviate the nitrogen shortage in Europe.

EQUIPMENT

Of vital concern to the European economy are industrial equipment requirements, most important among which are gondola cars, mining and electrical equipment, and certain types of agricultural machinery. Production of these items is closely tied up with the supply of steel. Furthermore, domestic demands for these products are intense. The difference in degree of inflationary pressure on the supplies of food and steel on the one hand, and on supplies of industrial equipment on the other, however, is to be found in the fact that industrial equipment is itself very nearly an end product. Hence price increases are not necessarily felt throughout the whole economy.

IMPACT ON EXHAUSTION OF NATURAL RESOURCES

Though the volume of foreign aid in itself does not seriously drain the economic resources of the United States, it is nevertheless in a few major items a matter of some importance.

The expansion of acreage for wheat cultivation beyond the normal needs for the United States or its ordinary export markets, if long continued, would constitute a serious drain on our soil resources. The extension of wheat cultivation into the dust bowl area has certainly been encouraged by the extreme need for cereal products. It is therefore of critical importance to get back larger areas of food production outside the United States, both to meet the world deficit and to take the abnormal burden off our own land resources.

The exhaustion of our iron-ore resources in the United States is not involved in the export of a few extra million tons of steel annually, but the pressure on the Lake Superior grade iron ore which moves across the Great Lakes may bring this deposit to lower yields in terms of iron ore content before effective measures can be taken to cushion the change. The whole location of the steel industry is involved in the matter of accessible transportation unless the timing of foreign high-grade iron ore imports and the improvement of domestic resources can be made to coincide with the exhaustion of the high-grade ores from the Mesabi range.

If the European requirements for petroleum and petroleum products were to be met, the United States resources would have to be heavily tapped. It has been indicated that they cannot be met without devel-

opment of foreign oil sources at a more rapid rate than is presently projected.

The export of our best grades of coking coal does not reduce the 60-odd years of estimated supply by a serious amount, but it is an unnecessary export in view of the possibility of more rapid and adequate production of both German and British coal and the availability of Polish coal.

Exports of certain exhaustible nonferrous metals, such as lead and copper, from the United States, would also be negligible if foreign sources are properly tapped.

THE SUPPLY OF MONEY AND CREDIT

Current inflationary levels could not have been reached, nor could they rise much further, were the supply of money and credit not so large and not so elastic.

The present monetary situation has arisen primarily out of: (1) Wartime deficit financing which resulted in the purchase by commercial and Federal Reserve banks of some 90 billion dollars of Government securities (almost one-fourth the total war expenditure); (2) Federal Reserve open market policy of protecting the Government securities market by offering to buy at par, all Government securities with the result that the government securities held by banks (currently four times their 1940 holdings) can be easily converted into cash for reserve requirements; (3) the steady influx of gold, stemming from our export surpluses and which in 12 months ending September 30, 1947, amounted to 2.7 billion dollars allowing a credit expansion of several times that amount; (4) a large increase in currency and (5) a widespread, vigorous, and effective demand by businesses and real-estate owners created by the favorable prospects for profits; by consumers, for durable goods, and by State and local governments for public projects. Bank loans increased by 7 billion dollars in the 12-month period ending September 1947, and at the end of that period at the rate of 10 billion dollars; the largest expansion in so brief a period in the history of American banking.

Much of this expansion, occurring after demands for credit for conversion purposes had been satisfied, has served to bid up the prices of labor and materials rather than to add to physical production.

Of the contributing elements to the enormous domestic money supply perhaps the most significant at the present time is the heavy influx of gold into the Federal Reserve System. So great was this movement in 1947 that commercial banks were able to expand bank loans at a record rate without having to sell any substantial amount of their holdings of Government securities.

Of even greater potential importance, perhaps, so far as inflationary dangers are concerned, are the almost limitless expansion possibilities inherent in the extremely large commercial bank holdings of both short-term and long-term Government securities which, considered in conjunction with Federal Reserve open market activities, are the equivalent of cash for reserve purposes.

There is serious question as to whether existing monetary and credit powers of the Federal Reserve System are adequate to halt the present credit expansion or to prevent a run-away inflation if such were to develop.

The President's Council of Economic Advisers, after having stressed the inflationary dangers in the present situation, concludes on the following optimistic note:

"The relative shortages of specific commodities require export controls, allocations for domestic use, discouragement of misuse or excessive use, efficient transportation and distribution, and the curbing of speculation and hoarding of goods.

"The general inflationary threat resulting from the combined impact of foreign and domestic demand requires the continuance of tax revenues at present levels, maximum economy in Government expenditures, stimulation of saving, and the enlargement and aggressive use of measures to control dangerous expansion of credit.

"The proposal for new foreign aid requires that we face with greater wisdom and courage than ever before the dangers to our whole economy that are now revealing themselves in the form of relative shortages and inflationary pressures at strategic spots in the economy. The foreign-aid program compels us to face certain domestic problems squarely, but remedial and preventive measures available to us are adequate if we have the courage to use them."

IX. CONTROL POWERS NOW IN EFFECT IN THE UNITED STATES ¹

Any program for the recovery of Europe will be affected by the controls which still exist in the economy of the United States. While it was the clearly expressed will of the Congress that the executive branch of the Government should use its control powers sparingly and while the Eightieth Congress eliminated a number of the wartime regulations, several wartime controls still remain over exports, imports, domestic production, distribution, prices, transportation, and shipping.

FOREIGN TRADE

Controls are being exercised at the present time over 20 percent of our exports in order to: (1) Limit the quantity of certain types of commodities leaving the country; (2) direct the flow of American goods to certain countries and (3) distribute American export business among those foreign agencies which supply the United States with certain goods and purchase other goods from this country. Some influence over the export business is also felt from the actions of the Government itself when it procures goods for export and thus affects the over-all exports by commodities.

Controls over imports consist chiefly of quota regulations of cotton, wheat, tin, tin products, antimony, cinchona bark, quinine and quinidine purchased by Government agencies, fats, oils, rice, rice products, nitrogenous fertilizers, rubber, and rubber products. While there is statutory power for determining quotas on sugar, it is not being exercised. Concurrent with these regulations of imports there are some controls over the distribution of the imported supplies.

ALLOCATION OF DOMESTIC PRODUCTION

Controls over domestic distribution are of interest because a particular export commitment may result in domestic shortages. Control of the conservation type exists for rubber, antimony, tin, and tin products.

RAILROAD TRANSPORTATION AND SHIPPING

Priority and allocation powers continue with respect to rail carriers. These are exercised sparingly by the Office of Defense Transportation.

Such control over ocean shipping as is now being exercised is effected through Government ownership of bottoms. Approximately 1,700 United States-owned vessels are now being operated under charter or on a cost-plus basis. In addition, 300 tankers are being operated on an agency basis. Without the sale of ships presently owned by

¹ See fuller report in pt. 2, No. 16.

the United States Government to either United States or European shipping lines, or the extension of authority for the operation of United States ships under charter agreements, a serious shortage will result. The pertinent controls expire March 1, 1948.

Existing legislation requires that exports fostered by loans extended by any United States agency shall be carried exclusively in United States bottoms provided they are available at reasonable rates.

MISCELLANEOUS CONTROLS

Control powers still in effect relate to limitations of agricultural production, increases of agricultural production through the price support programs, agricultural prices, export subsidies in case of domestic surpluses, trading on commodity exchanges, and the requisitioning of ships for the defense of the United States or during an emergency.

X. NEED FOR INTERIM AID AND ITS RELATIONSHIP TO RECOVERY PROGRAM ¹

The deterioration which has been occurring in the position of European countries regarding the means available to them to procure essential imports has reached an acute stage in the case of France, Italy and Austria. The evidence indicates that these countries have practically exhausted all of their available means for paying for the essential imports which they need to feed and clothe their people and to prevent an immediate and drastic reduction in agricultural and industrial activities with consequent unemployment and internal instability.

The financial position of these countries has been affected by the following factors:

(a) Severe losses in agricultural products, particularly grain, due to last winter's freeze and the past summer's drought. These losses can be made up only by imports of grain from abroad for exceeding normal import requirements;

(b) The general retardation of European production resulting from shortages of food, coal, consumers goods, and industrial supplies. This has seriously limited exports to the dollar area and thereby restricted the availability of dollars for these countries;

(c) The higher costs of essential imports caused by rise in prices, particularly in the United States; and

(d) The effects of the unexpected inconvertibility of sterling. France and Italy had counted upon conversion of sterling holdings into dollars for imports of essential commodities.

The current assets of Austria are negligible and her essential imports at the present time are being supplied principally through the United States Foreign Relief Program. Funds available for Austria under this program are sufficient to last only until early in the first quarter of 1948.

France and Italy have acted forthrightly in scaling down the level of dollar expenditures by taking all feasible measures to eliminate supplies which are not absolutely essential. In June 1947, Italy stopped making governmental purchases of all commodities except cereals, coal, and petroleum products. France took action late in August in stopping the placement of all new dollar contracts, except those for cereal, coal, and petroleum products. Indications are that before the end of December France will have no funds even to buy food and fuel. In the case of Italy funds will be needed early in December to procure food, fuel, and other essential supplies for shipment in January.

Thus the program of aid to Europe possesses two aspects: (1) The long range recovery program and (2) interim aid, whose purpose is to tide over Austria, France, and Italy during the coming winter months.

¹ This section has been prepared by the Department of State.

The first program being placed before the Congress is for interim aid to the extent necessary to provide food, clothing, and other essential supplies needed by the people of these countries and to prevent serious economic retrogression in those countries. The proposal includes the necessary financial requirements through March 31, 1948. The program is not a recovery program but is intended to assist in maintaining conditions which are essential if any recovery program which might subsequently be approved is to succeed.

When President Truman, on October 23, summoned the Congress into special session on November 17, he made this distinction clear in the following words:

However, a period of crisis is now at hand. The perils of hunger and cold in Europe make this winter a decisive time in history. All the progress of reconstruction and all the promise of future plans are endangered. If European nations are to continue their recovery, they must get through this winter without being crippled by economic paralysis and resulting chaos.

In advance of our decision on the long-range European recovery plan, we must help some nations through this immediate crisis. The most imminent danger exists in France and in Italy. If the economies of these countries collapse and the people succumb to totalitarian pressures, there will be no opportunity for them or for us to look forward to their recovery so essential to world peace.

PART TWO: DOCUMENTS FOR REFERENCE

1. PRESIDENT TRUMAN'S RADIO ADDRESS ON REASONS FOR CALLING SPECIAL SESSION OF CONGRESS, OCTOBER 24, 1947

I have called the Congress to meet on November 17th to consider the problems of high prices at home and emergency aid abroad. These are questions of vital importance to all of us. I want to talk to you frankly tonight about both of these problems.

Since VJ-day, we have moved steadfastly toward two goals. We have sought peace and prosperity—prosperity for all our people, peace for all the world.

As we measure our progress toward these goals and chart the course ahead, we find that recent events have raised new and dangerous obstacles in our path. Our domestic prosperity is endangered by hunger and cold in other lands.

These obstacles must be overcome by prompt and courageous action. Legislation by the Congress is essential. The need is too pressing—the results of delay too grave—for congressional action to wait until the next regular session in January.

Let me speak first about our domestic prosperity. In many ways we are now more prosperous than we have ever been. More workers have jobs—and at better wages—than at any time in the past. Farmers are receiving a greater share of our national income than they have in many years. Manufacturers and retailers are enjoying record business and record earnings. We are producing more goods for civilian use than ever before in history.

But these signs of prosperity do not tell the whole story. Although production is high, prices are shooting up. Although nearly everyone is employed, many people cannot afford essential items. Although national income has reached a new high, the buying power of many people is shrinking.

A few figures—and they are startling figures—show how the cost of living is going up.

Since the middle of 1946, this is what has happened: Clothing prices have gone up 18 percent; household furnishings have gone up 18 percent; food has gone up 40 percent. The average for all items is up 23 percent.

And the cost of living is still climbing. In the last 3 months it has climbed at a rate of over 16 percent a year.

Wholesale prices are also increasing. Since the middle of 1946, textiles have gone up 30 percent; metals, up 35 percent, and building materials, up 41 percent. These increases in wholesale prices affect every industry and trade and they will eventually be reflected in retail prices.

INCOME-COST GAP INCREASES

For some of our people the increased cost of living has been offset by increased incomes. But for most of our people, increases in income are falling behind increases in the cost of living.

Millions of families of low or moderate income are already victims of inflation. These families are using up savings. They are mortgaging their future by going into debt. They are doing without things they should have.

I know the worries of the breadwinner whose earnings cannot keep up with the high cost of living. I know of the difficulties of the housewife who tries to stretch the family income to pay for groceries and clothes and rent. I know how hard it is to skimp, and save, and do without.

When so many people are not sharing fairly in prosperity, the road is being paved for a recession or a depression.

None of us can afford to overlook this danger. Farmers will remember how they suffered after 1920 because price inflation was followed by a collapse. Businessmen and bankers will recall how they suffered after 1929 because wild speculation was followed by the depression. Even those who are prosperous today are prospective victims of inflation tomorrow.

Inflation must be stopped before it is too late.

It is within our power to stop it. Our economy is basically sound. It has been immensely strengthened in recent years. The average buying power of our people today is 40 percent higher than it was in 1929. But we are losing some of this gain as rising prices pull away from incomes. We can prevent further loss, and can even go on to new gains, if we use our economic strength wisely.

DEMAND GREAT

The major cause of high prices in this country is the great demand among our own people for available goods. An attempt has been made to place the blame upon our foreign-aid program, but this is not borne out by the facts. During the war, we learned that we could improve our standard of living with less than 60 percent of our output available for civilian use. At present, even with current exports to all countries, a far greater percent of our production is available for civilian use. With sound policies, we can protect our own standard of living and carry on a substantial foreign-aid program at the same time.

We now have—and will continue to have—enough food and clothing and other goods in the United States to meet our needs. But excessively high prices mean that these goods are not being distributed wisely and fairly. High prices ration the essentials of life by squeezing out the less fortunate of our citizens. We can meet this problem only by bringing prices into line with the incomes of our people.

In our free enterprise system, we place major reliance upon voluntary action by businessmen, farmers, workers, and consumers. That is why I have repeatedly urged voluntary price reductions.

But the responsibility of Government extends beyond aiding voluntary action. The Government must respond to the needs of the people.

The American people now have a compelling need for protection from the dangers of price inflation and the rising cost of living. They recognize this need and are asking for the protection to which they are entitled. The Government must assume a larger share of the responsibility for putting an end to excessive prices and the hardships and dangers which accompany them. For this purpose, prompt enactment by the Congress of comprehensive legislation is necessary.

This, then, is one reason why I am calling the Congress into session on November 17. When it meets, I shall recommend a program for dealing with inflation, high prices, and the high cost of living. Adequate measures—enacted in time—are necessary to correct the present situation.

WORLD NEEDS MUST BE MET

Let me turn now to the other reason for calling the Congress into session. This is the problem of hunger and cold and human suffering abroad. It is the problem of men and women and children who look to us for help at this crucial time.

We are following a definite and clear foreign policy. That policy has been, is now, and shall be to assist free men and free nations to recover from the devastation of war, to stand on their own feet, to help one another, and to contribute their full share to a stable and lasting peace. We follow that policy for the purpose of securing the peace and well-being of the world. It is nonsense to say that we seek dominance over any other nation. We believe in freedom, and we are doing all we can to support free men and free governments throughout the world.

In furtherance of this foreign policy, we now have under consideration the part which the United States should play in aiding a long-range recovery program for western Europe. This plan presents great hope for economic security and peace in that vital part of the world. It will take some time to complete the consideration of this plan and to make all the important decisions required for putting it into effect.

However, a period of crisis is now at hand. The perils of hunger and cold in Europe make this winter a decisive time in history. All the progress of reconstruction and all the promise of future plans are endangered. If European nations are to continue their recovery, they must get through this winter without being crippled by economic paralysis and resulting chaos.

In advance of our decision on the long-range European recovery plan, we must help some nations through this immediate crisis. The most imminent danger exists in France and in Italy. If the economies of these countries collapse and the people succumb to totalitarian pressures, there will be no opportunity for them or for us to look forward to their recovery so essential to world peace.

Their first need is food. Exceedingly bad weather this year has caused the worst crops in western Europe in a generation. Crop failures in France—the worst in 100 years—and in Italy make it necessary for those countries to import half the grain they need to live on during the coming months.

The other major shortage is fuel. Fuel supplies were depleted by last year's severe winter. War damage to railroads, and the reduced efficiency of miners laboring on an inadequate diet, have prevented the rebuilding of fuel stocks.

The financial reserves of France and Italy have been nearly exhausted by the cost of their imports since the end of the war. Rising prices in the United States and in other countries where they must buy have further reduced the purchasing power of their remaining funds. They now face the coming winter without sufficient resources to pay for essential food and fuel.

The figures tell the story.

FRENCH, ITALIAN NEEDS

France can meet her minimum needs, with present funds, until the end of December, but she will enter the new year without funds to pay for essential imports. The French will need \$357,000,000 to carry them until March 31, 1948.

Italy will not be able even to get through the rest of this year. Italy must have \$142,000,000 to carry her until December 31 and an additional sum of \$143,000,000 to get through the first quarter of 1948.

Serious difficulties have also been encountered in the occupied areas—Germany, Japan, and Korea. Additional funds will have to be appropriated this year in order for us to maintain our position in these areas.

It can readily be seen that congressional action to meet these needs cannot be delayed until January.

My action in convening the Congress on November 17 in no way reduces the necessity for pressing forward with our voluntary food-saving program. Dollars appropriated by the Congress cannot feed hungry people if there is no food for the dollars to buy. There will not be enough food unless we—the people of the United States—save vast quantities of grain. I am deeply gratified at the splendid response of the American people to our national food-saving program. It is an earnest effort to meet the needs of humanity.

CHALLENGE FOR UNITED STATES

Even with the proposed aid from this country, the people of Europe this winter will be on short rations. They will be cold, and they will be without many necessities. But our emergency aid will be definite assurance of the continuing support of this Nation for the free peoples of Europe.

The two problems I have been discussing with you tonight—high prices at home and hunger and cold abroad—present a challenge to the American people.

We could choose the course of inaction. We could wait until depression caught up with us, until our living standards sank, and our people tramped the streets looking for jobs. Other democratic nations would lose hope, and become easy victims of totalitarian aggression. That would be the course of defeatism and cowardice.

Our other course is to take timely and forthright action. If we do this, we can halt the spiral of inflation at home, relieve hunger and cold abroad, and help our friendly neighbors become self-supporting once again.

I know that it is the heartfelt wish of the American people that action be taken which will overcome the obstacles to peace and prosperity confronting this Nation.

It is within our power to lead the world to peace and plenty.

With resolution and united effort we shall achieve our goal.

October 23, 1947.

CONVENING THE CONGRESS

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas the public interest requires that the Congress of the United States should be convened at twelve o'clock, noon, on Monday, the Seventeenth day of November 1947, to receive such communication as may be made by the Executive;

Now, therefore, I, Harry S. Truman, President of the United States of America, do hereby proclaim and declare that an extraordinary occasion requires the Congress of the United States to convene at the Capitol in the City of Washington on Monday, the Seventeenth day of November 1947, at twelve o'clock, noon, of which all persons who shall at that time be entitled to act as members thereof are hereby required to take notice.

In witness whereof, I have hereunto set my hand and caused to be affixed the great seal of the United States.

Done at the City of Washington this twenty-third day of October, in the year of our Lord nineteen hundred and forty-seven, and of the Independence of the United States of America the one hundred and seventy-second.

HARRY S. TRUMAN.

By the President:

ROBERT A. LOVETT,

Acting Secretary of State.

OCTOBER 23, 1947.

STATEMENT BY THE PRESIDENT

I have met this afternoon with a group of congressional leaders. I presented to them detailed information concerning the alarming and continuing increase in prices in this country and the situation regarding the need for emergency foreign aid. I informed them that I had concluded it was necessary to convene the Congress on Monday, November 17.

By that date the members of Congress who are now abroad obtaining first-hand information will have returned to the United States.

There are two compelling reasons for convening the Congress at an early date.

It is urgently necessary for the Congress to take legislative action designed to put an end to the continued rise in prices, which is causing hardship to millions of American families and endangering the prosperity and welfare of the entire Nation. When the Congress meets, I shall recommend to it suitable measures for dealing with inflation, high prices, and the high cost of living.

It is also necessary for this Government to take adequate steps to meet the crisis in western Europe, where certain countries have exhausted their financial resources and are unable to purchase the food and fuel which are essential if their people are to survive the coming winter.

It now appears that the minimum needs of France can be met with present funds only until about the end of December, and that it will enter the new year without funds to pay for essential imports. Italy's needs are even more immediate, for Italy will require substantial assistance before the end of this year. Moreover, it appears that additional funds will be needed to maintain our position in occupied areas. It is clear, therefore, that congressional action cannot be delayed until January.

The convening of the Congress in November will also furnish an opportunity for it to speed up its consideration of the part to be played by the United States in the long-range European recovery program.

I have just signed a proclamation convening the Congress at 12 o'clock noon on Monday, November 17, 1947.

Tomorrow evening, at 10 o'clock, over all the networks, I shall make a radio address to the American people describing the present situation in detail and explaining why action by the Congress is necessary prior to the regularly scheduled session in January.

2. TEXT OF SECRETARY MARSHALL'S SPEECH, JUNE 5, 1947¹

EUROPEAN INITIATIVE ESSENTIAL TO ECONOMIC RECOVERY

I need not tell you gentlemen that the world situation is very serious. That must be apparent to all intelligent people. I think one difficulty is that the problem is one of such enormous complexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisal of the situation. Furthermore, the people of this country are distant from the troubled areas of the earth and it is hard for them to comprehend the plight and consequent reactions of the long-suffering peoples, and the effect of those reactions on their governments in connection with our efforts to promote peace in the world.

In considering the requirements for the rehabilitation of Europe, the physical loss of life, the visible destruction of cities, factories, mines, and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy. For the past 10 years conditions have been highly abnormal. The feverish preparation for war and the more feverish maintenance of the war effort engulfed all aspects of national economies. Machinery has fallen into disrepair or is entirely obsolete. Under the arbitrary and destructive Nazi rule, virtually every possible enterprise was geared into the German war machine. Long-standing commercial ties, private institutions, banks, insurance companies, and shipping companies disappeared, through loss of capital, absorption through nationalization, or by simple destruction. In many countries, confidence in the local currency has been severely shaken. The breakdown of the business structure of Europe during the war was complete. Recovery has been seriously retarded by the fact that 2 years after the close of hostilities a peace settlement with Germany and Austria has not been agreed upon. But even given a more prompt solution of these difficult problems, the rehabilitation of the economic structure of Europe quite evidently will require a much longer time and greater effort than had been foreseen.

There is a phase of this matter which is both interesting and serious. The farmer has always produced the foodstuffs to exchange with the city dweller for the other necessities of life. This division of labor is the basis of modern civilization. At the present time it is threatened with breakdown. The town and city industries are not producing adequate goods to exchange with the food-producing farmer. Raw materials and fuel are in short supply. Machinery is lacking or worn

¹ Made on the occasion of commencement exercises at Harvard University on June 5, 1947, and released to the press on the same date.

out. The farmer or the peasant cannot find the goods for sale which he desires to purchase. So the sale of his farm produce for money which he cannot use seems to him an unprofitable transaction. He, therefore, has withdrawn many fields from crop cultivation and is using them for grazing. He feeds more grain to stock and finds for himself and his family an ample supply of food, however short he may be on clothing and the other ordinary gadgets of civilization. Meanwhile people in the cities are short of food and fuel. So the governments are forced to use their foreign money and credits to procure these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products—principally from America—are so much greater than her present ability to pay that she must have substantial additional help or face economic, social, and political deterioration of a very grave character.

The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole. The manufacturer and the farmer throughout wide areas must be able and willing to exchange their products for currencies the continuing value of which is not open to question.

Aside from the demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative. Any government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States Government. Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties, or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.

It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in

order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting or efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all, European nations.

An essential part of any successful action on the part of the United States is an understanding on the part of the people of America of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part. With foresight, and a willingness on the part of our people to face up to the vast responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome.

3. SUMMARY OF THE REPORT OF THE COMMITTEE OF EUROPEAN ECONOMIC COOPERATION (CEEC)¹

In response to the speech of Secretary of State Marshall, made at Harvard on June 5, 1947, representatives of 16 European nations met in Paris beginning on July 12 to examine their prospective requirements and resources during the period 1948-51 and to formulate an economic recovery program. The countries represented were Austria, Belgium, Denmark, France, Greece, Ireland, Italy, Luxemburg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom; western Germany was also included in the analysis and calculations of the Committee.

ORGANIZATION

To prepare the CEEC report, a number of technical committees were set up, dealing with food and agriculture, fuel and power, iron and steel, transport (internal and maritime), timber, and manpower, as well as a balance of payments committee and a committee of financial experts. The food and agriculture committee considered problems of agricultural machinery and fertilizer, in addition to those of food and feedstuffs. The fuel and power committee considered the problems of coal, electricity, and petroleum products, and, in addition, those relating to mining machinery, electrical equipment, and petroleum equipment.

The first concern was to obtain the necessary statistical information. For this purpose, the technical committees sent questionnaires to each of the participating countries and western Germany, requesting data for their respective commodities on total requirements, production plans, expected exports, and required imports. The Balance of Payments Committee used the findings of the technical committees in their respective fields, and also obtained information by questionnaire on anticipated payments and receipts of all other items; these data were combined into an over-all statement of the anticipated surplus and deficit of the participating countries and western Germany with the rest of the world.

ASSUMPTIONS

In obtaining the necessary basic data through questionnaires, the technical committees requested the governments of the respective countries to adopt certain assumptions, and presumably the same assumptions were followed by the committees in the assessment and

¹ An official summary was released September 22, 1947, by the Department of State which released *General Report* on same date. *Technical Reports* appeared a few weeks later.

correlation of the statistics and information submitted. These assumptions were that: (1) Foreign exchange to pay for essential imports would be available; (2) consumption standards would not exceed those which the respective countries expect to be able to maintain after 1951; (3) import requirements would be consistent with the aim of reducing the dollar deficit of the countries by 1951 to that manageable thereafter without special external assistance; and (4) production and consumption would be at levels consistent with "high and stable employment." It should also be pointed out that for some commodities expected to be in short supply relative to import needs, such as cereals, meat, and timber, the data used by the committees correspond to estimated available supplies rather than to total import requirements. Finally, because of the difficulty of accurately predicting prices, the technical committees calculated all values on the basis of prices prevailing on July 1, 1947 "in the most likely outside source of supply."

For the purpose of developing a balance of payments, and thereby determining the deficit in means of payment of the participating countries and western Germany with the rest of the world, certain further assumptions were adopted which relate particularly to this section of the CEEC report. These assumptions were that: (1) Production in the participating countries will increase greatly; (2) the imports required for increased production will be available; (3) an increasing part of the necessary imports can be obtained from eastern Europe and Southeast Asia; (4) the goods which the participating countries produce for export can be sold to the Western Hemisphere and to the rest of the world; (5) the nonparticipating countries will so far as necessary be able to pay for goods imported from the participating countries in dollars; and (6) there will be a progressive reduction in the price of imports into the participating countries in relation to the price of exports from those countries.

THE RECOVERY PROGRAM

The report of the CEEC outlines a program of economic recovery for the sixteen participating nations and western Germany based on four lines of action:

(1) A production program in the participating countries and western Germany, designed in general to restore agricultural production to prewar levels by 1951 and to increase industrial production by 1951 somewhat above the 1938 levels;

(2) The creation and maintenance of internal financial stability;

(3) The development of economic cooperation among the participating countries in production, in joint development of resources, in trade, in the movement of persons and transport, and in the establishment of a continuing organization;

(4) A solution of the dollar deficit of the participating countries, particularly by the expansion of exports.

IMPORT REQUIREMENTS

To carry out the production program, the CEEC report emphasizes that the 16 European nations and western Germany will require a large and uninterrupted flow of goods from the rest of the world, and in particular from the American continent. The total value of the goods required from foreign sources during the period 1948-51 is estimated to be 57.4 billion dollars, distributed fairly evenly among the 4 years. In addition, requirements of dollar shipping are estimated to be 1.7 billion dollars.

Because of the loss of supplies from customary prewar sources, the 16 European nations expect to depend heavily on the United States and other American countries for imports of needed commodities. During the period 1948-51, it is estimated that 61 percent of total commodity requirements will come from the Western Hemisphere (35 percent from the United States and 26 percent from other American countries), compared with about 45 percent in prewar years. Assuming a gradual resumption of imports of goods from customary prewar sources such as eastern Europe and southeast Asia, however, the share of total imports from the United States is estimated to decrease from 43 percent in 1948 to 30 percent in 1951; on the other hand, the share of imports from non-American countries is estimated to increase from 34 percent in 1948 to 43 percent in 1951. Total import requirements of the participating countries and western Germany, by area, are shown in table I.

TABLE I.—*Total import requirements of participating countries (excluding dependent territories) and western Germany, by area*

[In billions of U. S. dollars]

	1948	1949	1950	1951	Total
United States.....	6.0	5.3	4.8	4.3	20.4
Other American countries.....	3.2	3.9	3.8	3.9	14.8
Total, Western Hemisphere.....	9.2	9.2	8.6	8.2	35.2
Rest of world.....	4.7	5.4	5.9	6.2	22.2
Total, all countries.....	13.9	14.6	14.5	14.4	57.4
Dollar shipping.....	.6	.4	.4	.3	1.7

In terms of value, requirements of the participating countries and western Germany for foreign goods are expected to consist primarily of food, fuel, and fertilizer, which together are estimated to amount to 73 percent of total imports during the 4 years 1948-51. Imports from the United States are anticipated to be chiefly food and fertilizer (28 percent of total imports from the United States); fuel (14 percent); other raw materials (27 percent); and various types of equipment (25 percent). Import requirements from other countries in the Western Hemisphere are expected to consist principally of food and fertilizer (59 percent) and other raw materials (35 percent). Estimated import requirements of the participating countries from the American continent, 1948-51, are shown in table II.

TABLE II.—*Estimated import requirements of the participating countries (excluding dependent territories) and western Germany from the American Continent for the period 1948-51*

[In billions of U. S. dollars]

	United States	Other American countries	Total
Food, feedstuffs, and fertilizers.....	5.6	8.7	14.3
Coal.....	.7		.7
Petroleum products ¹	2.2		2.2
Iron and steel.....	1.2	.1	1.3
Timber.....	.4	.6	1.0
Equipment.....	5.1	.1	5.2
Other imports ²	5.2	5.3	10.5
Total imports.....	20.4	14.8	35.2
Shipping services.....	1.7		1.7

¹ Amount required from dollar sources.

² Primarily raw materials, such as cotton, wool, nonferrous metals, woodpulp, hides and leather, and chemicals, not covered in the studies of the technical committees; also includes 110 million dollars for semi-manufactures, 1,390 million dollars for consumer goods, and 500 million dollars for ships and airplanes.

Assuming the fulfillment of the import requirements of the participating countries and western Germany, the means of payment for those imports of goods and services, without special outside assistance, will be only partially available. The stated purpose of the recovery program outlined by the participating countries is to reduce steadily the annual deficit in means of payment during 1948-51 to that manageable thereafter without special external aid.

The size of the deficit in means of payment is tentatively estimated in the CEEC report by the Balance of Payments Committee. On the basis of certain assumptions mentioned above, the Committee estimates that the total deficit of the participating countries will be reduced from 8.3 billion dollars in 1948 to 1.6 billion dollars in 1951, and will amount to 19.6 billion dollars for the 4-year period 1948-51. The year-to-year reduction is to be accomplished to a great extent by increasing exports of goods which are expected to be valued at 6.5 billion dollars in 1948 and 10.8 billion dollars in 1951.

The dollar deficit with the American Continent, which is emphasized in the CEEC report, is estimated at 22.4 billion dollars for the period 1948-51, decreasing from 8 billion dollars in 1948 to 3.4 billion dollars in 1951; 16.5 billion dollars is expected to be with the United States and 5.9 billion dollars with other countries in the Western Hemisphere. As against the dollar deficit, a surplus in means of payment with the rest of the world for the period 1948-51 is estimated at 2.8 billion dollars which, if dollars are available in the trade with the rest of the world, is expected to reduce the total deficit of the participating countries to 19.6 billion dollars. The Committee emphasizes that these statistics no more than indicate the prospective size of the deficit in means of payment, and do not necessarily correspond to the amount of special assistance which will be required. If imports of capital equipment are financed by loans from the International Bank, the total deficit could be reduced by as much as an estimated 3.1 billion dollars. Loans from other sources as well as the expendi-

ture of other financial resources by the participating countries would further reduce the deficit. On the other hand, if the 16 European countries are unable to earn dollars for their exports, the anticipated surplus with the rest of the world could not be employed to reduce the dollar deficit with the Western Hemisphere. The estimated net balance of payments of the participating countries, indicating deficit or surplus, is shown in table III.

TABLE III.—*Estimated net balance of payments of the participating countries, their dependent territories, and western Germany, 1948-51*

[In millions of United States dollars]

	1948	1949	1950	1951	Total
With United States.....	-6,091	-4,532	-3,355	-2,495	-16,473
With other Western Hemisphere.....	-1,944	-1,818	-1,295	-915	-5,972
Total:					
Western Hemisphere.....	-8,035	-6,350	-4,650	-3,410	-22,445
With rest of world.....	-240	+250	+1,000	+1,800	+2,810
Total—All countries.....	-8,275	-6,100	-3,650	-1,610	-19,635

NOTE. — indicates deficit; + indicates surplus. Data for 1948 were calculated on the basis of prices ruling on July 1, 1947. Data for 1949-51 were adjusted for estimated changes in the relation between the cost of imports and price of exports and, hence, are not comparable with other statistics. See General Report of the CEEC, vol. I, pp. 121-22.

EUROPEAN SELF-HELP

In addition to unilateral and cooperative action on the part of each of the 16 western European countries to attain the projected levels of production and to solve the problem of the dollar deficit, the CEEC report sets forth certain fields wherein additional mutual effort would be of benefit to the recovery program. First the Committee of Economic Cooperation points out that for "increased production in the area to make its full contribution to the restoration of the European economy and the reduction of abnormal demands on the rest of the world, it must be accompanied by a freer movement of goods and services within Europe itself." Consequently, the participating countries resolved to remove as soon as possible abnormal restrictions on their mutual trade and, as between themselves and the rest of the world, to work toward the adoption of a multilateral trading system envisaged in the draft charter for an international trade organization. To the end of expanding their mutual trade, 13 of the 16 participating countries created a study group to examine the problems involved and the steps to be taken in the formation of a customs union between themselves.

The Committee also recommended collective action in certain specific fields. Among these were the cooperative exploitation of electric power resources (summarized below in the section on electric power), standardization of equipment such as mining machinery and freight cars, pooling arrangements of freight cars, and interchange of information on the development and modernization of steel industries to avoid duplication and overexpansion.

COMMITTEE OF FINANCIAL EXPERTS

The report of the Committee of Financial Experts recognizes the necessity of internal financial and monetary stability to the success of the European recovery program. At the Paris Conference, declarations were made by representatives of a number of countries, including Austria, Belgium, Denmark, France, Greece, Italy, the Netherlands, Norway, Portugal, Sweden, Switzerland, and the United Kingdom, relative to monetary conditions within their countries and the steps which their governments proposed to take to achieve internal financial stability. To this end the Committee suggested that it would be of assistance if supplementary foreign resources specifically intended to raise the gold and dollar reserves of various countries were made available. Although a precise calculation was not attempted, the total amount of such financial assistance required was tentatively estimated at 3 billion dollars.

After internal financial stabilization has been achieved and can be successfully maintained, the 16 European countries have pledged themselves to make their currencies convertible, as defined in the articles of agreement of the International Monetary Fund, at appropriate rates of exchange. In addition, the Committee considered the problems of making more flexible inter-European payments agreements to the end of assisting the development of their mutual trade.

REPORTS OF THE TECHNICAL COMMITTEES

1. FOOD AND AGRICULTURE

The food-production program of the participating countries and western Germany includes the restoration of prewar levels of production of bread grains, coarse grains, fats and oils, and milk by the crop year 1950-51. The output of sugar by 1950-51 is expected to be 15 percent larger than in prewar years, while the production of meat is anticipated to reach only 90 percent of prewar levels. Because of the increase in population (estimated at 278 million persons in 1951, compared with 270 million in 1947 and 246 million in 1938), the consumption of food per capita by 1950-51 is expected to be still somewhat below prewar levels. Specifically, per capita consumption of bread grains by 1950-51 is expected to be 7 percent below prewar levels; sugar, 11 percent; fats and oils, 12 percent; and meat, 20 percent. Consumption of potatoes, however, is expected to be about 3 percent above prewar levels by 1950-51. During the 4 years of the program, a large increase in the output of agricultural machinery and fertilizers is also planned. Production of tractors is expected to increase from 182,000 in 1947-48 to 380,000 in 1950-51, production of other agricultural machinery from 922,000 metric tons to 1.5 million tons, and production of fertilizer from 3.2 million tons to 6.2 million tons.

The report emphasizes the need for large imports of food to maintain standards of consumption in the participating countries during the period production is being restored, and also the need for substantial imports of fertilizers and machinery to achieve the planned

levels of production. Total import requirements of these goods for the 4 crop years 1947-48 to 1950-51 are estimated at 32.7 billion dollars; of this amount, imports of food and feedstuffs are estimated at 31.3 billion dollars, fertilizers at 450 million dollars, and tractors and machinery at 950 million dollars. Sources of these imports are considered to be as follows: Dependent overseas territories, 6.2 billion dollars; United States, 7.6 billion dollars; other Western Hemisphere countries, 8.8 billion dollars; and the rest of the world, 10.1 billion dollars.

2. COAL

The participating countries and western Germany plan to expand the production of coal from 439 million metric tons in 1948 to 584 million tons in 1951, or to 6 percent greater than the 1938 output. To achieve this goal, a substantial program of manufacturing coal-mining machinery within the participating countries is planned, as well as special inducements in housing and pay to assure an adequate labor force. Necessary imports of coal-mining machinery, amounting to about 6 percent of total machinery requirements, are estimated at 220 million dollars for the 4 years 1948-51.

During the period of the recovery program, requirements for solid fuel are expected to increase from 535 million tons in 1948 to 620 million tons (65 million tons, or 12 percent, above the 1938 level) in 1951. These requirements for 1948-51 exceed anticipated production by a total of 187 million tons. To supply this deficit, import requirements from the United States are estimated at 86 million metric tons, valued at 774 million dollars, and requirements from Poland and other countries at 101 million tons, valued at 1,515 million dollars. After 1951 it is expected that imports from the United States, which are uneconomic because of the long haul, will not be required.

3. ELECTRIC POWER

The annual production of electric power in the participating countries and western Germany, which is estimated at 170 billion kilowatt-hours in 1947, is now greater than the 1938 output of 130 billion kilowatt-hours. The total requirements of electric power, however, are expected to increase markedly during the recovery period, from 178 billion kilowatt-hours in 1947 to 243 billion kilowatt-hours in 1951. Consequently the participating countries plan a series of so-called national expansion programs intended to increase the total generating capacity of electric power plants from 43.4 million kilowatts in 1947 to 65.5 million kilowatts in 1951, or an increase of about 50 percent; the output in 1951 expected from this expanded plant is estimated to be 237 billion kilowatt-hours, or about 2 percent less than estimated requirements. To conserve coal, the participating countries plan to establish hydroelectric plants where possible; of the total estimated increase in annual power output between 1947 and 1951 (67 billion kilowatt-hours), hydroelectric power accounts for 30 billion kilowatt-hours, which is estimated to be the equivalent of about 20 million tons of coal. In addition to the national programs, a so-called international program is planned, involving the establishment of 9

electric power plants with a combined capacity of 2.3 million kilowatts in the countries of France, Italy, Switzerland, Austria, and western Germany. Six of the plants will be hydroelectric, one geothermic, and two will use brown coal. The average annual output from these plants is expected to be 6.6 billion kilowatt-hours; it is anticipated that most of the plant could be completed within 4 years, and would serve to make up at least part of the electric-power deficit.

The participating countries plan to supply a large part of the equipment and supplies necessary for the projected expansion of generating capacity. The "national" programs are estimated to cost 5 billion dollars, of which 300 million dollars represents specialized equipment required from the United States. The supplementary "international" program is estimated to cost 315 million dollars, of which equipment from the United States is expected to amount to 200 million dollars.

4. PETROLEUM PRODUCTS

Total requirements for petroleum products in the participating countries and western Germany are expected to increase materially during the period of the recovery program, amounting to an estimated 68.7 million metric tons in 1951, compared with 53.0 million tons in 1948; requirements in 1938 amounted to 33.3 million tons. Increased production of crude oil at home, in dependent territories, and in other overseas areas is planned, as well as the expansion of refining facilities within the participating countries to two and a half times the prewar level, or sufficient to process 31.4 million tons of crude in 1951 compared with 11.3 million tons in 1947 and 13 million tons in 1938.

During the period 1948-51, total import requirements of crude oil are estimated at 87 million metric tons, valued at 1.2 billion dollars; of this, 46 million tons, valued at 580 million dollars, is expected to be needed from sources requiring payment in dollars. Imports of refined products are estimated at 156 million tons, valued at 3.5 billion dollars; of this amount, 62 million tons, valued at 1.9 billion dollars, is expected to be needed from dollar sources. Total equipment requirements for the 4-year period are calculated at 1.8 billion dollars; of this amount, 0.6 billion dollars are expected to consist of machinery and supplies from the United States.

5. IRON AND STEEL

The production program of the participating countries and western Germany relating to iron and steel is planned to be one primarily of modernization and capacity use of existing facilities. Expanded production in the 16 participating countries alone is expected to increase the output from 26.8 million tons of crude steel in 1947 to 42.7 million tons in 1951; output of crude steel in those countries in 1938 amounted to 24.7 million tons. Production of steel in western Germany, controlled by the level of industry plan, is limited to greatly less than the 1938 output; hence, the planned output of the participating countries and western Germany combined amounts to 55.4 million tons of crude steel in 1951 compared with 30.3 million tons in 1947 and 45.5 million tons in 1938.

The production program in iron and steel is based on the assumption of full supplies of raw materials, as are the other production programs formulated in the CEEC report. It appears, however, that there may be deficits in the supply of some steel-making materials. The most serious potential deficit is considered to be in the supply of coke. It is hoped that coke shortages can be overcome by increased imports of coking coal, chiefly from the United States, by diverting coke from nonmetallurgical uses, and by reducing coke requirements through the use of richer iron ores. Other potential shortages of steel-making materials relate to scrap, manganese ore, and, in 1951, to rich iron ore. These anticipated shortages, excluding consideration of coke deficits, may reduce production during 1948-51 to about 5 percent below the planned levels; shortages of coke amounting to 4 million tons out of total requirements of 65.6 million tons in 1948, for example, would reduce crude steel production about 15 percent below that planned.

To achieve the planned production of crude steel, to fully utilize steel-finishing capacity, and to supply certain requirements of finished products (principally tinplate and sheet), import requirements for the period 1948-51 are estimated as follows: Raw materials (excluding coke), 446 million dollars; crude and semifinished steel, 662 million dollars; finished steel, 330 million dollars; and equipment, 400 million dollars. Total import requirements of these products are valued at 1,838 million dollars; of this amount, 1,565 million dollars, or 85 percent, is expected to be needed from the United States.

6. TIMBER

The production of timber in the participating countries and western Germany in 1951 is expected to supply about 60 percent of softwood requirements, 70 percent of hardwood requirements, and 80 percent of the requirements for pit props, pulpwood, and poles. Available supplies of timber, however, are not considered sufficient to furnish all the requirements for softwood, or for pit props, pulpwood, and poles. Timber expected to be available is estimated at 2.4 billion dollars during the 4-year period 1948-51. Imports of equipment deemed necessary in order to meet the production program of the participating countries are estimated at 57 million dollars. Of imports of both timber and equipment, about 17 percent is expected to be available from the United States, 25 percent from the other American countries, and 58 percent from other nonparticipating countries.

7. INLAND TRANSPORT

The participating countries consider it necessary to improve their inland transportation system so that the railways can carry 854 million metric tons of cargo in 1951 compared with 738 million tons in 1948, and so that the waterways can carry 174 million tons in 1951 compared with 122 million tons in 1948. Except for deficiencies in railway stock, however, the participating countries expect to be able to supply their own equipment needs. Import requirements of rail-

way stock, amounting to 103,000 freight cars and 2,600 passenger cars for the period 1948-51, are estimated to cost 479 million dollars; requirements of special equipment for Greece are estimated to be 11 million dollars. The United States is expected to be the only possible source of these imports.

8. MARITIME TRANSPORT

The 16 participating countries plan, by the end of 1951, to have a maritime transport capacity of 39.2 million dead-weight tons of dry-cargo shipping and 14.4 million tons of tankers. The program involves not only replacement of large losses of cargo ships suffered during the war but also some expansion to make up in part the loss to world shipping of the German and Japanese fleets. The shipping capacity of the 16 participating countries in 1938 amounted to 36.1 million tons of dry-cargo shipping and 10.1 million tons of tankers; the German fleet included 5.9 million tons of dry-cargo shipping and 0.4 million tons of tankers. To carry out the expansion program, the countries propose to purchase from the United States 3 million dead-weight tons of shipping at an estimated cost of 300 million dollars, in addition to 500 million dollars already purchased, and to supply the remainder by new construction.

During the replacement and expansion period, the total carrying capacity of the participating countries will be insufficient to meet their requirements and those of western Germany. To make up the deficit, the use of substantial, but decreasing, amounts of dollar tonnage for dry-cargo shipping are considered necessary. These requirements are estimated to decrease from 500 million dollars in 1948 to 130 million dollars in 1951; total costs are expected to be 1,220 million dollars. On the other hand, requirements for dollar tonnage of tankers are expected to increase, as imports of petroleum increase, from 70 million dollars in 1948 to 180 million dollars in 1951; total cost of tankers are estimated to be 485 million dollars.

9. MANPOWER

Combined labor requirements of the 16 participating countries and western Germany for agriculture and industry are estimated at about 680,000 persons. Present labor resources are considered to be principally 2 million unemployed Italian workers and 500,000 displaced persons. Immigration of labor is expected, therefore, to supply labor requirements in terms of numbers. The manpower committee pointed out, however, that requirements for various types of skilled labor, such as miners, exceed the numbers of skilled workers available. Consequently, programs of vocational training are required in the participating countries.

4. PLEDGES MADE IN THE REPORT OF THE COMMITTEE OF EUROPEAN ECONOMIC COOPERATION

In order to ensure that the recovery programme is carried out, the 16 participating countries pledge themselves to join together, and invite other European countries to join with them, in working to this end. This pledge is undertaken by each country with respect to its own national programme, but it also takes into account similar pledges made by the other participating countries. In particular, each country undertakes to use all its efforts—

(i) to develop its production to reach the targets, especially for food and coal;

(ii) to make the fullest and most effective use of its existing productive capacity and all available manpower;

(iii) to modernise its equipment and transport, so that labour becomes more productive, conditions of work are improved, and standards of living of all peoples of Europe are raised;

(iv) to apply all necessary measures leading to the rapid achievement of internal financial monetary and economic stability while maintaining in each country a high level of employment;

(v) to cooperate with one another and with like-minded countries in all possible steps to reduce the tariffs and other barriers to the expansion of trade both between themselves and with the rest of the world, in accordance with the principles of the draft Charter for an International Trade Organisation;

(vi) to remove progressively the obstacles to the free movement of persons within Europe;

(vii) to organise together the means by which common resources can be developed in partnership.—(General report, p 13.)

The countries represented on the Committee of Cooperation have pledged themselves that, where stabilisation programmes are required, they will carry them out in a spirit of determination.—(General report, p. 27.)

The Governments represented on the Committee of Cooperation have pledged themselves after stabilisation has been fully achieved and can be successfully maintained to make their currencies convertible as defined in the Articles of Agreement of the International Monetary Fund at appropriate rates of exchange. The Governments concerned further pledge themselves that any external assistance received for this purpose will be used for this purpose only and applied in constructive and comprehensive measures to put an end to inflation and eventually, when the necessary conditions have been fulfilled, to make their currencies convertible.—(General report, p. 29.)

To achieve the freer movement of goods, the participating countries are resolved—

(i) to abolish as soon as possible the abnormal restrictions which at present hamper their mutual trade;

(ii) to aim, as between themselves and the rest of the world, at a sound and balanced multilateral trading system based on the principles which have guided the framers of the draft Charter for an International Trade Organisation.—(General report, p. 31.)

Arrangements have been made for continuing this work of mutual help and consultation begun in Paris, both through the United Nations machinery and in other ways.—(General report, p. 59.)

UNDER PETROLEUM PRODUCTS

During the period 1948–1951 it is the intention of the participating countries to—

(a) continue efforts to increase production both at home and in dependent oversea territories;

(b) develop oil production in overseas concessions outside the dependent territories;

(c) develop refining capacity at home with a view to economising in dollar currency, providing raw materials for the increasingly important chemicals from oil industries, and working up at the main centres of consumption the increasing oil output of the Middle East, for which sufficient refining capacity is not at present available.—(General report, p. 89.)

* * * The participating countries will do all that lies in their power to promote the development of production in their overseas territories, and this will be a further contribution to the narrowing of the gap. Moreover, these countries will do all that lies in their power to develop and make more efficient their production of exportable goods and thus will provide a condition, so far as they are concerned, for a rapid expansion of their exports to the American continent.—(General report, pp. 117–118.)

5. OFFICIAL SUMMARY OF "NATIONAL RESOURCES AND FOREIGN AID" BY THE KRUG COMMITTEE

(Released October 19, 1947)

The report "National Resources and Foreign Aid" declares that from the standpoint of preserving the national security and our standards of living, our economy in general is physically able to provide the resource requirements of a considerable program of foreign aid.

A foreign-aid program will serve not only a humanitarian interest in preventing hardship and starvation for millions of people, but can also provide the basis for getting the world economy off dead center and creating the circumstances under which all areas of the world may be full productive and wisely exchanging their products with each other.

The report declares that the economy is operating at the highest levels in history and shortages resulting from high consumption will be intensified, particularly in such commodities as wheat, steel, coal, nitrogen fertilizers, and certain items of industrial equipment. These shortages present the problem of supply and consequent economic repercussions to be faced during the next year. Most of the supply problems are of short-run nature that will tend to diminish throughout the 5 years under study, because increases in some domestic capacities are being undertaken and because foreign aid needs for many critical commodities can be expected to taper off sharply as production abroad gets under way. The supply impacts, moreover, can be minimized by establishing effective procedures for careful screening of requirements and for channeling of supplies so that they will serve to maintain production here and provide the means for rehabilitation abroad.

The survey makes clear that with or without a foreign-aid program, this country faces a pressing urgency for expanding its conservation practices such as those for preserving the fertility of the soil and the productivity of its forests and for extending its efforts to discover and develop new sources of supply for many basic materials. The Report stresses the need for stepping up our resources into new and better methods of using low-grade ores, byproducts, and what are now waste materials.

Selected for study in the report are those commodities which represent the bulk of current exports which are most likely to be required for a foreign-aid program. Included are agricultural products; coal; iron and steel; nitrogen fertilizers; metals (exclusive of iron and steel); machinery and equipment (including vehicles and agricultural machinery); petroleum and petroleum products; chemicals and related products; rubber and rubber manufactures; textiles; leather and

leather manufactures; fish; fats and oils; forest products and other building materials.

Studies of specific commodities reveal that in most instances exports are not a large claimant for the current high levels of production and are not relatively as large as before the war. Though many items are in scarce supply in the United States, chiefly as the result of the war and the extraordinarily high level of domestic demand, the only serious problems of supply to be anticipated in connection with foreign aid will be those related to shortages that are world-wide in character and result chiefly from wartime destruction or devastation of production facilities.

The small number of key commodities simplifies the problem, but their basic and interrelated character complicates it. Maximum effort to relieve current food deficiencies abroad interferes to some extent with the aim of restoring foreign economies to a self-supporting basis. At current high prices, United States farmers are eager to increase output and their strong competition for available supplies of nitrogen fertilizers and farm machinery increases the difficulty of satisfying export demands for these goods. Similarly, foreign demands for coal and steel compete with those for mechanical equipment. The need to effect a reconciliation among these and other competing demands, many of which are relatively unessential, poses the central problem of supply, so far as the foreign-aid program is concerned.

Specific discussion of the principal commodities that will be affected by the program follows:

WHEAT

In terms of volume and cost, for it is the cheapest source of calories needed to meet basic food deficiencies in foreign lands, wheat is by far the most important item of American food production in relation to foreign needs. Export of foods other than grains is important, but many of them are ordinarily too expensive in terms of cost per calorie to be substituted for wheat in large quantities in meeting demands.

Our current production of wheat is vastly in excess of our domestic food requirements. The wheat crop of 1947 was 1,400 million bushels, compared with 1,158 million bushels for 1946, and the ten-year average (1936-45) of 890 million bushels. Of almost 19 million long tons of food exported by the United States in the 12 months ended June 30, 1947, cereals made up 80 percent by weight, and exports of wheat alone (including flour) amounted to 10½ million long tons, or nearly 400 million bushels. These exports did not significantly reduce domestic use of grain products for human food, although additional grain could have been converted into meat and milk.

For 1948 and the following years the problem is to assure maximum wheat production for as long as it is needed to meet world shortages. The production goals that have been set are designed to encourage maximum wheat production and exports next year. Similarly high goals should be set in the years thereafter if the world wheat shortage continues. But whether such goals can be met will depend upon weather.

The immediate problem is securing the wheat for shipment during the current crop year. This supply problem, again is largely a result of the weather, both here and abroad. To be sure, the 1947 wheat crop in the United States exceeds the highest previous year by more than 200 million bushels and would ordinarily have permitted a substantial increase in exports over last year with a corresponding improvement in the food situation of importing countries. However, adverse weather has resulted in a short corn crop in this country, and in a drastic reduction in bread grain production in Europe. There is, consequently, an extremely serious wheat supply problem for the current crop year. The short corn crop means that exports of corn and other coarse grain during the rest of this fiscal year will be small and that relatively large amounts of domestic wheat will be fed to livestock, thereby reducing quantities available for export. The reduced grain production in Europe means that European food imports would have to be increased by the equivalent of 200 million bushels of wheat to maintain the low consumption levels of 1946-47. The supply problem is also affected by the level to which our carry-over stocks may safely be drawn down at the end of the fiscal year. In 1948 wheat crop prospects, as of next spring, are very good, carry-over stocks might again be brought down to the level of July 1947. If 1948 wheat prospects are relatively poor, it could be desirable to carry larger stocks into 1948-49.

From the standpoint of world food needs in 1947-48, it would be desirable for the United States to export much more wheat than the 1946-47 total of, roughly, 400 million bushels. However, our ability to increase wheat exports above this level will depend to a considerable extent upon our ability to hold wheat feeding of livestock below the levels that now seem probable. Government action to reduce wheat feeding by means of direct limitation orders could not be taken without additional legislation.

Possible types of action to assure maximum supplies of wheat for export would include food conservation programs, measures designed to reduce consumption (and hence prices) of other grains and livestock products, efforts among farmers, feed dealers and feeders to limit the use of wheat for feed, programs to limit the use of wheat and coarse grains by industrial users, such as the brewers and distillers, and measures to encourage freer movement of wheat from farms.

Consideration should be given to supplementing wheat exports by exporting other foods, particularly those in long supply to make up any discrepancy in wheat exports.

NITROGEN FERTILIZERS

The current low level of food production in many countries is due in part to inadequacy of current fertilizer supplies and to accumulated deficiencies of fertilizer applications during the war. Of the three essential plant nutrients, nitrogen, phosphorus and potassium—the first is used to obtain immediate increases in food production. Fertilizer phosphate and potash are necessary to the long run preservation of the fertility of the soil, but are not as effective for securing

immediate crop increases. Therefore, nitrogen is the most important fertilizer production and supply problem. Europe and North Africa possess ample reserves of the two other fertilizer minerals, and it is probable that production of these two fertilizers can gradually be brought into balance with European needs, if mining machinery, coal and other supplies can be made available.

While United States production of nitrogen (including the output of ordnance plants) has increased three fold since before the war, domestic consumption of nitrogen fertilizers has more than doubled. Although European production of nitrogen is almost back at prewar levels, total production abroad is still considerably below capacity, owing chiefly to an insufficiency of coal and electric power and world needs for nitrogen are greater than before the war.

With the exception of the nitrogen being produced in Army ordnance plants and exported to occupied areas, relatively small quantities of nitrogen are currently shipped from this country and even these quantities are secured only through the use of priority programs. Unless special measures are taken, American nitrogen capacity will expand only enough to keep pace with domestic requirements.

Considering transportation and cost, it appears desirable to export nitrogen for increased food production abroad rather than to continue to ship the greater tonnages of equivalent food from the United States. The most effective means of increasing nitrogen export include the stimulation of fuller utilization of plant capacity, the curtailment of industrial use of nitrogen and the diversion of fertilizers from domestic to foreign markets. Greater production from Government plants could probably be secured at higher cost until the plants are consolidated for efficient operation.

Exports of nitrogen do not constitute a significant drain on the natural resources of the country.

At least 380,000 metric tons of nitrogen capacity could be put in operation in Europe by making 3,000,000 metric tons of coal available for the purpose. This coal tonnage is about 1 percent of the total now being used for all purposes in Europe. Rehabilitation of war damaged plants or new construction would be needed in other cases to increase production. Production could also be increased through the use of idle nitrogen fixation facilities particularly in Europe and Japan.

COAL

The amount of coal which may be exported during the 1947-52 period is insignificant in terms of the vast resources of the United States, the report declares.

United States coal production, which reached high levels in the first half of 1947, is now being limited by a critical shortage of coal cars. This factor is a definite handicap to increasing coal exports.

At present production rates, total hard and soft coal output this year will approximate 660 million net tons, as compared with 593 million tons in 1946, when production was interrupted by two major strikes. Production in 1944 was 684 million tons, an all-time peak.

Consumption in the United States and Canada will be 627 million tons this year. If transportation facilities were adequate, sufficient

coal could be produced to meet United States and Canadian requirements and enough coal would be available for export to meet the most essential foreign requirements.

European demand for coal, excluding Soviet Russia, is at least 550 million tons annually. This is almost 100 million metric tons (110 million net tons) greater than European production. In 1946 the United States exported 41,198,000 tons of bituminous and 6,506,829 tons of anthracite. The report states that it would be possible to export 63 million tons of bituminous and 9 million tons of anthracite in 1947 if there are no interruptions of production and if sufficient cars were available to assure continuous operation of the mines.

In order to procure sufficient coal for domestic and export requirements during the balance of the year, the Report declares that the following steps are necessary:

(1) Adoption of a pooling arrangement at the ports to increase capacity (if such increase is needed). This pooling should improve the car supply, by permitting quicker unloading and shortening the turn-around time of coal cars.

(2) Promotion of coal purchasing during the season of slack demand which would spread the production load more evenly.

(3) Establishment of a more orderly purchasing system by foreign purchasers.

European requirements are expected to remain at a level approaching United States port capacity for possibly 2 years and then are expected to taper off in 1949, as production in Europe is rising steadily and, when accelerated, a steady drop in coal imports will be noted. Before the tapering off starts, however, overseas exports may reach an annual high point of 48 to 52 million net tons.

Notwithstanding high production, there is at present a tight market for all coals and for several months there has been a definite shortage of the better grades of coking and byproduct coal. Since the termination of distribution controls this spring, European buyers have been purchasing the better grade coals at premium prices and this has resulted in higher prices for some of the deep mine coal of the Appalachian area and has made the procurement of such coals difficult for United States buyers.

Some of the finest seams of high grade coking coals are nearly exhausted, while others are seriously depleted or have short life expectancies. This problem will not be seriously aggravated by a short-term foreign-aid program but, for the long-term outlook, requires attention. The report stresses the need for more information on coking coal reserves, more research on lower grade coals for coking, and the development of new technologies.

STEEL

Steel presents, in many ways, the most troublesome problem of all. Neither time nor facilities were available for fully adequate appraisal of the world-wide steel problem and the report states that the importance of steel in the world economy dictates that such an appraisal be made. It makes clear, however, that at present, there is a crippling shortage of steel in all foreign countries striving to recover from the

effects of the war. Existing iron- and steel-making plants in foreign countries are incapacitated chiefly because of shortages of raw materials, especially scrap and coking coal.

Foreign-aid requirements for steel products compete importantly with domestic demands and with the demands of South America and other developing areas. The accumulation of backlogs for both producers' and consumers' goods and the effects of population growth have raised domestic steel consumption to the highest peacetime levels. In most of the studies of specific commodities, the shortage of steel or steel products is indicated to be one of the principal bottlenecks to maintaining or increasing production.

To increase the current level of exports of iron and steel mill products without reducing domestic consumption will necessitate the breaking of certain domestic bottlenecks, particularly the shortage of steel sheet. Additional sheet and strip capacity is being installed by the steel industry and is becoming available in increasing quantities. A considerable portion of the most urgent foreign demand is for various kinds of ingots and rough shapes for which adequate finishing capacity is available in the United States. The basic limiting factor to exports, therefore, is not finishing capacity but ingot production which in 1947 will total some 6 million tons less than rated capacity. Everything possible should be done to bring this unused capacity into production promptly.

The gap between output and capacity reflects the shortage of raw materials, namely steel scrap and pig iron. Energetic efforts by industry with appropriate government encouragement and assistance will ease these raw material shortages. The most promising possibilities in addition to prompt return of industrial scrap, exist in the accelerated scrapping of remaining war surplus materials and the organization of systematic collection of obsolescent scrap. Another possibility is in the extension of the high pressure and oxygen techniques to increase output of pig iron from existing capacity.

Increasing the capacity of the steel industry by construction of new facilities would not be effective unless raw materials are available in adequate quantities, to make such new facilities fully productive. Moreover, such construction would require the use of steel that is critically needed both here and abroad. Careful consideration must therefore be given to every possible alternative for making maximum amounts of steel available and to assure its use for the most critical needs.

It may be possible to increase pig iron and ingot capacity through new technological means as a substitute for the construction of new blast and steel furnaces. The practicability of the use of oxygen enriched air in the open hearth process has already been demonstrated and indicates considerable increase in production. Every effort should be directed to accelerate the speedy development of foreign steel facilities.

INDUSTRIAL EQUIPMENT

In order to provide for the rehabilitation of European economy, certain items of industrial equipment will be needed. Many items of such equipment are readily available for export and will have little or no effect upon our domestic economy. There are particular types of equipment, however, that are especially needed abroad and are also in heavy demand at home and for which productive capacity is limited.

One of the most important items of foreign-aid requirements is freight cars, especially open tops for the transport of coal. In this country, the coal car shortage is one of the limiting factors in production. Mining machinery, including rubber conveyor belts, is another serious shortage that limits output per worker both in the coal mines of Europe and in the phosphate and potash mines of North Africa and Europe.

These and similar items of equipment are needed to assist in breaking some of the more serious bottlenecks in Europe's recovery. To the extent that they make coal and fertilizer available, they will permit the tapering off of outside aid in the form of these essentials and the food and steel products that are creating the greatest supply problems in this country and the world generally.

FARM MACHINERY AND TRACTORS

Production in the farm machinery industry, including nonfarm tractors, has reached a record annual rate of 1,225 million dollars. Compared to 1946 this represents a 20-percent increase, but only about half of this increment reflects a higher physical volume of production. The remaining 10 percent merely reflects an increase in prices during the first 4 months of 1947 as compared with the average for 1946.

The present level of exports of farm machinery, though about 50 percent higher than last year, has not deprived American farmers of needed equipment to the extent that any substantial reduction in food production has resulted. Even if present exports, estimated at 12 percent of production were further increased to 50 percent by 1948 it is doubtful whether the amount of new machinery available for domestic use would be reduced since total production in 1948 is likely to increase at least by an equivalent amount. Exports of farm equipment will not create any substantial drain on United States raw material resources, the report indicates.

PETROLEUM AND PETROLEUM PRODUCTS

Estimated 1947 rates of production and consumption of petroleum in the United States are at all-time highs, exceeding 2 billion barrels a year. This is more than the entire world consumed in 1938 and 800 million barrels more than this country consumed that year. Exports at about 159 million barrels, are much lower relative to production than they have been in the past, and for the first time in about 25 years

we have imported as much, or more petroleum than we were exporting.

Localized petroleum shortages may arise in the United States in the coming year. These will result, however, not from a deficiency in the domestic and foreign petroleum resources nor from exports, but principally from the shortages of tubing, casing, and pipeline for oil field development and the inadequate transportation capacity to carry the tremendous volumes of petroleum products now in demand in the United States.

Since 1918 United States exports of petroleum products have ranged from 14 to 20 percent of total United States production, except in the years 1932-36 when exports were about 10-11 percent of production. Currently, however, exports bear a much smaller proportion to production estimated at less than 8 percent in 1947—and are slightly below the level of imports in volume terms.

United States exports to Europe and elsewhere can be expected to decline somewhat over the next few years. As it becomes possible for us to do so, we can, if we choose, conserve our own oil resources by importing more petroleum for current consumption. The magnitude of such imports could exceed our present exports to Europe as to make the latter a negligible factor in the long range conservation picture.

6. OFFICIAL SUMMARY OF "THE IMPACT OF FOREIGN AID UPON THE DOMESTIC ECONOMY "BY THE COUNCIL OF ECONOMIC ADVISERS ("NOURSE REPORT")

(Released November 1, 1947)

In order that the principal findings and conclusions of the report may stand out clearly, they are now brought together in summary form.

SCOPE AND PURPOSE

The principal questions considered in the report are the extent of the burdens that would be imposed on the economy of the United States by providing further foreign aid during the next few years and the capacity of the economy to support those burdens. Since a companion report prepared under the direction of the Secretary of the Interior deals with national resources and physical capacities, the Council of Economic Advisers centers its attention upon the effect of exports, financed in part with Government funds, upon domestic production, consumption, and prices. Burdens are measured first in terms of goods made available abroad and withdrawn from domestic consumers, and second in terms of price effects; then these price impacts are looked at in their relation to the general functioning of the domestic economy; and then the effect on Government finance and the tax structure is examined.

THE IMPACT OF PAST AID—SIZE

The effect of the export surplus to date is highly relevant to an inquiry into the general impact of a new foreign-aid program because, at the levels of new foreign aid under discussion, the export surplus in the future will be lower than it has been in the recent past, while our total domestic output of goods and services will probably be higher in future years.

The size of the export surplus furnishes a general measure of impact, since it represents the excess of goods and services sent abroad over the goods and services that we import. In 1946, total exports were 15.3 billion dollars and the export surplus was 8.1 billion dollars. In the second quarter of 1947, total exports reached a peak annual rate of 21 billion dollars, imports were about 8 billion dollars, and the export surplus rose to an annual rate of 13 billion dollars, but in the third quarter exports declined to an annual rate of 18.3 billion dollars, and the export surplus to 10.3 billion dollars.

Since the end of the war, Government financial aid to European countries has financed about four-fifths of their excess of purchases from us in 1946, and nearly all of it in the second quarter of 1947.

The large part of the export surplus financed through our foreign-aid program has reflected economic conditions in Europe and the depletion of their buying resources. Since the end of the war, the Government has financed about one-third of our exports to the world as a whole, and about two-thirds of our total export surplus. The impact of aid has, therefore, been substantially less than that of the total export surplus.

EFFECT OF PAST AID ON DOMESTIC CONSUMPTION

The size of the export surplus to date has naturally decreased the amount of goods available for domestic consumption. But it has not, in view of the tremendous increase in American productive capacity during and since the war, prevented the American consumer from enjoying a general standard of living far above any prewar level. Actual domestic consumption of most significant items is now far higher than before the war. For example, per capita consumption of meat has risen from 125 pounds a year in the prewar period to an estimated 155 pounds for 1947. Such shortages of goods as we experience reflect unparalleled levels of domestic demand based on high national income.

EFFECTS ON PRICE LEVEL TO DATE

The high foreign demand has added to the inflationary pressure on prices, but the much larger domestic demand has been the principal cause of the upward pressure. Prices remained stable during the second quarter of 1947, when the export surplus reached its peak. In the third quarter of this year, although the export demand has been diminishing, it has played an important part in the increases in grain prices, due to high foreign demand for wheat in the face of adverse crop developments. Grain price increases have spread to livestock and other food products. But even for food, the sharp rise stemmed largely from the exceptionally high domestic demand. Looking at the economy generally, price inflation has been caused mainly by domestic factors, but shortages of specific commodities present different problems as will be shown later.

THE GENERAL IMPACT OF A NEW FOREIGN-AID PROGRAM

In the absence of a new foreign-aid program, it is likely that our export surplus would sink to an annual rate of 4 to 5 billion dollars by next year, contrasted with the 13 billion dollar annual rate in the second quarter of 1947 and an estimated current annual rate of about 10 billion dollars. Assuming that our imports remain at approximately the current level of about 8 billion dollars a year, our total exports during next year would sink to an annual rate of 13 billion dollars or less, compared to an annual rate of 21 billion dollars in the second quarter of 1947 and an estimated current annual rate of about 18 billion dollars. The major reductions would occur in our exports to Europe.

While this rapid reduction in exports would probably not inflict serious short-run damage on our own economy, substantial problems of readjustment would be generated. Moreover, the industrial paralysis which could be expected to result in some other countries would have repercussions of major proportions upon our own economy and upon world stability.

The report assumes for illustrative purposes a foreign-aid figure based upon the Paris Conference report which would reach a maximum annual rate of 8 billion dollars during the first year, including about 1 billion dollars already authorized, and which would produce a maximum export surplus of about 12 billion dollars a year. This would mean total exports at a peak of not more than 20 billion dollars a year, assuming 8 billion dollars of imports. Since these levels are lower than those reached during the second quarter of 1947 and would decline appreciably from year to year, it follows that the export surplus resulting from any future foreign-aid program will at no time equal, and for most of the time will be substantially less, than levels which have been reached during the current year.

In view of the long-run prospect for increasing American output if maximum employment and production are maintained, these facts lead to the conclusion that the general impact of a new foreign aid program of the assumed size upon the American economy could be sustained because a larger impact has already been sustained. The report stresses, however, that problems raised by specific commodities in relatively short supply could distort or overturn this generally optimistic picture if not dealt with effectively.

THE PROBLEM OF SPECIFIC COMMODITIES

Food, steel, industrial and agricultural machinery, coal, and fertilizer are items of key significance because foreign demand for these goods is especially urgent whereas they are in relatively short supply in this country.

The impact of the grain shortage.—The food situation is the most serious. The problem stems from a very short corn crop at home, coinciding with a bad crop year for food grains in Europe. Although the domestic wheat crop was at a record level, adverse corn crop developments and high meat prices have provided incentives for feeding large amounts of wheat to livestock.

Exports of wheat will need to be maintained at recent levels. At the same time, the domestic demand both for grains, and for meat, poultry, and other food continues to be very high despite record prices. Food price increases have already become serious, and further food price increases would decrease the value of each dollar of foreign aid extended, work additional hardships upon American families of low or moderate income, and threaten an inflationary price-wage spiral which could adversely affect the whole economy. If wheat exports continue at the levels set by foreign need, and if the domestic demand for food remains at or near its postwar level, conservation and other measures to regulate use and hold prices in check will be needed in

this country. With such measures to maintain healthful nutritional standards, the supply here would be adequate to serve nutritional and other needs satisfactorily although not luxuriously.

Steel and steel products.—Our total production of rolled-steel products during the first half of 1947 was at an annual rate of more than 62 million short tons, contrasted with less than 35 million tons in 1939. Although exports rose from about 2½ million tons in 1939 to an annual rate of 6½ million tons in the first half of 1947, the amount of steel available for domestic consumption is much higher than before the war. But owing to the enormous increase in our steel-using industry, the relative steel shortage is of serious proportions, and there is not much prospect of large increase in production in the short run. The chief danger here is that this supply situation may be translated into further increases in the price of steel and steel products which would give an additional inflationary impetus to the whole economy. High domestic and foreign demand for industrial and agricultural machinery is closely connected with the steel problem.

The general conclusion regarding steel as well as food is this: Whether the domestic situation worsens considerably or progresses satisfactorily depends upon the use of vigorous, affirmative measures to assure distribution to the most urgent uses and to prevent a spiraling of prices.

Coal and fertilizer.—In the case of coal and fertilizer, for which there is a large foreign need to quicken the process of economic restoration, the domestic economy can well afford to continue or even increase shipments of these commodities. Domestic shortages are not serious (for coal, the problem is mainly one of transportation), while shipments abroad will lessen the demand for other imports by hastening the revival of production in Europe.

FISCAL IMPACT OF FOREIGN AID

Foreign Aid to date has been financed with revenues derived from taxation and not through increasing the national debt. This policy should continue so long as our own economy continues to operate at high levels and under inflationary pressure. Even had there been a smaller foreign-aid program in the past, and even without a new foreign-aid program, it would be undesirable to reduce the level of taxes while such pressures exist. On the other hand, from the budgetary standpoint, a new foreign-aid program should not call for increased taxes. Further, since the general impact of a new foreign-aid program would be less than the recent impact of foreign aid, such a new program would not increase inflationary pressures above recent levels and therefore would not call for still higher taxes as an anti-inflationary measure. The amount of exports financed with Government aid has ranged between 2 and 3 percent of our gross national product, and will be less in the future, and our general financial capacity to support such a program cannot be questioned.

SOME LONG-RANGE IMPLICATIONS OF FOREIGN AID

To the extent that aid is provided through loans, these can be repaid only through restoration of the export trade of other countries. This will expose American industry to added competition, a test which must be faced. Some outright gifts to meet emergency demands, however, will more rapidly qualify these countries for loans from the International Bank and private sources and more rapidly restore a well-balanced world trade.

In the longer run, the economic restoration of Europe will benefit our own economy by enabling us to obtain more goods by advantageous trade. On the other hand, a cessation of foreign aid would force an economic reorientation of Europe which would be detrimental to our economy.

SOFTENING THE IMPACT OF FOREIGN AID

A new foreign-aid program will have a severe or a moderate impact on our economy depending upon the domestic measures we adopt. These measures involve both the administration of foreign aid and related questions of domestic economic policy.

The seriously inflationary consequences that would result from mismanagement of the situation in such commodities as food and steel require selective distribution to the most necessary domestic and foreign uses. The two types of uses are interrelated, because the demand in both cases takes place at the same strategic spots in the American market. The consequences can be dealt with effectively only through careful coordination of all measures undertaken.

The relative shortages of specific commodities require export controls, allocations for domestic use, discouragement of misuse or excessive use, efficient transportation and distribution, and the curbing of speculation and hoarding of goods.

The general inflationary threat resulting from the combined impact of foreign and domestic demand requires the continuance of tax revenues at present levels, maximum economy in Government expenditures, stimulation of saving, and the enlargement and aggressive use of measures to control dangerous expansion of credit.

The proposal for new foreign aid requires that we face with greater wisdom and courage than ever before the dangers to our whole economy that are now revealing themselves in the form of relative shortages and inflationary pressures at strategic spots in the economy. The foreign-aid program compels us to face certain domestic problems squarely, but remedial and preventive measures available to us are adequate if we have the courage to use them.

7. OFFICIAL SUMMARY OF "EUROPEAN RECOVERY AND AMERICAN AID" BY THE PRESIDENT'S COMMITTEE ON FOREIGN AID (HARRIMAN REPORT) ¹

(Released November 8, 1947)

PRINCIPLES

The President's Committee on Foreign Aid was asked to determine the limits within which the United States could safely and wisely extend aid to western Europe. It has approached this assignment in a spirit of realism.

We believe that the future of western Europe lies very much in its own hands. No amount of outside aid, however generous, can by itself restore to health the economies of the 16 nations which met at Paris in July. Except in western Germany, where the United States has direct governmental responsibility, the success of any aid program depends ultimately on hard work and straight thinking by the people and the governments of the European nations themselves. The 16 nations, and western Germany, comprise over 275,000,000 men and women. They possess great agricultural and industrial resources. Even at its present depressed state, the production of this area is vastly greater than any aid which this country can provide. Such aid must be viewed not as a means of supporting Europe, but as a spark which can fire the engine.

The Committee is also aware that the volume of aid required from the United States is of such proportions that it will place a substantial burden on the people of the United States. For all its resources, The United States is no limitless cornucopia. The population of this country represents something less than 7 percent of the population of the world. This country has heavy responsibilities at home as well as in Europe, in Asia, and in our own hemisphere. The aid which we give represents, to be sure, only a small fraction of our total production. But at the present time, there is no slack in the American economy and every shipment abroad of scarce goods—especially food which Europe must have—adds to the inflationary pressure at home.

The Committee regards as nonsense the idea which prevails to a considerable degree in this country and abroad that we need to export our goods and services as free gifts, to insure our own prosperity. On the contrary, we are convinced that the immediate economic danger to the United States is inflation, which means, among other things, a shortage of goods in relation to demand. We believe that our goal

¹Parts 1 and 2. Summary and General Report; part 3, Special Reports. Washington, D. C., November 1947. Mimeographed. About 379 pages.

should be to bring about a condition where exports from this country are more nearly balanced by a return flow from abroad of services and materials essential to our own economy. We also believe that the European nations desire to achieve such equilibrium in the interests of their self-respect and prosperity. To make this equilibrium possible should be a major objective of any program of aid.

The interest of the United States in Europe, however, cannot be measured simply in economic terms. It is also strategic and political. We all know that we are faced in the world today with two conflicting ideologies. One is a system in which individual rights and liberties are maintained. The opposing system is one where iron discipline by the state ruthlessly stamps out individual liberties and obliterates all opposition.

Our position in the world has been based for at least a century on the existence in Europe of a number of strong states committed by tradition and inclination to the democratic concept. The formulation of the Paris report is the most recent demonstration that these nations desire to maintain this concept. But desire is not enough. The democratic system must provide the bare necessities of life now and quickly rekindle the hope that by hard work a higher standard of living is attainable. If these countries by democratic means do not attain an improvement in their affairs they may be driven to turn in the opposite direction. Therein lies the strength of the Communist tactic: It wins by default when misery and chaos are great enough. Therefore the countries of western Europe must be restored to a position where they may retain full faith in the validity of their traditional approaches to world affairs and again exert their full influence and authority in international life.

2. POLICIES

The success of any program for aid which may be adopted will depend on the policies which this country and the European nations pursue. It should be made a condition of continued assistance under such a plan that the participating countries take all practicable steps to achieve the production and monetary goals which they have set for themselves in the Paris report. Failure to make genuine efforts to accomplish these results would call for cessation of further assistance.

However, aid from this country should not be conditioned on the methods used to reach these goals, so long as they are consistent with basic democratic principles. Continued adherence to such principles is an essential condition to continued aid but this condition should not require adherence to any form of economic organization or the abandonment of plans adopted in and carried out in a free and democratic way. While this Committee firmly believes that the American system of free enterprise is the best method of obtaining high productivity, it does not believe that any foreign-aid program should be used as a means of requiring other countries to adopt it. The imposition of any such conditions would constitute an unwarranted interference with the internal affairs of friendly nations.

The goals which the European governments have set for themselves and with which our Government may legitimately concern itself are conditioned by the nature of the European economic problem. The reasons for the inability of western Europe to balance its accounts with the rest of the world at the present time are generally understood and are ably analyzed in the CEEC report. Western Europe is cut off from the food and supplies which flowed from eastern Europe before the war. Foreign investments and shipping revenues have been lost. The costs of essential food and raw material imports have risen and are still rising. To overcome these disadvantages European production must expand well above prewar levels; yet in important industries, especially coal mining, and important areas, especially Germany, it is lagging badly. It is the judgment of all competent observers that these troubles flow from an acute shortage of working capital and from the serious disintegration of organized economic life rather than from wartime physical destruction. Working capital in the form of fuel, raw materials, and food is needed to sustain Europe until its production is built up. Some capital equipment is needed to further the rehabilitation of industry. An effective restoration of the purchasing power of money is essential to the resumption of ordered economic life.

The Paris report cannot be praised too highly for its emphasis on this point. It clearly states that European production can expand only as currencies and exchange rates are stabilized, as budgets are balanced, and as trade barriers are reduced. Postwar experience has abundantly proved that if money demand is vastly in excess of the supply of goods, the effects of "repressed inflation" are almost as bad as the disease itself. Germany is merely the most horrible example of an attempt to restore economic life without giving people a money they can trust. In this situation, the rapid spread of black markets undermines the respect for law. Normal monetary incentives cease to operate. The worker has no just reward for his labor and the farmer refuses to sell his produce. Resources are dissipated. Trade degenerates to barter. Controls tend to become self-perpetuating.

Achievement of monetary stability would allow a gradual restoration of normal incentives and a gradual return to a system where individuals, and enterprises, both public and private, can operate in markets. It would also allow the stabilization of exchange rates, which is all but impossible so long as inflation proceeds apace. It is obvious that this situation makes balance of payments problems that much more difficult. The Committee believes that in the near future some adjustment of exchange rates must be made. The prelude to that is internal monetary reform.

The Paris report rightly emphasizes the need for scaling down restrictions on trade between countries. But the reduction of tariffs is of little moment if exchange controls and other controls have to be maintained indefinitely. Whatever one's attitude toward planning and free enterprise may be, there is all but universal agreement that true economic recovery depends on releasing the energies of individuals and cutting down on time-consuming regulation of production and distribution.

3. NEEDS AND CAPACITIES

In emphasizing these points, the Committee is simply making explicit the principles that are imbedded in the Paris report. It does not wish to imply that confidence in currencies can be restored without increased production abroad combined with substantial injections of American aid. It believes that the need for holding inflation in check in this country and in Europe bears directly on the magnitude of the aid we can and should extend.

The Committee found little evidence that the goals set at Paris to restore standards of living were excessive in terms of basic necessities. Even if all the estimates submitted at Paris were to go through as planned, Europeans would not be eating as well in 1951 as they ate in 1938. If food were available, it would pay to meet these estimates in full in the interest of political stability. This is especially true in the case of western Germany, where more food is essential to secure more coal production and the revival of an economy now obviously on dead center.

The Committee, however, is not convinced that the participating nations at Paris were wholly realistic in their plans for capital expansion. On the first point, it is obvious that if Europe is to be revived and made self-supporting—if our aid program is not to degenerate into just another relief program—the European nations will have to rehabilitate their capital plant. But it cannot be too strongly stated that the process of investment and capital formation imposes a severe strain on the country undertaking it. It means the introduction of money income into the economy, with no comparable output of consumer goods to sop up this purchasing power. This process is highly inflationary. To the degree that capital goods are sent to Europe from the United States, it is true, the strain is transferred from European economies to our own. Nevertheless, the secondary effects of large capital programs should not be overlooked. At the present time, gross investment in the United States is running at about 17 percent of total national product at the height of a boom. Some of the European nations have attempted to exceed this rate. It seems unlikely that European nations can prudently afford to sustain capital formation on as large a scale as they have planned. What this means, in effect, is that housing programs and capital development may have to be slowed down until European recovery is much more advanced than at present.

In addition the program written at Paris may have to be modified by a shift in the amounts going to the separate countries. As this shift is made, we believe that the amount of aid allotted to Germany may have to be higher than was set at Paris. This Committee wishes to state emphatically that the overwhelming interest of the United States is to prevent the resurgence of an aggressive Germany. The fears of neighboring nations are thoroughly understandable. On the other hand, it is generally admitted that the revival of Ruhr coal output, along with the increase in British coal output, is the crux of the problem of getting western Europe back on its feet. Apparent savings to the American taxpayer, accomplished by spending too little

money on Germany, have thus far been more than offset by the consequent deterioration of the general European economic situation.

The final determining factor in the size of a prudent program is the availability of commodities in this country. The Committee has canvassed such availability in detail. At the Paris Conference, it was concluded that the Western Hemisphere simply did not have the food resources to supply all of the estimated needs. As against estimated need for 35 million tons of grain, the Paris Conference conceded that 25 million tons was the maximum which could be obtained from the outside world with about 9 million tons coming from the United States. In 1947, the United States will probably export some 15 million tons of grain with about 9 million tons going to Europe. In view, however, of the poor American corn crop and the lack of fall rains, only a most favorable crop year in 1948 would make any such performance possible.

With a number of other commodities, the situation is only a little less stringent. Steel and the steel-making materials, especially scrap, are in particularly short supply in the United States. Because it is a basic industrial material, the effects of this shortage are pervasive. Coal exports at a high rate are possible, though they are imposing a strain on the United States transportation system and there may be a few shortages in the coming winter. The margin between supply and demand of petroleum products is very narrow in this country. The European countries do not expect to import this commodity from the United States in volume, but the shortage, like that of steel products, is world-wide. There is little likelihood that these requirements set forth at Paris can be met.

The situation is much the same in regard to most of the items of machinery and equipment the European nations need. In the middle of an agricultural boom, the demand of American farmers for farm machinery is well beyond the capacity of the industry. As to mining machinery, coal output is at a high rate and American mine operators are buying as much machinery as they can obtain. Heavy electrical equipment of all kinds is perhaps the tightest industrial item of all. The story is much the same for certain of the basic raw materials.

These remarks do not imply that the United States can do little toward the rehabilitation of Europe. European governments and private firms have placed large orders in the United States for industrial equipment. A voluntary food-conservation program has been initiated to make food available for export. In spite of shortages here, manufacturers of automobiles and farm machinery are voluntarily maintaining exports. If funds were available to finance European purchases and if European requirements were known in detail, exports could at least be maintained, and in many cases stepped up. In overall terms, a foreign-aid program would not even require the maintenance of present rates of exports. The conclusion that does emerge from the examination of particular markets for particular commodities is that supply will be a limiting factor in many cases and that many European requirements cannot be met in full.

4. THE MAGNITUDE OF AMERICAN AID

On the basis of revised estimates of European imports and exports, the Committee calculates that the cost of the European aid program to the Government of the United States would be about 5.75 billion dollars for the first year, and between 12 and 17 billion dollars for the whole program here suggested.

These figures are not comparable to those contained in the Paris report. The latter are estimates of the deficit the participating European countries would incur in their trade with the Western Hemisphere. They measure the margin by which the European countries expect their payments in dollars for goods and services imported from the Western Hemisphere to exceed their receipts in dollars.

The Paris estimates of imports have had to be revised downward, mainly on the grounds of unavailability of goods. To the extent of this revision the estimated cost of the program was also reduced. At the same time it was necessary, on grounds of realism, to revise downward the European estimates of exports and to modify the figures in a number of other ways which increase the cost. The result was an estimate by the Committee that the balance of payments deficit would be 1 billion to 1.5 billion dollars lower in the first year and possibly as much as 5 billion dollars lower for the whole plan than that contained in the Paris program.

The Committee's estimate of the cost to the United States Government is a smaller figure than the foreign-trade deficit. First, a deduction must be made for the part of the program that can be financed through the International Bank. Second, there may be private financing. Third, a large part of the European deficit with the American Continent is with countries other than the United States. In its own interest, the United States will probably have to supply funds to cover a part of this deficit but we should not have to finance it in full. When allowance is made for these deductions, the resulting figures are those given above for the cost to the United States Treasury.

It is helpful to compare the figures for the cost to the United States Government with what the United States has been doing for Europe in the past. Before the run on sterling in July the annual rate of withdrawals on the British loan was about 2.6 billion dollars. In addition, in the first half of 1947 the rate of withdrawal on other European aid programs—relief, UNRRA, and special grants—was about 2 billion dollars. In 1947 the United States assumed only half of the cost of German occupation, but in 1948 it seems likely that it will have to assume the whole burden, amounting to about 1 billion dollars.

When all these factors are taken into account, the program of aid proposed for 1948 proves to be a moderate increase on what the United States has in the recent past been spending in Europe and what will probably have to be expended in Germany in any case. In addition the program calls for increased lending operations by the International Bank.

Looking to the years beyond calendar 1948, the Committee emphasizes that any estimates are altogether speculative. The American

people have an understandable interest in trying to ascertain the drain on their resources in the future. But it is totally impossible, and indeed unwise, to attempt to calculate this with accuracy. The Paris conference suggested that the total European foreign exchange deficit for the 4-year period 1948-51 would be about \$22,000,000,000. The Committee's estimates range from \$17,000,000,000 to \$23,000,000,000. When deductions are made for various types of financing, the range of possible appropriations would be \$12,000,000,000 to \$17,000,000,000. But the Committee cannot emphasize too strongly that any aid extended to Europe must be on a year-to-year basis. It must be subject to constant, vigilant review of the Congress.

5. FINANCE AND ADMINISTRATION

Even to carry out a prudent program in 1948 entails the execution of certain fundamental policies on the part of the United States Government and the most careful administration. The Committee believes that any aid to Europe offered by the United States should be financed out of taxes, not out of borrowing. The maintenance of a surplus in the United States Treasury is a necessity in this inflationary period.

A foreign-aid program will require means to make available goods that are in short supply. Voluntary measures should be relied upon wherever possible. If and when they are not, the Government will probably require authority to set priorities in order to insure the availability for export of limited amounts of the items most critically needed. It might also have to issue limited orders to control consumption of critical materials such as those still in effect for tin. Especially in the field of food it might be necessary to use the device of requiring that limited quantities be set aside for export.

It must be emphasized that these suggestions apply only to the foreign-aid program and not to the broad problem of inflation. The Committee is convinced that inflation is a serious deterrent to the stability of the American economy, but any consideration of a program to control inflation would have been beyond its competence and its terms of reference.

The Committee is convinced that the administration of the program is of primary importance because it will be necessary, for reasons given above, to adjust the program as it goes forward. To insure unity of administration, it is recommended that a new independent agency be set up in the Federal Government. The head of this agency should be appointed by the President and confirmed by the Senate. A board of directors should be appointed, representing the departments of Government concerned with the program, including the Secretary of State and such other persons as the Congress may see fit to add.

The head of the new organization should be chairman of this board which should have power only to establish and adjust general policies within the framework of congressional action.

The operating decisions should be made by the head of the new organization, but it will be necessary for him to work out effective

means for cooperation with the State Department concerning these major decisions which have an important bearing on the foreign policy of the United States.

The closest possible relations should be maintained between the new organization and the Congress. This is a question to be solved by the Congress, but we suggest it might be done by a special joint committee created for this purpose, as in the case of the Atomic Energy Commission.

The new organization must have a chief representative in Europe, reporting directly to the head of that organization, and responsible to him, to deal with the continuing committee set up by the participating countries, and also to coordinate the activities of the various local representatives of the organization in those countries. In addition, representatives will be needed in the different countries. They will have to report to and be under the direct control of the head of the new organization. But they should keep the Ambassadors in the respective countries informed of their communications. In all cases where there is necessity for taking up important matters with governments, it should be done by the Ambassador to the end that there will be only one diplomatic representative of the United States in these countries. Due to the need for flexibility in the program, the Committee recommends that the corporate form of organization be given careful consideration.

6. SUMMARY

The basic conclusions of the President's Committee on Foreign Aid may be summarized as follows:

1. The hope of western Europe depends primarily on the industry and straight thinking of its own people.

2. The United States has a vital interest—humanitarian, economic, strategic, and political—in helping the participating countries to achieve economic recovery.

3. The aid which the United States gives will impose definite sacrifice on this country.

4. The magnitude of western Europe's deficit with the American Continent in 1948 will be of the order of \$7,000,000,000, but when all possibilities of financing are taken into consideration, the approximate need for appropriations past and future to cover the calendar year of 1948 may be on the order of \$5,750,000,000.

5. The extension of such aid, now or in the future, calls for anti-inflationary fiscal policies on the part of this country, and a new agency to administer the aid extended.

As a final word, both on the magnitude of the program recommended and on the policies outlined, it is well to bear in mind that success depends on giving way neither to over-optimism or to undue pessimism. It is one thing to propose a program, it is another to see it through. The immediate months and indeed years ahead are not apt to be easy either for this country or for the European nations. It is not wise to underestimate the steepness of the climb.

By the same token, however, it is essential to maintain perspective. The years following World War I were years of intense dislocation and dissolution both at home and abroad. Yet, by 1924, Europe, which seemed totally disorganized in 1919, was well on its way to recovery. Even more in point would seem to be the wartime experience of this Nation and other democracies. In 1940, it seemed inevitable that a large part of what we call western civilization was irreparably lost. In late 1941, following Pearl Harbor, the fortunes of this Nation were at an all-time ebb. Yet 4 years later, complete victory had been gained, American arms stood triumphant in the east and in the west, and it was obvious that the United States had entered into a new period of power, prestige, and responsibility. The following years have contained many disappointments. Wartime alliances have melted away. Yet it is safe to say that at no time in history has there been more need for western Europe and the United States to stand firmly together. And who will say that, if we apply to the making of the peace the same spirit which triumphed in war, we may not see an equally dramatic vindication of the ideals and principles of free men everywhere?

7a. THE MAGNITUDE OF THE PROGRAM

(Sec. 7 of Part II of "European Recovery and American Aid" by President's Committee on Foreign Aid)

A. NATURE OF THE CALCULATIONS

The analysis in section IV on requirements and availabilities indicates limits on the quantities of a number of key commodities that can be made available to Europe. . . . It is now urgently necessary to estimate the over-all cost and it is understandable that Americans and Europeans attach great significance to any such estimate, whether it is the CEEC estimate as a measure of European need or an American estimate as a measure of what the United States can undertake. This section of the report sets forth estimates of over-all magnitude. . . . But in presenting them, the Committee wishes to make two observations, both of which are warnings against overemphasizing the importance of any such figures of over-all dollar magnitudes.

The first observation is that, while total magnitudes have to be expressed in dollars, the basic decisions should be made not in terms of amounts of money but of quantities of goods. This has nothing to do with administration. It does not mean that any part of a program of American aid should necessarily take the form of the supply of commodities rather than the transfer of funds. It is rather a way of emphasizing the fact that the real cost to the people of the United States depends upon the amounts of goods and services supplied; that is, the real wealth transferred to the governments and people of other countries. It does not depend upon the size of entries in books of account.

The second observation has to do with the nature and imperfections of the figures. The amount of American aid required can be estimated only by calculating the foreign exchange deficit of the participating countries. To make such a calculation even for a limited period it is necessary to engage in a kind of economic forecasting which is subject to a wide range of error, no matter how honestly and carefully done. An estimate of what Europe will actually import must take account of the availabilities of supplies elsewhere in the world. European exports depend directly upon production and that, in turn, upon imports. Unpredictable though they are, Europe's imports, exports, and production can be more reliably forecast than can the prices at which European exports can be sold and the prices that will have to be paid for imports of food and raw materials. Yet a change in the forecasting of any one of these alters the estimate of the foreign exchange deficit.

Because of the inherent impossibility of narrowing the margin of error to a tolerable size, no honest man will try to decide at this time

how much aid Europe will need and how much it would be wise for the United States to give for a period as long as four years. Grave consequences would follow from any ill-advised attempt to achieve a finality for which there is no basis. A rigid ceiling set too low would provoke another crisis; one set too high would encourage waste. Nor is finality necessary. Presumably, funds to cover most of whatever program is approved will be provided by congressional appropriation or by a public corporation whose annual budgets would be subject to congressional review. Hence, the final decision will be made year by year; administratively, the unpredictability of the need will be recognized. However, the American people have a right to know what is likely to be the ultimate cost of any commitment upon which they enter. Accordingly the estimates presented here are in the form of a range of possibilities defined by an upper and a lower limit rather than in terms of a specific figure. Estimates in this form of the magnitude of the whole program must be supplemented by more precise figures covering the first year.

B. THE BURDEN ON THE UNITED STATES TREASURY

The committee believes that the burden on the United States Treasury in the form of grants and loans would be approximately 5.75 billion dollars for the first calendar year of the program and between 12 and 17 billion dollars over the whole 4-year period. If American aid is promptly made available so that the calendar year 1948 may be taken as the first year, the unexpended portions of appropriations already made for aid to the participating countries will cover a part of the cost. It is estimated that approximately three-quarters of a billion of such funds will remain which would reduce the amount of new appropriations needed to approximately 5 billion dollars.

These figures do not represent the full foreign exchange deficit of the participating countries. The way they are calculated is summarized on the following pages in table I for the year 1948 and in table II for the years 1948-51. The first step is to estimate the imports that the European countries will need from the United States and from Canada and Latin America. This is the major cost that the countries in question have somehow to cover in currencies other than their own. Next, it is necessary to estimate the participating countries' exports to the Western Hemisphere. To the extent of their exports they will be paying for their imports with their own production. Although exports and imports are the two largest elements in the balance of payments, there are other costs they will incur and other revenues they will receive in the currencies of the Western Hemisphere countries. One cost is that of supplies for dependent territories. Another is for services of all kinds, especially shipping services. The revenue items include earnings on their remaining investments in this hemisphere and what we pay for shipping and other services. All of these items are summed up in the third and fourth lines of tables I and II. The result is a figure for the estimated balance of payments deficit which measures the excess of the costs that must be met by the participating countries in the Western Hemisphere over their revenues from the Western Hemisphere.

TABLE I.—Balance of payments projection, 1948

(Billions of dollars)

	CEEC			Low availability			High availability		
	U. S. A.	Other America	Total America	U. S. A.	Other America	Total America	U. S. A.	Other America	Total America
1. Imports.....	-5.93	-3.24	-9.17	-4.35	-2.96	-7.31	-5.05	-3.41	-8.46
2. Exports.....	+1.85	+1.31	+2.16	+1.70	+1.10	+1.80	+1.85	+1.31	+2.16
3. Net position on invisible account.....	-5.66	-1.02	-6.68	-4.45	-1.86	-6.31	-4.42	-2.10	-6.52
4. Net position of dependent territories.....	-1.35	-1.11	-2.46	-1.35	-1.11	-2.46	-1.35	-1.10	-2.45
5. Unadjusted balance of payments.....	-5.99	-2.06	-8.05	-4.45	-1.88	-6.33	-4.92	-2.14	-7.06
Terms of trade assumptions:									
6. Assumption of stable prices of imports.....									
7. Assumption of falling prices of imports.....									
Adjusted balance of payments:									
8. Assumption of stable prices of imports.....									
9. Assumption of falling prices of imports.....									
10. Non-Treasury financing.....									
Financed from U. S. Treasury:									
11. Assumption of stable prices of imports.....									
12. Assumption of falling prices of imports.....									
			7.13			5.78			6.34
						5.23			5.71

TABLE II.—*Balance of payments projection 1948-51*
[Billions of dollars]

	CEEC			Low availability			High availability		
	U. S. A.	Other America	Total America	U. S. A.	Other America	Total America	U. S. A.	Other America	Total America
1. Imports.....	-21.03	-14.05	-35.08	-14.91	-13.31	-28.22	-18.80	-15.61	-34.21
2. Exports.....	+4.67	+7.63	+12.30	+4.10	+6.50	+10.60	+4.68	+7.63	+12.31
3. Net position on invisible account.....	-1.58	+1.01	-1.57	-1.28	+1.50	-1.78	-1.02	+1.40	-1.62
4. Net position of dependent territories.....	-.39	-.27	-.66	-.33	-.33	-.66	-.17	-.29	-.46
5. Unadjusted balance of payments.....	-18.33	-6.68	-25.01	-12.42	-6.64	-19.06	-15.11	-7.87	-22.98
Terms of trade assumptions:									
6. Assumption of stable prices of imports.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
7. Assumption of falling prices of imports.....	-----	-----	+2.57	-----	-----	-2.08	-----	-----	+2.52
Adjusted balance of payments:									
8. Assumption of stable prices of imports.....	-----	-----	-----	-----	-----	-19.10	-----	-----	-22.98
9. Assumption of falling prices of imports.....	-----	-----	-22.44	-----	-----	-16.98	-----	-----	-20.46
10. Non-Treasury financing.....	-----	-----	+3.13	-----	-----	+4.48	-----	-----	+5.82
Financed from U. S. Treasury:									
11. Assumption of stable prices of imports.....	-----	-----	-----	-----	-----	14.62	-----	-----	17.16
12. Assumption of falling prices of imports.....	-----	-----	19.31	-----	-----	12.50	-----	-----	14.64

It is impossible to go further in the calculation without encountering a major complication. Plainly, the size of the European balance of payments deficit will very directly affect the prices the European countries will have to pay for European imports. If prices decline, they will be able to buy needed food and raw materials more cheaply; if prices stay at present levels or rise further, their imports will cost them proportionately more. The CEEC made its calculations on the basis of an assumption the committee believes to be unrealistic. However, to rest any conclusions on any specific assumption as to the behavior of prices introduces into them an unpredictably large element of uncertainty. Therefore, two alternative assumptions have been employed. One takes account of the present high prices and allows for little price decline in the next four years. The other is the optimistic assumption employed by the CEEC that the prices the European countries pay for their imports will decline steadily. The estimate of the balance of payments deficit has been adjusted on the basis of each of these two assumptions and the adjusted figures are those in lines 8 and 9.

The resulting adjusted deficits are considerably larger than the estimated burden because they will not have to be covered in full by grants or loans from the United States Government. In order to arrive at the cost of the program to the United States Government at least three deductions must be made from these figures. First, whatever dollar funds the International Bank makes available for the financing of capital development programs will serve to make up a part of the deficit. Second, unless it is contemplated that the United States Government shall make up the entire balance of payments deficit incurred by the European nations in their trade with Canada and Latin America, a further deduction can be made for that proportion of it that is covered in some other way. Third, there will almost certainly be some private capital funds available to finance European governments and enterprises, especially in the latter part of the period. The American corporations that have branch plants, for instance, will probably have to provide some such funds. Effective monetary and exchange stabilization would make some European private dollar balances available. A successful recovery program will certainly place a number of the European governments in a position to go to the private capital market before the four years have elapsed. These deductions should total between 1 and 1.25 billion dollars in 1948 and from 4 to 5 billion dollars over the 4-year period. The estimates set forth above of the burden on the Treasury are arrived at by making these deductions from the adjusted balance of payments deficits.

The final results appear in lines 11 and 12 of tables I and II. As to the cost of the whole 4-year program, the lowest figure arrived at by the most favorable combination of assumptions is 12.7 billion dollars, the highest is 17.2 billion dollars. There is a similar range of possible estimates for the year 1948. However, certain possibilities as to the first year can be discarded as highly unrealistic. It seems particularly unlikely that European imports can be bought during the next 12

months at the prices that prevailed last July, in view especially of the large increase in the price of food that has taken place since then and the world shortage that seems certain to continue for another year at least. Consequently, the range of figures for the cost to the Treasury that is believed by the Committee to be relevant is from about 5.5 to just over 6 billion dollars. It is recommended that planning proceed on the basis of the figure of 5.75 billion dollars as stated above.

C. EUROPEAN IMPORTS

This statement of conclusions needs to be supported and explained by some reference to the underlying estimates. It is logical to begin with the figures for European imports. Certain import requirements appear to have been overstated even as requirements. However, those for foodstuffs and for most consumers goods have not, and probably raw-material requirements are reasonable as such. But certain of the figures for capital goods and equipment are decidedly high. The most extreme case is that of agricultural machinery. The amount stated to be required is so large that there is the gravest doubt as to whether it could be utilized by the importing countries even if it could physically be made available and its import could be financed. Mining machinery is another case in point. Although a high priority is and should be attached to expanding coal production, a highly competent study by the European coal organization suggests the requirement may be lower than that stated by the CEEC.

Far more serious than the overstatement of needs is the revision in import estimates required by limitations on supply in the United States and elsewhere. Total food and fertilizer imports will almost certainly be 3 to 4 billion dollars less over the 4-year period than those projected in the Paris program. The supply limitation will be serious in the case of cotton and nonferrous metals and it will be the controlling factor with regard to shipments of many types of equipment and machinery from the United States.

Revised estimates of imports are set forth on the following page in table III in comparison with the Paris figures. As the margin between the two alternative sets of revised estimates indicates, there is greater uncertainty concerning imports from the Eastern Hemisphere than those from Canada and Latin America or from the United States. Total imports from the United States for the 4-year period are estimated to be from 2.5 to 6 billion dollars lower than estimated by the CEEC when adjusted in the light of supply possibilities. However, the revised figures for shipments from other Western Hemisphere destinations range from three-quarters of a billion below to 1.5 billion dollars above the CEEC figures. The Paris estimates of what would be available from Canada and Latin America would appear to have been more realistic than their appraisal of the supply position in the United States.

TABLE IIIA.—*CEEC states import requirements for 16 participating countries and western Germany*

[In billions of dollars]

	1948			Total, 1948-51		
	United States of America	Other America	Eastern Hemisphere	United States of America	Other America	Eastern Hemisphere
<i>Imports of commodities covered by Paris Technical Committees</i>						
COMMODITIES						
1. Food, feeding stuffs, and fertilizer.....	1,452	1,856	1,937	5,910	7,807	9,732
2. Coal and other solid fuels.....	342		255	666		1,515
3. Petroleum products.....	¹ 512	² n. a.	n. a.	¹ 2,187	n. a.	n. a.
4. Iron and steel products.....	370		43	1,292		146
5. Timber.....	96	170	253	351	621	1,417
EQUIPMENT						
6. Agricultural machinery.....	370		n. a.	1,188		n. a.
7. Mining machinery.....	80		n. a.	220		n. a.
8. Electrical equipment.....	150		n. a.	500		n. a.
9. Petroleum equipment.....	168		n. a.	555		n. a.
10. Steel plants.....	100		n. a.	400		n. a.
11. Inland transport equipment.....	203		n. a.	490		n. a.
12. Timber equipment.....	10		n. a.	32		n. a.
13. Subtotal programmed items.....	3,853	2,026	2,488	13,791	8,428	12,810
OTHER IMPORTS						
14. Machinery, n. e. s.....	² 287		n. a.	1,148		n. a.
15. Unspecified.....	1,787	1,212	2,211	6,086	5,619	9,388
16. Total imports (13+14+15).....	-5,927	-3,238	-4,699	-21,025	-14,047	-22,198

¹ Estimate of dollar costs for petroleum imports from all sources.² Partial estimate.³ Not available.TABLE IIIB.—*Estimated imports of 16 participating countries and Western Germany assuming low availability*

[In billions of dollars]

	1948			Total, 1948-51		
	U. S. A.	Other America	Eastern Hemisphere	U. S. A.	Other America	Eastern Hemisphere
<i>Imports of commodities covered by Paris Technical Committees</i>						
COMMODITIES						
1. Food, feeding stuffs, and fertilizer.....	1,150	1,500	1,030	4,350	6,450	5,190
2. Coal and other solid fuels.....	370		200	825		1,150
3. Petroleum.....	250	¹ 235	(²)	850	¹ 1,365	(²)
4. Iron and steel products.....	175	20	25	675	80	70
5. Timber.....	95	140	200	345	520	1,125

¹ Estimate of dollar costs of petroleum imports from all sources other than U. S. A.² Estimate of imports not available see footnote 1.

TABLE IIIB.—*Estimated imports of 16 participating countries and Western Germany assuming low availability—Continued*

[In billions of dollars]

	1948			Total, 1948-51		
	U. S. A.	Other America	Eastern Hemisphere	U. S. A.	Other America	Eastern Hemisphere
EQUIPMENT						
6. Agricultural machinery.....	75	15	(3)	455	90	(3)
7. Mining machinery.....	80	(3)	(3)	220	(3)	(3)
8. Electrical equipment.....	100	(3)	(3)	355	(3)	(3)
9. Petroleum equipment.....	75	(3)	(3)	375	(3)	(3)
10. Steel plants.....	50	(3)	(3)	200	(3)	(3)
11. Inland transport equipment.....	60	(3)	(3)	150	(3)	(3)
12. Timber equipment.....	15	(3)	(3)	55	(3)	(3)
13. Subtotal programed items.....	2,495	1,910	1,455	8,855	8,505	7,535
OTHER IMPORTS						
14. Machinery, n. e. s.....	400		(4)	1,350		(4)
15. Unspecified.....	1,450	1,050	1,900	4,700	4,800	7,900
16. Total imports (13+14+15).....	-4,345	-2,960	-3,355	-14,905	-13,305	-15,435

³ Negligible.⁴ Not available.TABLE IIIC.—*Estimated imports of 16 participating countries and Western Germany assuming high availability*

[In billions of dollars]

	1948			Total, 1948-51		
	United States of America	Other America	Eastern Hemisphere	United States of America	Other America	Eastern Hemisphere
<i>Imports of commodities covered by Paris technical committees</i>						
COMMODITIES						
1. Food, feeding stuffs, and fertilizer.....	1,270	1,825	1,600	5,320	8,325	8,500
2. Coal and other solid fuels.....	370		255	775		1,515
3. Petroleum.....	250	1,235	(2)	1,000	1,215	(2)
4. Iron and steel products.....	300	20	25	1,135	80	70
5. Timber.....	95	170	215	345	620	1,250
EQUIPMENT						
6. Agricultural machinery.....	125	15	(3)	655	90	(3)
7. Mining machinery.....	105		(3)	320		(3)
8. Electrical equipment.....	125		(3)	455		(3)
9. Petroleum equipment.....	130		(3)	525		(3)
10. Steel plants.....	100		(3)	350		(3)
11. Inland transport equipment.....	60		(3)	210		(3)
12. Timber equipment.....	15		(3)	55		(3)
13. Subtotal programed items.....	2,945	2,265	2,095	11,145	10,330	11,335
OTHER IMPORTS						
14. Machinery, n. e. s.....	500		(3)	1,700		(3)
15. Unspecified.....	1,600	1,140	2,000	5,750	5,280	8,500
16. Total imports (13+14+15).....	-5,045	-3,405	-4,095	-18,595	-15,610	-19,835

¹ Estimate of dollar costs of petroleum imports from all sources other than United States of America.² Estimate of imports not available, see footnote 1.³ Not available.

D. EUROPEAN EXPORTS

It is more difficult to make any reasonable estimate of European exports. Since the physical availability of supply will be the limiting factor on imports in so many cases, a basis exists for determining what may reasonably be expected. However, European export capabilities depend primarily on European production. There is little doubt that European exports were overestimated in the Paris report, probably by a rather large percentage. Domestic production goals set forth in the Paris report are generally on the optimistic side. The evidence of recent production rates and recent exports suggest that it will be difficult for the Europeans to reach the goals they have set. A small percentage decline in domestic production may be sufficient entirely to wipe out an exportable surplus. Moreover, it would be unwise for the European governments to maintain exports by imposing too severe an austerity upon domestic consumers. Wholly aside from the intrinsic desirability of maintaining an adequate standard of living, some increase in the supply of consumers goods seems almost essential to the restoration of production incentives. The attempt to reach export goals if expectations of production are not fulfilled will only add to the inflationary pressures that are responsible for so many of the present dislocations in the European economy.

It appears impossible for European exports of finished steel products to reach anything like the Paris figures without very damaging effects on their domestic steel-consuming industries. The textile industry may turn out to be another case. The world supply of cotton does not appear to be adequate to permit operation of existing facilities to capacity without which large exports could not be achieved. The quantitative importance of this particular component is impossible to gauge because it is not separated out in the CEEC report. As these two examples illustrate, the expectation of European exports as large as those projected in the Paris report is not consistent with reduced estimates of imports. The larger the reduction of imports imposed by supply limitations, the greater the reduction of exports. On the basis of the smaller of the two alternative estimates of European imports in table II, it has seemed realistic to cut the CEEC figures for exports to the Western Hemisphere during the whole period of the program by about one-sixth. In dollars the cut is 1.7 billion dollars. Even taking the highest estimate of European imports, somewhat lower export figures must be used to take account of specific shortages such as steel and cotton. The figures used in arriving at a rough calculation of the balance of payments deficit are given in tables I and II.

E. PRICES

The exports and imports of participating countries will be the decisive elements in their balances of payments. However, a third factor which will decisively affect the result is the relationship between the prices the European countries receive for their exports and the prices they have to pay for their imports. The Paris calculations assume that price relationships will change over the next 4 years in

favor of the participating countries. To give effect to this assumption, the figures for gross imports are reduced by $7\frac{1}{2}$ percent for 1949, 10 percent for 1950; and $12\frac{1}{2}$ percent for 1951. The downward adjustment in the cost of imports from the Western Hemisphere (shown in line 9 in tables 1 and 2) amounts to over $2\frac{1}{2}$ billion dollars for the 4-year period.

In appraising the realism of this assumption, it should be borne in mind that it implies a decline in the prices of food and raw materials by more than the assumed reduction of 12 percent in the prices of all European imports. Unless future price changes follow a totally different pattern from any that have occurred in the past, the prices of many products will be relatively rigid even in the face of a decline in the general price level. Specifically, there is no reason to expect that the dollar cost of most items of machinery and equipment will be sharply reduced. Most of the reduction in the average cost of imports would have to come about through a decline in the prices of foods and raw materials. These flexible price items make up about a third of CEEC's estimate of imports from the United States and more than half of total estimated imports from all sources. Thus, the CEEC assumption implies a decline in the cost of food and raw materials in the order of 20 percent over the next 4 years.

This assumption is difficult to accept. It is pointed out in the sections of this report dealing with specific commodities that European import needs in many fields cannot be met because of the unavailability of goods. World supplies of grain, meat, and fats and oils will probably be inadequate for 4 years. Petroleum requirements of the magnitude estimated by CEEC cannot be met because of the limitations on world production, refinery capacity, and means of transportation. The story is the same with regard to many raw materials and manufactured goods. This outlook for a continued shortage of the foods and raw materials which Europe must import, which are also the goods with the most sensitive prices, is not consistent with the assumption of a pronounced fall in the prices to be paid for imports by the participating countries. Moreover, the prices assumed by the CEEC for the first year of the program are those of July 1, 1947. Thus, the starting point is too low, especially for foods. Realism requires an upward revision for the first year.

Although the CEEC's assumption about prices is almost certainly too optimistic, any specific alternative assumption would also be subject to an extremely wide margin of error. Therefore, in recalculating the foreign exchange deficit of the participating countries, two alternative assumptions about prices have been used to determine a range of possibilities, as with exports and imports. The CEEC assumption derives a certain authority from its use in the Paris report; it has therefore been employed as the most optimistic alternative. To define the less optimistic alternative, it has been assumed that prices in the first year would be $7\frac{1}{2}$ percent higher than July 1, 1947, and $7\frac{1}{2}$ percent lower in the fourth year. The Committee believes that the actual course of events will be much closer to the less optimistic assumption.

F. TRADE WITH THE EASTERN HEMISPHERE

The only other factor of major importance in the calculation of the balance of trade deficit is the treatment of trade between Europe and the Eastern Hemisphere countries. The CEEC estimated that this trade would be approximately in balance in the first year of the program and that the European nations would accumulate a surplus of over 3 billions dollars in the course of the 4-year period. It further assumed that this surplus could be used to reduce the foreign exchange deficit expected to be incurred in trade with the Western Hemisphere. A discussion of this point would lead too far afield from the text of the report and it is deferred to the appendix on the magnitude of the program in part III. The assumption actually used in the revised calculations given in tables 1 and 2 is that only half of the Eastern Hemisphere surplus could be applied against the Western Hemisphere deficit.

G. SIGNIFICANCE OF THE ESTIMATED BUDGETARY COST

If the estimates of the cost of the foreign-aid program to the United States Treasury discussed in this section are to be seen in perspective, it is necessary to be clear as to what the figures include. In the first place, they include an estimate of the occupation costs incurred by the United States Army in Germany and Austria, minus the direct cost of United States troops and personnel. This item will soon be running at a rate of over \$1,000,000,000 a year. The net figures also include items of the sort that have been financed in the past by the so-called post-UNRRA relief program and, indeed, all forms of United States Government grant or loan. For the first half of calendar 1947, withdrawals and disbursements for relief, loan, and grant-in-aid purposes in Europe, excluding the British loan, have been at an annual rate of about \$2,000,000,000 a year. Prior to the establishment of convertibility for sterling on July 1, and the run on sterling, British loan withdrawals were at the rate of \$1,300,000,000. Taking the three items together, Germany plus other relief plus British loan, it may properly be said that the United States has been covering the European foreign exchange deficit at a rate of over \$4,000,000,000 per year. We know that we are committed to at least one major continuing outlay for occupation costs. To this extent, at least, the proposed program is not a net additional burden over and above those which we would have had to bear in any case.

In the light of these comments, the Committee's judgment as to magnitudes can be expressed in qualitative terms as follows: First, as to the immediate future, what is required is the continuation and a moderate increase of what the United States Government has been doing, together with the initiation of large-scale lending by the International Bank. Although this would not involve an increase in total amount, the expenditures would be better directed and better controlled as to destination and use, and they would be made in pursuit of a more constructive and more clearly defined objective. Second, as

to the whole 4-year program, precise calculation is impossible; the CEEC's estimate of the foreign exchange deficit will probably turn out to have been too large; nevertheless, the deficit will be of the order of magnitude indicated in the Paris report.

Viewed from the standard of the United States interest in European recovery, an estimate of the amount of aid required is an estimate of the price that must be paid for certain important benefits. The benefits are human, economic, and political; they include the preservation of a certain kind of society and, it is hoped, the prevention of World War III. The Committee desires to emphasize its profound belief that there could be no more wasteful procedure than to make too small an investment. European requirements should be examined realistically. The United States should limit its aid to what is really necessary for recovery and must limit its aid so as to safeguard its own resources. But if too narrow a conception of what is needed for recovery prevails, the recovery program will degenerate into costly relief.

8. CABINET COMMITTEE ON WORLD FOOD PROGRAMS—REPORT

STATEMENT BY THE PRESIDENT (SEPTEMBER 25, 1947)

I am making public today a report from the Cabinet Committee on World Food Programs which emphasizes a critical situation calling for immediate action by every American. The report stresses the extremely grave food situation abroad and the relationship between our ability to help meet urgent foreign food needs and the price situation in the United States.

The Committee states that adverse crop developments, including those of recent weeks, both in North America and in Europe, make apparent a food shortage even worse than a year ago. The losses from heavy frosts in northwestern Europe last winter have been increased by a general European drought this spring and summer. Any significant cut in the already low rations in those countries will have most serious consequences for their rehabilitation.

In the face of this situation, the report shows that, without further action, we would be able to carry through a large export program; but, as a result of sharply reduced corn production and continued high domestic demand for grain, exports would not equal last year's total shipments—even though world needs are greater.

The United States cannot rest on this export prospect. To ship more abroad without adjustments in domestic demand, however, would aggravate our own price situation.

In presenting their report the Cabinet Committee stressed the urgency of doing everything possible to meet the problem at home and abroad. It recommended further emphasis on shipments of food other than grain in rounding out our export program and on arrangements for the fullest participation by other nations in the combined effort to increase available supplies and to channel them to points of greatest need.

The committee made it clear, however, that definite steps to conserve on use of foodstuffs at home and reduce the feeding of grain to livestock will be essential if we are to make our fullest contribution towards meeting minimum foreign needs and at the same time relieve the upward pressure on prices at home.

As a primary step, I am therefore appointing a Citizens Food Committee to advise on ways and means of carrying out the necessary conservation effort. Charles Luckman of Cambridge, Mass., will serve as chairman of this nonpartisan committee. I am asking the Citizens Food Committee to meet at the earliest possible moment to develop plans for bringing the vital problem of food conservation to the attention of every American for action.

At the same time, I am establishing a working organization which will mobilize the resources of the Government in support of the overall program. I will also confer with the congressional leaders of both parties regarding legislative action which may be necessary.

While waiting for detailed recommendations from the Citizens Committee, there is one immediate and personal thing each of us can do. We can start now to conserve by being more selective in foods we buy, particularly livestock products whose production requires large quantities of grain. Such action on our part will do two things. We will save on our family budget and we will help others who are in desperate need. I am confident that the American people, realizing the extreme seriousness of the situation, will cooperate fully.

The following letter was addressed to the President by the Cabinet Committee on Food:

SEPTEMBER 24, 1947.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: This will confirm our oral recommendations to you, made September 22, at the time we submitted our report containing a factual appraisal of the food situation.

We wish to emphasize again the seriousness of this situation. The needs of other countries for food have increased substantially over the past year through a succession of unfavorable weather conditions at critical periods in the development of their 1947 crops. Similar conditions in this country have produced a serious drop in our own corn production with the result that there will undoubtedly be a strong temptation to feed more wheat to livestock. This will reduce the availability of United States grain for export shipment more than 2,000,000 tons below last year's level unless additional positive action is taken.

We wish to make entirely clear our feeling that the rate of exports which can now be definitely planned is not enough in view of the increased needs in the deficit areas abroad. Even if we could approximate the level of last year's shipments, other countries would still be left in a difficult food supply situation.

The difficulty of attempting to enlarge our grain exports beyond what is now indicated lies in the domestic problems resulting from high prices. We are already faced with the need for vigorous action to prevent a further inflationary price spiral.

In these circumstances, we recommend a number of measures to help meet the situation. Some of these are embodied in the report; others have been discussed with you verbally.

We, the American people, must conserve our use of grain, in food and in animal feed, so that additional supplies will be available for meeting the most urgent needs of other countries. The appointment of a special committee to develop ways and means of carrying out a successful conservation campaign is recommended.

Other steps should include: Increased exports of United States foods other than grains; joint international efforts to assure maximum food shipments from all exporting countries; further efforts by importing countries to increase their own collections of food; and the channeling of exports to the most critical areas.

We wish to emphasize that the most important immediate measure, however, and the only one which can both increase the available supplies and relieve inflationary pressures, is an all-out drive for domestic conservation.

Respectfully,

MEMBERS, CABINET COMMITTEE
ON WORLD FOOD PROGRAMS.

THE CABINET COMMITTEE ON WORLD FOOD PROGRAMS,
September 22, 1947.

DEAR MR. PRESIDENT: Because of adverse crop developments, particularly in recent weeks, both in North America and in other areas of the Northern Hemisphere, it is now apparent that the world food shortage is even worse than it was a year ago. There is a serious gap between minimum needs of food-deficit countries and total supplies available for shipment from surplus-producing areas.

Your Cabinet Committee on World Food Programs is submitting herewith a general appraisal of the food situation.

Respectfully yours,

CABINET COMMITTEE ON WORLD FOOD PROGRAMS,
CLINTON P. ANDERSON,

Secretary of Agriculture (Chairman).

G. C. MARSHALL, *Secretary of State.*

W. A. HARRIMAN, *Secretary of Commerce.*

REPORT ON THE FOOD SITUATION

SEPTEMBER 22, 1947.

It is now generally known that the world food shortage is even worse than it was a year ago. Storms and floods last winter, followed by droughts this summer, have taken a heavy toll of crops in many important food-importing countries. Grain harvests in France, Italy, and other European countries are substantially below last year. Production prospects for potatoes, sugar beets, pulses, and fodder crops have been lowered in central and western Europe. Much of this deterioration in world food production has taken place in the last 30 to 60 days.

As a result of these conditions, the gap between available exports and minimum needs of the importing countries is estimated at about 15 percent—or 4,500,000 tons—in terms of grain alone. It was hoped earlier that increased local production of other foods might serve to reduce this gap, but the recent declines in crop prospects in these deficit areas make it clear that this hope is now lost.

This situation in the deficit areas points up the direct obligation that rests upon the United States, along with all other exporting countries, to do everything possible to make up the inevitable shortages. There is no need to review here the place of adequate food supplies as a foundation stone in building a stable structure of economic and political rehabilitation. We must send every pound of food that it is practical to ship to these countries of greatest need. There can be no disagreement on this basic purpose.

Our plans to carry out this purpose have been complicated by crop developments in North America during recent weeks. Deterioration in United States corn crop prospects has reduced the estimated supply of corn for the year ahead to a total about 700,000,000 bushels below last year. The total supply of the four principal feed grains will be

down about a billion bushels. This makes it appear certain that continuation of heavy demand and high prices for livestock products would provide the incentive for farmers to feed much more wheat, cutting heavily into the record 1947 crop. A further complication is the fact that Canada's wheat prospects have recently been estimated at about 15 percent below last year.

These facts call for careful appraisal. The need to ship large supplies abroad is unquestionably great. Also important is the need to protect our own economy and price structure. In this situation, it is imperative that a balance be struck which will call for shipment of the last food calorie which can be provided without undermining the Nation's strength and effectiveness.

It is obvious that such a balance cannot be an inflexible determination. It will be affected by changing conditions. The measure of the United States contribution in the world-wide effort to keep rations from dropping below the danger point will also be relative. In appraising export possibilities for 1947-48, it will be helpful to compare them with our shipments last year.

From July 1, 1946, through June 30, 1947, the United States exported nearly 18,500,000 long tons of foodstuffs—the largest total ever shipped from one country in a single year. These shipments represented about 49.6 trillion calories of food—enough to supplement the diets of 300,000,000 people to the extent of around 450 calories a day throughout the year. The following table gives a rough break-down of the calorie value of 1946-47 exports, by major commodity groups:

1946-47 food exports

	Trillion of calories	Percent of total
Wheat and flour.....	31.2	62.9
Coarse grains.....	12.1	24.4
Rice.....	1.3	2.6
Beans and peas.....	.6	1.2
Edible fats, oils, and peanuts.....	2.0	4.1
Dairy products.....	1.3	2.6
Dried fruits.....	.3	.6
Citrus juices.....	(1)	(1)
Vegetables (including potatoes).....	.3	.6
Meat and poultry products and fish.....	.5	1.0
Total.....	49.6	100.0

¹ Negligible.

Last year's exports included 14,500,000 long tons of grain (more than 550,000,000 bushels). Wheat, and flour in wheat equivalent, made up nearly 400,000,000 bushels of this total, with corn, oats, barley, rye, and grain sorghums accounting for the rest. In terms of food calories, grains represented nearly 88 percent of all export shipments.

This year there will not be available, under conditions now prevailing, as large a volume of grain for shipment. It now seems likely that about 400,000,000 bushels of wheat and flour will be available for export—about the same as last year. However, the total of other grains and grain products estimated to be available for shipment this

year are not much more than one-third the quantity exported during 1946-47—about 70,000,000 bushels as compared with 175,000,000 bushels. Corn exports will have to be limited almost entirely to the 19,000,000 bushels bought last spring and moved out during July and August. Barley, grain sorghums, oats, and rye will make up the rest of the expected 70,000,000 bushels of these "coarse grains."

In arriving at these estimates, the probable price effects of exports at various levels were given careful consideration. The undesirable results of a price spiral, with impacts both at home and abroad, are apparent.

Present indicated domestic use of grain would leave about 470,000,000 bushels (12,300,000 long tons) of all grain for export—more than 2,000,000 long tons short of last year's record shipments. (See following table showing availability of grain, 1946-47 and 1947-48, and possible utilization of 1947-48 United States grain supplies.)

Grain availability—1946-47 and 1947-48¹

[Millions of bushels]

	1946-47 production			1947-48 production		
	Carry-in ²	Production and imports	Total supply	Carry-in ²	Production and imports	Total supply
Wheat.....	100.0	1,156.0	1,256.0	83.0	1,409.0	1,492.0
Corn.....	173.0	3,288.0	3,461.0	350.0	2,404.0	2,754.0
Oats.....	292.0	1,510.0	1,802.0	278.0	1,227.0	1,505.0
Barley.....	58.6	268.4	327.0	55.6	295.9	351.5
Grain sorghums.....	9.2	106.7	115.9	10.0	90.0	100.0
Rye.....	2.3	20.2	22.5	2.3	26.6	28.9
Total.....	635.1	6,349.3	6,984.4	778.9	5,452.5	6,231.4

¹ All grains on a July-June year except corn which is on an October-September year.

² Grain only.

Possible utilization of 1947-48 grain supplies¹

[Millions of bushels]

	Food	Feed	Seed	Industrial and other uses	Carry-out ²	Total domestic utilization	Balance available for export
Wheat.....	510	350.0	87	-----	147.0	1,094.0	400
Corn.....	150	2,350.0	13	65	174.0	2,752.0	³ 21
Oats.....	50	1,150.0	110	-----	185.0	1,495.0	10
Barley.....	80	160.0	19	10	60.5	329.5	23
Grain sorghums.....	3	67.0	3	3	10.0	86.0	14
Rye.....	7	6.3	5	6	2.6	26.9	2
Total.....	800	4,083.3	237	84	579.1	5,783.4	³ 470

¹ All grains on a July-June year except corn which is on an October-September year.

² At this time, before next year's crops can be estimated, these figures represent the minimum safe carry-overs. Final estimates will depend upon crop prospects next spring.

³ Includes 19,000,000 bushels of corn exported in the July-September quarter of 1947, which is an addition to the 2,000,000 bushels estimated to be exported during the corn crop year.

It is obvious that the United States will have to put more emphasis on shipments of foodstuffs other than grain. A careful survey of possibilities, which are regarded as practicable under present circum-

stances from the price and other points of view, shows that even then we shall probably fall short of last year's total shipments unless arrangements can be made for shipment of supplies which are produced in other countries. The movement of substantial quantities of Cuban sugar to food-deficit countries is an important illustration of this possibility.

The next table gives a rough estimate of United States export availabilities of all foods for the 1947-48 year. It is broken down in terms of calorie value, percentage for major commodity groups, and cost on a calorie basis. The cost item, of course, is a vital one. Some commodities which conceivably might be exported, but for which the calorie cost would obviously be so great as to remove them from practical consideration, have not been listed.

The table shows that the calorie value of grains in the export program for this year would be only about 82 percent of the total, as compared with 88 percent last year. From the cost point of view, the following listed commodities would cost, at present prices, from 2 to 5 dollars per 100 thousand calories: wheat, flour, coarse grains, dry peas, lard, and edible oils. (Cuban sugar also falls in this price range.) Foods costing between 5 and 10 dollars per 100 thousand calories would include: milled rice, dry beans, dried prunes, raisins, peanuts, and nonfat dry milk solids. Most other dairy products would range from 15 to 20 dollars per 100 thousand calories. Concentrated citrus juices would range between 20 and 30 dollars. Practically all other animal products and processed fruits and vegetables would run considerably higher than 30 dollars.

The table follows:

Estimated export availabilities, 1947-48

	Trillions of calories	Percent of total	Probable cost	Percent of total	Average cost per 100,000 calories
			<i>Million dollars</i>		<i>Dollars</i>
Wheat, flour.....	32.9	71.9	1,066.0	49.0	3.24
Coarse grains.....	4.6	10.1	146.1	6.7	3.15
Rice.....	1.3	2.8	85.8	3.9	6.77
Beans and peas.....	.7	1.5	32.2	1.5	4.81
Edible fats, oils, and peanuts.....	3.0	6.6	153.9	7.1	5.06
Dairy products.....	1.7	3.7	253.5	11.7	14.81
Dried fruits.....	.6	1.3	46.3	2.1	8.15
Citrus juices.....	.1	.2	18.5	.8	24.74
Vegetables (including potatoes).....	.2	.4	46.3	2.1	22.54
Meat and poultry products and fish.....	.7	1.5	328.0	15.1	46.02
Total.....	45.8	100.0	2,176.6	100.0	4.75

The United States will not, of course, be working alone in the job of getting food to deficit areas. The world food problem requires the full cooperation of all nations. It is believed that food exports in 1947-48 from countries other than the United States could be increased by about 5.3 million tons over the quantities shipped in 1946-47. Over 3 million tons of this total would be accounted for by increases in ex-

ports of grains (including coarse grains) and rice. Sugar shipments can be increased by about 1.8 million tons, according to present estimates, and increases in shipments of edible fats and oils would account for most of the remainder. (See following table.)

Argentina and Australia could provide most of the increase in grains (Argentina 1.3 million tons, Australia 0.6 million tons), and Burma most of the increase in rice export (775,000 tons out of an estimated total increase of 1 million tons). Cuba can be expected to supply most of the increase in available sugar, and the Philippine Republic almost the entire increase in edible fats and oils.

Exports, 1946-47, and estimated quantities available for export, 1947-48, from countries other than the United States

	1946-47	1947-48
	<i>Thousand long tons</i>	<i>Thousand long tons</i>
Bread grains.....	9,733	11,000
Coarse grains.....	3,688	4,500
Rice.....	1,500	2,500
Subtotal.....	14,921	18,000
Edible fats and oils.....	2,100	2,600
Meat.....	1,989	1,973
Cheese.....	171	155
Eggs (shell equivalent).....	109	132
Subtotal.....	4,369	4,860
Sugar ¹	7,600	9,400
Total.....	26,890	32,260

¹ Raw value.

Even with this expected increase in exports from other countries, together with the food that would be available under present circumstances for shipment by the United States, there would still be a serious gap between the minimum needs of deficit countries and the total of foodstuffs which could be supplied.

In view of this serious situation, additional steps should be taken to increase the availability of food supplies for export and the efficiency of their use. A definite responsibility rests on the deficit countries to make the most effective possible use of their indigenous production by strengthening their collection and distribution systems, and by spreading carefully all available supplies over the full 12-month period of the marketing year. As mentioned in this report, increased emphasis must be placed on foods other than grains for shipment from the United States, and supplies from all exporting countries must be channeled to the areas of most critical need.

Immediate consideration must be given to the conservation of our grain supplies, through a voluntary campaign to economize domestic use—particularly of those livestock products whose production requires large amounts of grain. Recommendations for any legislative action which might be necessary to maximize the availability of United States grain for export should also be considered.

9. AGREED POINTS ON PRINCIPLES OF FOREIGN AID REACHED BY THE SELECT COMMITTEE ON FOREIGN AID IN PREPARATION OF ITS PRELIMINARY REPORT (HERTER COMMITTEE)

(Released November 7, 1947)

The committee has agreed upon certain points to be more fully covered in its preliminary report on proposed principles and organization for any program of foreign aid. Since the issuance of this report with the statistical material to support its conclusions will not be made for several days, it was thought by the committee to be worth summarizing its conclusions to date. It must be emphasized that these are in the nature of provisional conclusions which may be subject to revision as its studies of the materials collected abroad and the availabilities at home proceed and are subjected to further checks.

EMERGENCY AID

As previously reported, the committee is in agreement on the following points:

1. Emergency aid presents the same problems as does any general European aid program and the Congress should bear this in mind in setting up any emergency aid program.

2. Should Congress, through its responsible legislative committees, find that as a practical matter it will not be able to set in motion other machinery of foreign aid by the end of the special session, the committee recommends that action should be taken prior to that time to authorize funds for the purchase of supplies through the Export-Import Bank and the Commodity Credit Corporation for any aid for France and Italy found necessary to assist those countries through March 31.

3. The emergency, though aggravated this year by crop failure, is not a temporary one. This fact must be faced and, if remedial action is to be taken, plans must be formulated accordingly.

ADMINISTRATION

The Committee wishes to report further agreement on the following points:

4. Additional governmental machinery for foreign aid should be limited to that necessary to provide efficient coordination of existing Government agencies and to fill gaps of authorities which may exist. The administration of any foreign-aid program requires the setting up of a new authority in a corporate form over which congressional con-

trol would be maintained by the regular review of its funds and operation. This authority should have a bipartisan board of directors appointed by the President and confirmed by the Senate. The corporation should

(a) have direction of the purchasing of foodstuffs, fuel, and fertilizers;

(b) Screen all requests for foreign aid;

(c) Exercise whatever legal controls are deemed necessary for protecting the economy of the United States and for the equitable and efficient allocation of United States supplies shipped abroad, particularly to see that the aid reaches those for whom it is intended.

(d) This corporation should be authorized to enter into arrangements with countries in need of foreign aid, under which food, fuel, and fertilizer would be made available to them, and to determine the form of consideration to be obtained on the basis of its best estimate of the recipient country's capacity to pay.

The corporation should hold and administer the consideration received by it for any supplies delivered where such consideration is not in the form of United States currency. Receipts in dollars would be credited to the corporation's capital account. When the consideration is in the form of local currency funds of the recipient countries, the corporation should appoint, with respect to each such fund, a board of administrators of not less than three nor more than five individuals. A majority should be citizens of the United States designated by the corporation with the approval of the Secretary of State and acceptable to the recipient country; and the balance should be designated by such recipient country. Each such local fund should be utilized and invested for the primary purpose of contributing to the recovery of the recipient country and to the development of any new sources of wealth therein. As much as practicable, the creation of new wealth should include increased facilities for the production of strategic and critical materials. Agreements for such increased facilities should provide, on the one hand, that a portion of the increased production should accrue to the producing country and thereby aid in providing exchange and, on the other, that the remainder should be delivered to the United States for sterilized stock piles which would be held out of competition with normal commercial markets.

5. The committee believes that the International Bank for Reconstruction and Development and the Export-Import Bank can be utilized to meet the remaining genuine requirements for foreign aid in capital goods, equipment, and raw materials. The Export-Import Bank should be strengthened and provided with such additional resources as may be necessary to carry out these functions.

CONDITIONS AND PRINCIPLES OF FOREIGN AID

6. In order to protect the economy of the United States and to be effective in accomplishing its objectives, the corporation should take into account in the handling of any foreign-aid programs the following points:

(a) The recipient countries should make vigorous efforts, individually and jointly, to increase the production of food and materials needed to meet not only their essential internal needs but the needs of other countries. Increased local production to assure decreasing deficits should be sought, so as to limit the requirements from abroad to a minimum consistent with a sound economic balance.

(b) The recipient countries should, through mutual help and cooperation, facilitate the economic interchange of goods and services among themselves, provide effective distribution and use of their own resources, as well as of the resources received from outside, and work toward the elimination of exchange controls, quota restrictions, and other obstacles to trade. (The progress already made by Belgium, the Netherlands, and Luxemburg toward a customs union seems to the Committee a step in the right direction.)

(c) Certain countries other than the United States which are in a position to supplement a program of aid, which have the same incentive as we to do so and which enjoy access to United States supplies, should be expected to cooperate each in relation to its respective capacity.

(d) Every encouragement should be given and every facility extended to private initiative to assume, as conditions permit, the activities which have developed on governments in the present crisis.

(e) The recipient countries should adopt fiscal, financial, and monetary programs designed to arrest inflation, to correct existing monetary weaknesses, to accomplish stabilization of exchanges, and generally to restore confidence in their currencies.

FOREIGN AID COUNCIL FOR POLICY DECISIONS

7. Any programs formulated by the corporation should coordinate policies through a foreign aid council presided over by the Secretary of State, and including all the top officials of Government agencies concerned with matters relating to foreign aid.

CONTROLS

8. The Committee is agreed that there should be a retention of the existing controls as necessary to protect our domestic economy in a period of serious shortages. In particular, export controls are needed to prevent an excessive flow of these short items abroad.

PROBLEM OF AVAILABILITY OF SUPPLIES

9. No estimates for the capitalization of the new authority recommended can be justified until availabilities of commodities in short supply both in the United States and in the world can be more carefully studied.

The immediate problem is as much one of the availability of commodities as of dollars.

10. BRIEF DESCRIPTION OF UNITED STATES AGENCIES CONCERNED WITH PHASES OF RECOVERY PROGRAM

ADVISORY COMMITTEE ON SECOND DECONTROL ACT

Interdepartmental committee consisting of representatives from State, Agriculture, Interior, National Military Establishment, Office of Defense Transportation, with Assistant Secretary for Foreign and Domestic Commerce as chairman. Objective of committee is to promote effective operations of materials control as it relates to the domestic economy, and to assist in establishing sound international economic relations. Assisted by review committee from these agencies and the National Housing Agency, and a subcommittee on priority assistance for export. Order dated August 13, 1947.

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

Established to succeed the President's War Relief Control Board to tie together the governmental and private programs in the field of foreign relief and to work with the Famine Emergency Committee and other interested agencies and groups. Exercises advisory functions to guide the public, and agencies seeking support of the public, in the appropriate and productive use of contributions for voluntary foreign aid, including projects of relief, rehabilitation, reconstruction, and welfare. Conforming agencies, after acceptance by the Committee, are permitted to state "programs, budgets, and audits voluntarily recorded for public inspection with the Advisory Committee on Voluntary Foreign Aid of the United States Government." Represents interests of private agencies in obtaining allocations from Agriculture for export of critically scarce food items, as clearing agent for zones occupied by United States Army, and administers \$5,000,000 appropriation to pay for ocean transportation of relief items.

Approximately 65 agencies are recorded with the Advisory Committee.

AGRICULTURE, DEPARTMENT OF

Inherited wartime controls over foodstuffs and agricultural products of the War Food Administration and the rationing controls that were left in this area from Office of Price Administration. Has substantially dispensed with all these at this time. (See Commodity Credit Corporation.)

ALIEN PROPERTY, OFFICE OF, DEPARTMENT OF JUSTICE

Exercises the functions of the Attorney General in controlling or vesting foreign-owned property. Has charge of litigation arising

from the foreign funds program of the Treasury Department, and prepares informal legal opinions to Treasury Department involving problems relating to alien property or foreign funds control.

COMMERCE, DEPARTMENT OF

Inherited portions of the Civilian Production Administration and remaining number of priority controls and allocations which expire in February 1948 except for rubber. Administers export controls which run until March 1948. Fosters, promotes, and develops foreign commerce. Prepares official annual report on balance of international payment of the United States. Facilitates United States participation in peacetime trade with former enemy and other areas in which normal channels of trade do not operate.

President Truman announced June 22, 1947, a nonpartisan committee, composed of 19 domestic leaders in the fields of finance, economics, business, and labor headed by Commerce Secretary W. Averell Harriman. Full report, European Recovery and American Aid released November 8. Popularly referred to as Harriman report or committee. Committee charged with determining character and quantities of United States resources available for economic assistance abroad and advise the President on limits within which the United States may safely and wisely extend such aid in relation to domestic economy.

COMMERCIAL COMPANY, U. S.

See under Reconstruction Finance Corporation.

COMMODITY CREDIT CORPORATION

The fiscal and operating arm of the Production and Marketing Administration for buying and selling agricultural commodities. Powers vested in the CCC have not been substantially altered since the war. Limited by its commitments to Congress and by its charter which expires June 1948. CCC still exercises, through indirect power over export, ability to require foreign purchasers of foodstuffs to clear their purchases through it where these foodstuffs are on export control list.

Buys directly for foreign account to assure procurement of cereals, notably wheat. No power remains to issue set-aside orders to processors or food growers. Work within framework of Production and Marketing Administration of Department of Agriculture.

COUNCIL OF ECONOMIC ADVISERS

President Truman announced study by Council on June 22, 1947. Report, The Impact of Foreign Aid Upon the Domestic Economy, transmitted to the President, October 28, and released November 1. Letter of transmittal signed by Edwin G. Nourse, chairman, Leon H. Keyserling, vice chairman, and John D. Clark. Report popularly referred to as Nourse report.

EXPORT-IMPORT BANK OF WASHINGTON

Permanent, independent agency with management vested in bipartisan board. Authorized capital stock, of \$1,000,000,000, and borrowing power of \$2,500,000,000. By charter bank is to supplement and not compete with private capital, and loans should generally be for specific purposes and offer reasonable assurance of repayment. Approximately \$700,000,000 of uncommitted funds remain.

HARRIMAN COMMITTEE

See Department of Commerce.

INTERIOR, DEPARTMENT OF

Chief responsibility within Government for petroleum and coal industries.

President Truman announced June 22, 1947, a study by committee of specialists under direction of and to be named by Interior Secretary J. A. Krug, Report, National Resources and Foreign Aid, released October 19, 1947. Experts, technicians, and clerical workers made available by various departments and agencies. Popularly referred to as "Krug report."

KRUG COMMITTEE

See Department of Interior.

MARITIME COMMISSION

Sole disposal agency for surplus merchant ships. Received functions, powers, and duties of War Shipping Administration. No direct control powers in existence. Authority to charter and/or sell United States owned ships expires March 1948.

MUNITIONS BOARD, ARMY AND NAVY

Administers the Stock Pile Act of July 23, 1946, in collaboration with the Bureau of Federal Supply, Treasury Department, and in policy matters works with National Security Resources Board.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

Representatives of Departments of State, Commerce, and Agriculture, Export-Import Bank, Federal Reserve System, under chairmanship of Secretary of the Treasury. Coordinates and develops international financial and monetary policy including policies of United States representatives on International Monetary Fund and the International Bank.

NATIONAL SECURITY RESOURCES BOARD

Has policy powers in field of stockpiling.

RECONSTRUCTION FINANCE CORPORATION

Has now substantially liquidated its position in procurement of strategic materials. Permanent stockpiling function transferred to Treasury's Bureau of Federal Supply which operates under instructions from Munitions Board. Small amount of stockpiling procurement in metals handled by RFC subsidiaries, mainly from surplus, now being concluded.

Power to buy and sell in liberated areas and occupied areas, where commercial purchasing is not feasible, has been questioned. United States Commercial Company which operated in this field now in liquidation.

STATE, DEPARTMENT OF

Has developed economic sections to handle work previously done by Foreign Economic Administration and Lend-Lease and some of the foreign aid programs which were administered by the Army, as well as by FEA and later, UNRRA. Has created agencies abroad for administering allocation and spending of \$350,000,000, plus a children's fund, to take place of UNRRA.

Overseas granting of aid on both a military and a direct relief and reconstruction basis to Greece, and on a military basis to Turkey. Interested in relief matters in occupied territories. Supervises American representatives in the United Nations and in numerous international organizations. Conducted negotiations related to the International Trade Organization and its implementation through tariff agreements.

Supervises the activities of the Institute of Inter-American Affairs and the Inter-American Educational Foundation, a heritage from war program of Coordinator of Inter-American Affairs.

Issued on behalf of Committee of European Economic Cooperation the committee's General Report (vol. 1) and Technical Reports (vol. 2).

Center of development of interim and recovery programs.

TRANSPORTATION, OFFICE OF DEFENSE

Retains limited wartime powers which expire March 1948. Instructed to assure maximum utilization of the domestic rail transportation facilities.

TREASURY, DEPARTMENT OF THE

Distribution and controls attached to credits like the British loan and supervision of numerous other international obligations. Supervision of arrangements between central banks insofar as they affect directly the position of the United States in matters of currency, gold reserves, etc.

Bureau of Federal Supply has former stock-piling function of RFC. Its Lend-Lease Division performed special services accorded to supplies purchased for UNRRA or on a cash reimbursable basis for foreign governments. Also acts as procurement agency in connection with United States Government supply program.

The Secretary is chairman of National Advisory Council on International Monetary and Financial Problems and United States Governor of the International Monetary Fund and the International Bank for Reconstruction and Development.

WAR DEPARTMENT

Policies, operations, and economy in occupied territories closely related to recovery program.

WAR SHIPPING ADMINISTRATION

Functions, powers, duties transferred to Maritime Commission, September 1, 1946.

PRIVATE AGENCIES IN FOREIGN RELIEF

(Complete list as recorded by Advisory Committee on Voluntary Foreign Aid available for public inspection)

AMERICAN COUNCIL OF VOLUNTARY AGENCIES FOR FOREIGN SERVICE

Established in 1943 to promote joint planning and action on matters of mutual interest to its member bodies. Uses areas and functions committees. At present, member organizations rely upon their own respective means of raising funds.

CARE

Nonprofit corporation—Cooperative for American Remittance to Europe, Inc.—formed by 27 major voluntary foreign-relief agencies which were members of the above council. CARE packages made available on order for delivery to individuals and institutions from stock piles established in each of the food-deficit countries. Governments have provided free customs entry, freedom from other duties, taxes or ration controls.

COMMISSION FOR INTERNATIONAL EDUCATIONAL RECONSTRUCTION (CIER)

For full list prepared with cooperation of more than 300 organizations, see CIER Handbook; Organizations With Programs for International Educational Reconstruction, August 1947, 744 Jackson Place NW., Washington 6, D. C. CIER established in September 1946, to stimulate and coordinate American voluntary efforts on behalf of education in war-torn lands. Designated by United States National Commission for UNESCO to coordinate American efforts in response to UNESCO's appeal in this field.

CRALOG

Council of Relief Agencies Licensed for Operation in Germany, generally known as CRALOG, established February 9, 1946. Fifteen organizations participate in the Council. Operates on the basis of plans approved by the military authorities.

11. INTERNATIONAL ORGANIZATIONS AND THE RECOVERY PROGRAM¹

Paragraph 110 of the Paris report states that it is the desire of the participating countries that wherever suitable international machinery exists it should be used in the implementation of the European Recovery Program. The report, both in this paragraph and in a number of specific instances in the technical reports, suggests that the Economic Commission for Europe be used for continuing study of certain production problems and other questions having a direct bearing on the economic recovery program. Although the work of the Economic Commission for Europe is most directly related to the carrying out of the European Recovery Program, there are a number of other international organizations which could also be of assistance, namely, the Food and Agriculture Organization (FAO), the International Emergency Food Council (IEFC), the International Labor Organization (ILO), the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the International Trade Organization (ITO) when established.

1. ECONOMIC COMMISSION FOR EUROPE

The Economic Commission for Europe is a Commission of the Economic and Social Council of the United Nations, and has as its members all the European members of the United Nations and the United States. It was established by the Economic and Social Council early in 1947. The terms of reference of the Commission provide that it shall

initiate and participate in measures for facilitating concerted action for the economic reconstruction of Europe, for raising the level of European economic activity, and for maintaining and strengthening the economic relations of the European countries both among themselves and with other countries of the world.

It was also provided in the terms of reference that immediately upon its establishment the Commission should consult with the member governments of the Emergency Economic Committee for Europe, the European Coal Organization, and the European Central Inland Transport Organization, with a view to the termination of those organizations and the continuation of their essential work by the ECE.

The Emergency Economic Committee for Europe, the European Coal Organization, and the European Central Inland Transport Organization were set up at the close of the European war to provide for mutual consideration among the European countries of immediate postwar problems. These organizations were set up by mutual agreement among governments in the period before the United Na-

¹ This section has been prepared by the Department of State.

tions was organized. The United States was a member of all three organizations. The U. S. S. R. was a member of only the European Central Inland Transport Organization. One of the principal reasons for establishing the Economic Commission for Europe was to bring these three organizations into closer relationship and to continue and expand the work they had begun within the framework of the United Nations.

The Economic Commission for Europe has had two sessions of the full Commission, has already taken over the work of the Emergency Economic Committee for Europe, and the European Central Inland Transport Organization, and will take over the functions of the European Coal Organization in January 1948. In addition to the two sessions of the full Commission, the ECE has also held meetings of the following technical committees: Alkalies, fertilizers, housing, timber, electric power, and transport. Meetings of the committees on industry and materials and on coal are scheduled for November.

In the commodity committees emphasis has been placed on the need to increase production of the commodities under consideration and to facilitate their interchange among the European countries. The transport committee has established working groups to examine methods of identification and repatriation of rolling stock; standardization of transportation equipment; bottlenecks limiting repair, maintenance, and renewal of transport equipment; and other similar problems, with a view to a more efficient use of existing equipment. It is continuing for the time being the meetings of BIDAC, a subgroup formerly attached to ECITO which handles bidding and acceptances of traffic through Germany.

The technical reports of the Paris committees have been used by the Secretariat of the ECE in preparing background papers for consideration by the committees, and account has been taken, where appropriate, of specific suggestions made by the Paris Conference for further study of particular problems in the ECE.

One of the most important functions of the ECE beginning in January 1948 will be the continuation of the work heretofore done by the European Coal Organization. Since its establishment at the close of the European war, the ECO has made recommendations to the United States Government and to the appropriate control authorities in Germany on the distribution among ECO countries of any coal available for export to those countries from the United States and the Ruhr and the Saar. These recommendations made by ECO have been agreed upon and have been honored to the fullest extent. Poland has recently become a member of the ECO and has participated in its allocations. However, the difficulties of securing adequate amounts of coal from Poland for western Europe to be distributed according to need rather than market or political requirements have appeared in the functioning of the ECO. The ECO has also assisted in the procurement and distribution of mining supplies and equipment. It is expected that the ECE will continue both aspects of ECO's work.

The Commission has no executive powers, but is empowered to make recommendations on any matter within its competence directly to its member governments and to governments participating in a consulta-

tive capacity and to specialized agencies. Five of the sixteen countries participating in the Paris Conference are not members of the Commission, since they are not yet members of the United Nations. These countries—Italy, Switzerland, Eire, Austria, and Portugal—are, however, invited to attend the meetings of those committees of the Commission in whose work they have an interest. The U. S. S. R., the Ukrainian S. S. R., and the Byelorussian S. S. R. have attended none of the meetings of the technical committees which have thus far been held. The other members of the Commission—the United Kingdom, the United States, France, Belgium, the Netherlands, Luxemburg, Denmark, Norway, Sweden, Poland, Czechoslovakia, Yugoslavia, Greece, and Turkey—have attended some or all of the meetings of the technical committees and have participated fully in their work.

2. FOOD AND AGRICULTURE ORGANIZATION

The Food and Agriculture Organization was established in October 1945, and is authorized to "collect, analyze, interpret, and disseminate information relating to nutrition, food, and agriculture (including fisheries and forestry); * * * promote and * * * recommend national and international action with respect to scientific, technological * * * research, improvement of education and administration relating to nutrition, food, and agriculture; * * * improved methods of agricultural production; improvement of processing, marketing, and distribution of food and agricultural products; * * * to furnish such technical assistance as governments request."

The FAO has a membership of 54 countries, and includes all the countries participating in the European recovery program except Sweden and Turkey. Other European members of the organization are Czechoslovakia, Finland, Hungary, Poland, and Yugoslavia.

The third session of the Conference meeting recently in Geneva established a Council of the FAO composed of representatives of 18 member governments elected by the Conference. This Council will exercise certain functions of the Conference between annual sessions. The Director General has also established a number of standing advisory committees in various technical fields. In addition, many of the member countries of FAO have established FAO national committees, usually consisting of representatives of both government and private organizations concerned with the work of FAO, and organized for the purpose of helping to carry out FAO recommendations and programs within the country concerned.

The FAO is at present engaged in preparing a complete analysis of food and agricultural production in Europe as a whole as a part of a larger report on European reconstruction being prepared by the Economic Commission for Europe. This report will include a survey of farm machinery and draft-power requirements and availabilities as well as information on food production. The Forestry Division of FAO is also cooperating with the Economic Commission for Europe in obtaining information concerning timber resources, both within Europe and for import into Europe. Technical forestry assistance is being made available to individual European countries on request.

3. INTERNATIONAL EMERGENCY FOOD COUNCIL

The International Emergency Food Council was established by the FAO in May 1946 and became, in fact, the successor to the war-time Combined Food Board. The IEFEC is authorized:

* * * (a) to consider, investigate, inquire into, and formulate plans with regard to any question * * * relating to the supply and distribution in or to any part of the world, of foods, agricultural materials from which foods are derived, and equipment and nonfood materials ancillary to the production of such foods and agricultural materials and to make recommendations to the Member governments in respect of any such question * * *.

(b) to work in collaboration with others of the United Nations (and with other international bodies) toward the best utilization of their food resources and in collaboration with the interested nation or nations to formulate plans and recommendations for the most effective use of their food resources during the present emergency.

The IEFEC has a membership of 35 governments, including all of the 16 countries which met in Paris except Luxemburg and Iceland. The only other European members are Czechoslovakia, Finland, Hungary, and Poland.

Governments become members of the IEFEC through membership in one or more of the several commodity committees. At the present time there are committees concerned with the following commodities: Beans and peas, cereals, cocoa, fats, oils and feeds, fertilizers, fishery products, meat and meat products, rice, seeds, and sugar.

The IEFEC, operating through its several commodity committees, makes recommendations to the member governments concerning the allocations of foodstuffs and materials in short supply. The IEFEC itself cannot enforce these recommendations but the member governments, in joining IEFEC, accept certain undertakings with regard to the implementation of IEFEC recommendations. These undertakings include such matters as the necessary domestic legislation required to implement allocations recommendations.

The third session of the FAO Conference, which included most of the IEFEC member governments, and others in addition, recommended that the functions of the IEFEC be transferred to the FAO as of December 31, 1947, under conditions to be agreed upon.

4. INTERNATIONAL LABOR ORGANIZATION

The International Labor Organization, established in 1919, was the first specialized agency to be brought into relationship with the United Nations. Among its 53 members are the 16 countries which participated in the Paris meetings. Finland, Poland, Hungary, Czechoslovakia, and Bulgaria are also members. Yugoslavia is still nominally a member, but in July 1947 gave the constitutional 2-year notice of intention of withdrawal. The U. S. S. R. resigned its briefly held membership in 1939.

The primary function of the ILO is to promote improved labor standards through international agreements which are formulated by its annual International Labor Conference. Each country sends to the Conference two governmental delegates and one representative each

of employers and of workers, chosen in agreement with the most representative employer or labor organization.

Representatives of each group compose the governing body of the International Labor Office, which sets the policy to be followed by the Director General and approximately 450 staff members who comprise the permanent office.

On June 28, 1947, the ILO Conference at Geneva adopted a resolution referring to the Foreign Ministers meeting in Paris and promising "its readiness, within the scope of its functions, to make its full contribution and that of the forces which it represents to the great work of world reconstruction of which this date should be the starting point."

The ILO might be of assistance in developing standards for bilateral or multilateral agreements for the migration of labor from countries of unemployment to areas where manpower shortages are serious, and in connection with recruitment and placement of immigrant workers, including displaced persons. Such operating functions—as distinct from the setting of standards—would represent a practically new function which the ILO would assume only upon request of the members involved.

Its employment service experts might assist individual countries in the improvement of their employment-service methods. Similarly, ILO experts might be utilized for vocational guidance work to retrain workers for new jobs as well as to train new additions to the industrial or agricultural labor supply.

5. INTERNATIONAL MONETARY FUND

The International Monetary Fund came into existence in December 1945 and now has 45 members. Of the 16 countries participating in the European recovery program, the following are not members of the fund: Portugal, Sweden, Switzerland, Austria, and Ireland.

The purposes of the fund, as stated in article I of the fund agreement, are to promote international monetary cooperation, to facilitate the expansion and balanced growth of international trade, to promote exchange stability, to maintain orderly exchange arrangements of members, to assist in the establishment of a multilateral system of payments and in the elimination of foreign exchange restrictions, to give confidence to members by making the fund's resources available to them under adequate safeguards, thus providing them with an opportunity to correct maladjustments in their balances of payments without resorting to measures destructive of national or international prosperity, and to shorten the duration and lessen the disequilibrium in the international balances of payments of members.

The fund may thus help members meet deficits in their balances of payments which are of a temporary nature, such as a deficit due to a crop failure. The fund's resources are not available for relief, reconstruction, and development purposes, nor to meet a continuing drain of a country's external resources due to fundamental disequilibrium, although the articles of agreement provide for a waiver of these limitations in exceptional circumstances. The fund is to assist countries in meeting emergencies in normal times and was not designed for capital

or long-term operations. The articles of agreement visualize prompt repayment and the charges rise sharply with the time the advance remains unpaid. The fund's resources amounted to the equivalent of 7.920 billion dollars on August 31, 1947, of which 3.274 billion dollars was in gold or dollars.

The authors of the fund at the Bretton Woods Conference did not intend that the fund's resources be used for postwar reconstruction, and accordingly established the International Bank to assist in this field. They realized that if the fund's resources were depleted by advances for reconstruction purposes the fund would be permanently weakened and unable to fulfill its original purpose.

6. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The International Bank for Reconstruction and Development was established simultaneously with the fund and has an identical membership. The bank's resources are for the benefit of its members, and according to the articles of agreement, "the bank shall pay due regard to the prospects that the borrower * * * will be in a position to meet its obligation under the loan." Its loans therefore are available to member countries whose credit standing indicates repayment prospects are satisfactory.

Although the bank's subscribed capital amounts to a little over 8 billion dollars, only 20 percent of this amount is available for loans, the remainder being in the form of a guaranty fund. Of the 20 percent of the capital which has been paid in, most was in currencies other than dollars. On September 30, 1947, the bank's holding of liquid dollar assets amounted to approximately 740 million dollars. The bank in July 1947 borrowed 250 million dollars through the sale of its own bonds. Borrowing operations of this type constitute the main source of funds for lending. The bank's bonds are now slightly under par and the bank feels that its ability to borrow is strictly limited, especially at the present time. The bank believes that the kind of loans it makes has an important bearing on its ability to borrow. The bank has made loans to France of 250 million dollars, Denmark 40 million dollars, the Netherlands 195 million dollars, and Luxemburg 12 million dollars.

The bank is prepared to consider loans for the purchase of capital equipment and other projects which will aid this program, keeping in mind the bank's lending capacity, its statutory limitations, and its obligations to non-European members.

7. INTERNATIONAL TRADE ORGANIZATION

A United Nations Conference on World Trade and Employment will convene in Habana on November 21, 1947, to agree upon and recommend to governments a charter for an International Trade Organization. The draft charter which was agreed upon in Geneva last August contains provisions relating to national policies regarding tariffs, customs administration, hidden restrictions on trade, import and export quotas, exchange controls, preferences and other forms of discrimination, state trading, subsidies, restrictive business practices

in international trade, intergovernmental commodity agreements, international aspects of domestic employment policies, economic development, and international investment.

It will be the function of the International Trade Organization to watch over the observance of the principles embodied in the charter, to facilitate consultation among its members and, generally to carry out the substantive provisions of the charter. The organization as proposed in the draft charter will consist of a conference of member states, and an executive board, with continuing administration in the hands of a director-general and staff.

Although there may be some difference in emphasis, the general objectives of the European recovery program and the proposed ITO are essentially the same, namely an expansion of production and trade resulting in a maximization of real income and a rise in living standards. The difference in emphasis arises from the fact that the recovery program is primarily concerned with the immediate problem of economic reconstruction over the next 4 years. The ITO's greatest usefulness can be expected after European production is restored.

The draft ITO charter specifically foresees the possibility of the formation of new customs unions, including arrangements of an interim character, provided such arrangements include definite plans for generalizing their conditions within a reasonable time.

INTERNATIONAL TIN COMMITTEE¹

This committee set up in 1931 functions under the agreement of September 9, 1942, entered into between the United Kingdom (for Malaya and Nigeria), Belgium (for Belgian Congo), the Netherlands (Netherlands Indies), and Bolivia. The committee decides on the exportable surpluses that are to be made available by the nations controlling the chief tin-producing areas and establishes quotas for consuming nations. The United States and other consuming nations attend quarterly allocation meetings and give advice as to stocks, consumption, and requirements. The United States during 1947 received approximately 50 percent of the declared exportable surplus.

¹ Added by staff.

12. TEXT OF TASS STATEMENT OF SOVIET VIEWS ON EUROPEAN AID

(New York Times, June 30, 1947)

LONDON, June 29 (AP)—The text of a Moscow-broadcast Tass dispatch, recorded by the Soviet Monitor, on the Marshall Plan:

On June 28 the (Paris) newspapers l'Aube and le Monde published a detailed exposition of the French Government's stand at the conference of the three Ministers in Paris. It is also known that the British Government's viewpoint in this respect coincides in general with the French viewpoint.

We have been given the opportunity to expound the viewpoint of the Soviet Government at this conference. The Soviet stand is as follows:

As is known, the Paris Conference was called in connection with the speech delivered by the United States Secretary of State, Mr. Marshall, at Harvard University on June 5. In this speech Mr. Marshall expressed his apprehensions with regard to the economic conditions prevailing in the European countries following the Second World War.

He pointed to the grave consequences of the war, which caused immense losses in manpower and the destruction of towns, factories, mines, and railways, and he pointed also to postwar difficulties in the economic life of the European countries. He pointed out that the quantities of commodities now being produced is inadequate, that there are shortages of food, raw materials, and fuel and that machinery has become badly worn out, especially in the years of war.

Noting that the demand of certain European countries for food and other necessities, now being received chiefly from America, exceeds by far their present ability to pay, he said that the United States of America must do everything in its power to assist in the return of normal economic conditions in the world.

CITES UNITED STATES GAINS IN WAR

Dealing with the possibility of America's rendering economic assistance to the European countries, Mr. Marshall said that countries of Europe should themselves ascertain their needs and arrive at some kind of agreement among themselves, assuming the initiative in this matter. He said in this connection that the role of the United States of America should be that of affording friendly assistance in working out a European program and of giving subsequent support for such a program, insofar as this might be practicable for the United States of America.

Quite obviously, the rehabilitation and further development of the national economies of the European countries could be facilitated if the United States of America, whose production capacities—far from

declining—considerably increased during the war, rendered the economic assistance which those countries need. At the same time the United States of America, for its part, is also interested in making use of its credit possibilities for expanding its external markets, especially in view of the approaching crisis.

When, in connection with Mr. Marshall's speech, the French and British Governments suggested a conference of the three Ministers, the Soviet Government received this proposal favorably, despite the fact that the system of planning on which the Socialist national economy in the U. S. S. R. is based precludes the possibility of the various crises and economic shake-ups mentioned in the above speech of the American Secretary of State.

Naturally, the present conference will achieve its object only if it correctly formulates its tasks and methods of work.

OPPOSES FRENCH PLAN

A definite plan of work prepared by the French Government and endorsed by the British Government has been presented at the conference. The Soviet delegation expressed grave doubts with regard to this plan.

It is one thing to ascertain the economic needs of the European countries for American aid in the form of credits and deliveries of goods by means of the estimates drawn up by the European countries themselves. This is acceptable and may prove very useful to the European countries.

It will be an entirely different matter if the conference engages in drawing up an all-embracing economic program for the European countries as envisaged by the French project, and will only in passing ascertain their needs for American economic aid. If the conference deviates to this path it will digress far from the task set it and will fail to yield any positive result.

It is stated here that France has an economic plan of her own and that the French Government hopes for positive results from this plan. Great Britain also has an economic program of her own. It is widely known that in the Soviet Union the rehabilitation and development of the national economy is based on a state socialist plan.

The Soviet people has already carried out more than one five-year plan. At present the Soviet people is successfully carrying out its postwar Stalin Five-Year Plan. This insures a steady rise of the material and cultural well-being of the Soviet people.

CONDEMNS FOREIGN INTERFERENCE

It is also known that certain other European countries also are now engaged in rehabilitating their national economies on the basis of 2-year and 3-year plans. Considerable successes have already been achieved in the implementation of these plans. Hitherto it was taken for granted that each nation should decide for itself how best to secure the rehabilitation and rise of its economy. No European government intends to interfere and say whether Monnet's (French) plan is good

or bad for France. This is the affair of the French people itself. But the same applies to Great Britain and the Soviet Union, to Poland, Czechoslovakia, and every other European country.

This is how the matter is understood in the Soviet Union, which more than once offered resistance to attempts at foreign intervention into its affairs. It was considered perfectly obvious that internal economic affairs are to be decided by the sovereign peoples themselves and that other countries should not interfere in these internal affairs.

It is only on this basis that the normal development of relations among countries is possible. Attempts at outside interference in the economic life of various countries have not yielded favorable results, nor can they yield them.

If that is true, then any attempts to compel the conference to engage in drawing up an all-embracing economic program for the European countries—which will inevitably entail intervention on the part of some states into the affairs of other states—cannot be accepted as a basis for cooperation among the European countries. At present certain powers display such strivings, but they are doomed to failure and will only undermine their international prestige.

The conference is faced with the task of ascertaining the needs of the European countries for American economic aid by means of receiving appropriate estimates from the countries concerned and subjecting them to a joint examination.

WANTS OTHERS INVITED

It should be believed that the task of the conference is to establish cooperation among the European countries in drafting estimates of the needs of these countries for American economic aid, to ascertain the possibility of obtaining such economic aid from the United States and to assist the European countries in obtaining this aid.

This is no easy task and will require considerable efforts. But if the conference copes successfully with this task, an important step will have been made in developing cooperation among the European countries, and at the same time in developing cooperation between the countries of Europe and the United States of America.

What European countries should cooperate in this undertaking?

In this respect, too, there is a difference between the positions of the various countries, so it would be wrong not to consider the difference which should exist in the Allies' attitude to the Allied states, the former enemy states and the neutral states.

The Soviet Government maintains that the ascertaining of the needs (estimates) of the European countries for American economic aid cannot be the concern of only the three countries taking part in the present conference. Other European countries, too, should be invited to take part in working on the problems involved.

WOULD AID WAR ALLIES FIRST

In so doing, account should be taken in the first place of the needs of those European countries which suffered German occupation and rendered support to the common cause of the Allies in defeating the

enemy. It is those countries that should be invited in the first place to take part in the economic cooperation in Europe which is now being planned. Their needs should be given special attention when the questions of American economic aid come under consideration.

As to the former enemy countries, they must be invited for appropriate consultations.

The question of Germany is quite a special one. It is known that the Allied countries have not yet achieved agreement on such fundamental problems as the creation of an all-German Government, the payment of reparations by Germany, Germany's industrial level and so forth. These problems are under consideration by the Council of Foreign Ministers, in which not only these three countries, but the United States of America as well is a member.

That is why the German question is to be considered by the Council of Foreign Ministers and not by the present conference.

As to the methods of examining the problems at this conference, the Soviet delegation believes it desirable to set up appropriate committees composed of representatives of the three countries and to invite representatives of the other European states, and in the first place the above-mentioned Allied countries, to take part in those committees. It is also necessary to consider the question of the relations to be established with the (United Nations) European Economic Commission.

13a. STATEMENTS BY MOLOTOV, BEVIN, AND BIDAULT ON EUROPEAN AID PLAN

(From New York Times, July 3, 1947)

Paris, July 2 (AP).—Following is the text of Soviet Foreign Minister Molotov's statement at the final meeting of the three-power conference on the Marshall Plan and excerpts from subsequent statements by British Foreign Secretary Bevin and French Foreign Minister Bidault:

BY MR. MOLOTOV

The Soviet delegation has carefully examined the proposal submitted by the French delegation on July 1.

The French draft as well as the previous proposal of the British delegation sets the task of drawing up an economic program for the whole of Europe, even though the majority of European countries are known to have no Nation-wide economic programs of their own. With a view to elaborating such a comprehensive European program it is proposed to set up a special organization charged with assessing the resources and needs of European countries and even with determining the development of the main branches of industry of these countries and only after that with ascertaining the possibilities of receiving American economic aid.

Therefore, the question of American economic aid of which indeed nothing definite is yet known has now provided an occasion for the British and French Governments to seek the creation of a new organization standing over and above the countries of Europe and interfering in their internal affairs down to determining the line of development to be followed by the main branches of industry in these countries. Furthermore, Great Britain and France together with the countries close to them are laying claim to a predominant position in the organization or in the so-called Steering Committee for Europe as it has been named in the British draft.

Verbal reservations are now being made to the effect that this organization would allegedly not intervene in the internal affairs of these states and would not encroach upon their sovereignty. But it clearly follows from the tasks which are being set before this organization or before the steering committee that the European countries would find themselves placed under control and would lose their former economic and national independence because it so pleases certain strong powers.

OUTSIDE PRESSURE FEARED

In any case it is now suggested that the possibility of American aid being received by this or that country involves an obedient attitude on

its part vis-à-vis the above-mentioned organization and its steering committee.

Where is this likely to lead?

Today pressure might be put on Poland to produce more coal even though it be at the expense of the other branches of Polish industry because that is in the interest of certain European countries; tomorrow it will be said that Czechoslovakia must be required to increase her agricultural production and to reduce her engineering industry and it will be proposed that Czechoslovakia should receive machinery from other European countries wishing to sell goods at higher prices.

Or, as the newspapers recently reported, Norway will be compelled to discontinue the development of her steel industry because that is more convenient to certain foreign steel corporations, etc.

What would then remain of the economic independence and sovereignty of such European countries?

Under these conditions how would the small countries and in general the less powerful states be able to safeguard their national economies and independence?

The Soviet Government certainly cannot venture along this path and continues to support its proposals put forth at this conference June 30. Nor does the Soviet Government share the enthusiasm regarding foreign support made apparent in the last French draft.

FORESEES CONTROLS BY UNITED STATES

When efforts are directed toward Europe helping herself in the first place and developing her economic potentialities as well as the exchange of goods between countries, such efforts are in conformity with the interests of the countries of Europe. When, however, it is stated as in the French proposal that the decisive hold on the rehabilitation of the economic life of European countries should belong to the United States and not to the European countries themselves, such a position stands in contradiction to the interests of European countries since it might lead to a denial of their economic independence, which denial is incompatible with national sovereignty.

The Soviet delegation believes that internal measures and the national efforts of each country should have a decisive importance for the countries of Europe and not make calculations for foreign support which should be of secondary importance. The Soviet Union has always counted above all on its own powers and is known to be on a steady way of progress of its economic life.

The first form of cooperation is based on the development of political and economic relations between states possessing equal rights and in that case their national sovereignty does not suffer from foreign interference.

Such is the democratic basis for international cooperation which brings nations closer together and facilitates the task of their mutual aid.

There exists, however, a different form of international cooperation based on the predominant position of one or several strong powers in relation to other countries which slip into the position of subordinated countries deprived of their independence.

FRENCH PLAN REJECTED

It is perfectly obvious that the first form of cooperation between states when they act as parties possessing equal rights is radically different from the second form of international cooperation, when this principle is not observed.

The Soviet Government, while favoring the development of international collaboration on the basis of equal rights and mutual respect for the interests of the contracting parties, cannot lend its assistance to anyone in arranging his affairs at the expense of other countries of less strength or size because this has nothing in common with normal cooperation between states.

The Soviet Government, considering that the Anglo-French plan to set up a special organization for the coordination of the economies of European states would lead to interference in the internal affairs of European countries, particularly those which have the greatest need for outside aid, and believing that this can only complicate relations between the countries of Europe and hamper their cooperation, rejects this plan as being altogether unsatisfactory and incapable of yielding any positive results.

On the other hand the Soviet Union favors the fullest development of economic collaboration between European and other countries on a healthy basis of equality and mutual respect for national interests and has itself constantly contributed and will contribute to this end by the expansion of trade with other countries.

DIVIDED GERMANY FEARED

The fact that the Franco-British proposals raise the question of Germany and her resources merits special attention. It is proposed that the above-mentioned organization or the steering committee should also deal with the utilization of German resources although it is generally known that the justified reparation claims of those Allied countries which had suffered from German aggression still remain to be met.

Therefore, not only is no special concern being shown for those countries which had made the greatest sacrifices during the war as well as important contributions to Allied victory but indeed it is at their expense that it is proposed to direct the resources of Germany for purposes other than reparations.

On the other hand nothing is being done to expedite the setting up of an all-German government which would be qualified to take care of the needs of the German people better than anyone else.

On the contrary the policy of federalizing Germany is still being carried out in the western zones of Germany as well as the line of action directed toward a still great separation of western German territories from the rest of Germany, a fact which is incompatible with the genuine restoration of Germany as a united democratic state forming part of the European family of peace-loving states.

PREDICTS "NO GOOD RESULTS"

What would the implementation of the Franco-British proposal concerning the setting up of a special organization or of a steering committee for the elaboration of a comprehensive European economic program lead to?

It would lead to no good results.

It would lead to Great Britain, France, and that group of countries, which follows them separating themselves from the other European states and thus dividing Europe into two groups of States and creating new difficulties in the relations between them.

In that case American credits would serve not to facilitate the economic rehabilitation of Europe but to make use of some European countries against other European countries in whatever way certain strong powers seeking to establish their domination should find it profitable to do so.

The Soviet Government considers it necessary to caution the governments of Great Britain and of France against the consequences of such action which would be directed not toward the unification of the efforts of the countries of Europe in the task of their economic rehabilitation after the war, but would lead to opposite results which have nothing in common with the real interests of the peoples of Europe.

BY MR. BEVIN

Mr. Molotov's objections to the Franco-British program were based on a complete travesty of the facts and a complete misrepresentation of everything the British Government had submitted. I suppose the method is to go on repeating those misrepresentations in the hope that someone would at least believe them. The British documents would speak for themselves.

It is a fundamental principle by which we work not to interfere in the internal affairs of other countries and we hope the national sovereignty of European powers will be recognized and respected equally by everyone while this attempt is being made to achieve economic cooperation.

From the beginning I have seen in the Marshall proposal a way to secure quickly the rehabilitation and independence of Europe—not a way to undermine it; to make Europe free—not to provide for the domination of any one state.

When this meeting began I had hoped that all three of us would be able jointly to give Europe a lead, to cooperate in finding a way to put the continent on its feet again.

That has not proved to be the case.

But Britain will continue to strive for the unity of Europe, for the independence of Europe and for the independence of its national units.

REGRETS MOLOTOV THREAT

I regret that Mr. Molotov has threatened that if we continued this beneficent work we must face grave consequences.

Well, my country has faced grave consequences and threats before. It is not the sort of prospect which will deter us from doing what we consider our duty.

Nevertheless, I profoundly regret that threat.

Our policy is to dominate none and to cooperate with everyone. We shall work as closely as we can with the United Nations organization and inform it and its various bodies and all the governments of what we are doing.

If there are governments which will not cooperate, then we shall at least have discharged our duty by trying to help them.

I regret that in the course of the meeting, suspicions have been expressed of Britain's intentions. By our action we will prove these to have been unjustified and in the end, perhaps by example, we may win when by argument we can't.

BY M. BIDAULT

I have heard with much interest, and also with some disappointment, the declaration of Mr. Molotov. His conclusion puts my country on guard. I would like for my part to put the Soviet delegation on guard against any action which might result in separating Europe into two groups.

So far as it is concerned, the French Government rejects every suspicion of hegemony. The interest of European peoples is to be united and not to be divided. The universe is witness that France has done all she can to prevent such a division, and she solemnly declines all responsibility for the consequences of a decision which she has done her utmost to avert.

I would like to present some observations on the criticisms which have been made against the last proposal of the French Government. Several times it was mentioned that it was in effect a program imposing certain restraints on various European nations.

I recall, once again, that what we want to ask of European nations is a balance sheet and that their independence is entirely preserved. National statistics ought to be added up and compared in a manner to determine their resources and their needs.

In this procedure there is not a shadow of suspicion of restraint imposed upon Europe. As to the organization which ought to attempt to establish this balance sheet it will operate without force and according to facts which will be furnished to it.

It has been mentioned that American aid was uncertain. It will be even more uncertain if the facts of the problem are not respected and if naturally Europe does not speak up to say—I repeat this for at least the fourth time—what she can do for herself and what we as a whole are lacking.

DENIES SEEKING DOMINATION

They tell us: This is a pretext to interfere in the internal affairs of other peoples. I have declared several times, I have even put it in writing, that it is not a question of fixing directives by way of authority. It is simply a question of knowing the production and

objectives of these various countries and of harmonizing them in complete liberty.

Neither England, I am sure, nor France, in any case, I affirm, seeks a dominating place in such an organization. But we have learned from the experience of existing international organizations that the role of great powers cannot be underestimated. This is why we have thought, as is normal in every other case, that it was their duty to take the initiative.

Consequently there were not only verbal reserves as to noninterference in internal affairs and as to guarantee of the individual sovereignty of states, but clear and categorical commitment. There can be no question of controlled countries which would be subjected to the pleasure of some great powers. Acceptance of European countries is not conditioned on their obedience but on their independent acceptance.

They will participate if they so desire and my information is that a great number of them wish to participate. Their benevolent cooperation will be very welcome. Naturally no cooperation other than benevolent cooperation can be accepted.

All hypotheses which have been put forth by Molotov—one, for example, that Poland would be obliged to concentrate on coal to the detriment of other industries, that Czechoslovakia would be obliged to abandon certain industries in which she excels in favor of development of her agriculture, that Norway would have to reduce her steel production—none of these can be upheld.

REASSURES OTHER NATIONS

We are well qualified to say that no plan concerning any one of these countries has ever been in the mind of the French delegation

These three countries need help. All that would be asked of them is what they are capable of providing from their side to Europe in exchange for possible aid which would come first of all from other European countries and later from America.

They have facts better than we have them and we ask them to furnish them in view of establishing an over-all balance sheet.

What, then, remains of independence of European states? That is a question which has been posed. There remains exactly all of it. I have never been able to understand that collaboration of states can be achieved only at expense of their independence. Cooperation among states, neighbors or distant, is carried on with respect for mutual independence, and collaboration which does not respect that independence is without value.

It is consequently in independence and for independence that their cooperation is sought. * * * It is a question in the first place of the individual effort of each state which nothing can replace. Each state ought do the maximum possible with the means which the destruction of war have left to it to reconstruct itself.

Then upon the Continent, of limited extent, we must organize an effort of indispensable mutual assistance to coordinate our means in friendship and within this maintained independence.

Finally, for the difference and in a temporary manner, it is fitting to turn ourselves to another Continent which emerged from war unscathed and whose resources are immense; to aid countries which have horribly suffered because they were the first and the principals to endure the horror.

SAYS UNITED STATES HAS LEADING ROLE

I realize that a term has been placed in the French delegation's proposal—the words “decisive role” of American aid. I must excuse myself to have to give here an explanation of vocabulary. “Decisive role” does not signify the principal role.

Since around this table we are former companions in combat—even sometimes of combat among ourselves—I might recall that in French victory and in French defeat at Marengo, at Waterloo, the decisive role was played by several thousand men who arrived at the last moment. It was the decisive role but it was not the principal role.

As to the principal role we will assume it is each of us, all of us together, I hope, while the decisive role for several months to come we hope will be played by the United States.

The United States is the several thousand men who will decide the battle and victory against misery.

So far as Germany is concerned I want to say again what I had to say yesterday. The position of the French Government is not changed on the question of reparations. The only reference to it in the French proposal provides for consultation of commanders in chief.

As for countries which suffered from the war which were victims of Hitlerian aggression I have myself mentioned in a spirit of sympathy for the Soviet proposition the possibility of setting up all priorities possible.

I now see reappearing, it is true, the idea of a unified government for Germany to which, as is well known, the French Government is not at all favorable, at least not today. I want to recall that this matter cannot be the object of three-sided deliberation. Thus on all points concerning Germany it seems to me they were answered yesterday. I do not want to embark upon useless repetition.

The French proposition does not and will not intend to enchain the economies of smaller countries but on the contrary to liberate them.

The day when we have modernized our economy, when we are able to pay for our essential purchases with our own sales of our own products with our own means, then we shall be truly independent. Independence is not achieved in misery and isolation but affirmed in human cooperation and prosperity.

13b. BEVIN AND BIDAULT AT OPENING OF PARIS CONFERENCE

(From New York Times, July 13, 1947)

PARIS, July 12 (AP).—Following are the texts of the statements of French Foreign Minister Bidault and British Foreign Secretary Bevin at the opening session of the Paris aid conference:

BY M. BIDAULT

For the first time since the end of World War II, nations which history parted before reuniting them again are gathered in a common will of mutual and peaceful help. I am happy that Paris has been chosen as the place of the meeting which, out of the solidarity of unhappiness, must create, for everybody's sake, the assertion of a brotherly will.

It is not the fault of any one of us that all the European nations are not represented at this meeting. Everything that was in our power has been done to obtain a favorable answer from a unanimous Europe to the appeal made by the United States Secretary of State. Faithful to the thought that has constantly inspired us, we will take care not to say or do anything that would set aside any nation. We still hope that seats empty today will be occupied some day. This seems to us, without any doubt, in conformity with the collective interest of Europe, as well as with the particular interest of every one of the absentees.

We are today facing a task whose amplitude and urgency are evident to any honest mind.

Following a terrible ordeal, which repeated in the same generation the first universal disaster that struck humanity, Europe, our Continent, cradle of modern civilization, is weakened and ravished. A great statesman, Mr. Marshall, addressed to Europe on June 5 an appeal which we want to answer in such a way that Europe's mutual self-aid will create conditions for temporary but indispensable American aid to the Continent.

DENIES INFRINGEMENT OF RIGHTS

It is obviously unnecessary to recall today the events since General Marshall's offer and until the Anglo-Franco-Soviet talks in Paris ended the way you know. The documents have already been published. Anyone may draw his conclusions after studying them, learn what has been done for the sake of conciliation and by whom; what was the obstacle to this conciliation, and how.

It has been alleged with a certain tendency toward uniformity, in a bold assertion which I notice without wishing to explain it, that

this conference was a menace not only to the sovereignty of nations, but also to their independence.

In opposition to this charge, whose insistence does not compensate for its inexactness, the sovereignty and the independence of the nations are here, today, being affirmed.

What is the object of this present conference? Simply to establish an organization which can tally the balance sheet of Europe's resources and needs.

It is indispensable that this be done quickly. This is the reason why the Franco-British invitation was handed to you the day after the break-up of the Three-Power Conference at Paris. This is also the reason why such a short period was left for an answer.

Tomorrow, numerous nations will no longer know how to meet the purchase of essential goods which they are forced to make by the current distress of our continent without holding corresponding resources in foreign currency.

STRESSES FREEDOM OF ACTION

Such is the motive for the initiative taken in common by Great Britain and France in the mutual interest of Europe, having failed to associate the Soviet Union in their invitation.

We have absolutely no intention of imposing views or methods, even less to employ this conference to establish in Europe a hegemony with which you know, gentlemen, that you are not here threatened.

What we are proposing to you is to organize, freely and according to what we decided altogether, the effort of European nations here present so as to limit the assistance of the United States to strict necessities; that is, what we ourselves cannot do for ourselves by our own means.

It has been alleged that the unavowed aim of our meeting is to rebuild Germany first. The resources of Germany ought to be utilized for Europe, Germany included. I want to emphasize in the name of the French delegation that any other interpretation is improper.

The hour has come to construct a Europe, not—as a great French voice, that of Aristide Briand, proclaimed already 20 years ago—not against other nations, not against any other country or group of countries, but for a better disposition of the immediate conditions of peace to put an end to a state of anarchy which gives rise to conflicts by maintaining distress.

The whole of Europe is not present here but those who are present have the right to speak in her name, and to act for her.

Reinforcements will come, I am sure of it, when our loyal work will have proved to all, with obvious interest, what was the path of genuine independence.

The hour has come to accomplish the destiny of Europe by returning her to the place which was hers, since the deepness of the ages, in the life of the civilized world.

The noble initiative of the Government of the United States is for our peoples and appeal which we cannot ignore without betraying them.

Together, then, we will make, and make it quickly, the effort of mutual self-aid which will make us worthy of being aided.

For generations, men of all countries who rejected a selfish nationalism have longed for this assembly which is being held today. Let us be proud to be witness to it and to be the good craftsmen of a task dreamed of for centuries and, at the present time, urgently necessary.

I repeat that we did not want any refusal, that we spared no effort to make our gathering more numerous. Such as it is, our meeting is a great motif for hope for all of us who are here and for all those who will follow.

BY MR. BEVIN

Gentlemen, I would like to express to you my thanks for electing me chairman of this conference.

I regard this as an historic conference.

On behalf of my Government I desire to express our thanks to so many countries for their prompt response to the invitation which the French Government and His Majesty's Government took the responsibility of issuing.

The political difficulties which have inevitably arisen as a result of the war will take a considerable time to settle. In the meantime, there is the vexed problem of the economic problems from which Europe is suffering today. The speech of Mr. Marshall, we felt, gave an opportunity and a challenge for a prompt reply, and called upon us to grapple immediately with the European problem as a whole. It was continent speaking to continent.

We believe that an energetic approach to the economic problems of Europe will not only bring immediate benefit and reduce the sufferings caused by the war but, if our handling of this problem is successful, it will in fact facilitate ultimately the right political settlement in Europe as well. For a country like ours and France to be accused of interfering with the sovereignty of small nations, after the suffering that we have incurred in their defense in two world wars, is a charge which, history itself by our actions proves, I think, to be just nonsense.

The motive, therefore, that prompted us in taking this step was a desire to utilize by voluntary, I emphasize voluntary, arrangement, the resources of Europe in order that they may benefit the whole of Europe and, indeed, assist her to get back to the proud independence she enjoyed so long, only utilizing the supplementary assistance offered by Mr. Marshall to facilitate that end.

DENIES POLITICAL LINKS

I repeat, therefore, that this conference is economic and not political in its conception or intention.

On behalf of the British Government I am authorized to state that, not only its own resources but, insofar as it can influence them, the resources of the great Commonwealth will be directed as far as possible to help rehabilitate Europe. We regard that not only as our duty but as our interest, since the quicker Europe can be brought back to a state of economic health the more we shall all mutually benefit.

It is a matter of regret that certain countries in eastern Europe have not been able to attend this conference, and if one follows the news and views expressed I am sure they regret it as much as we regret their absence. We fully understand, and we express our sympathy. But I think that I voice the general sentiment of all the countries, not only in this conference but outside Europe, when I say that I think it is their wish, as certainly it is ours, that the door shall remain wide open to all those of good will who want to contribute to the healthy life of Europe.

But this is a business meeting, and it is essential to expedite our business with the greatest possible speed. We have no idea of setting up a permanent organization rival to the United Nations. It is a piece of ad hoc machinery to grapple with this special problem, and, I repeat, effective and quick action is required.

Our loyalty to the United Nations remains as it always has, complete and firm, and we are anxious to work in cooperation to the fullest possible extent with the appropriate organs of the United Nations; but I repeat again that the prime purpose of our action was to respond to the United States proposal.

The British and French Governments, in their invitations, have made certain suggestions. These suggestions are based on the principle that the relief of the European countries must relate to European resources as well as European needs. We must pay particular attention to the commodities in short supply in Europe, particularly food and agricultural products, coal and power, iron and steel, transport, balance of payments, immigration, and problems of that character.

Our first immediate step, therefore, should be to agree that an organization be set up. I suggest that it would be inappropriate for the Ministers to work out the details relating to the organization, and I would suggest that our first step should be to create a working committee representing all the members of the conference to examine these questions and to report back to this conference in the shortest possible time. I suggest that this working committee ought to be appointed at once and get to work at once. To this end I would propose to submit a suggestion for consideration to the conference, which I suggest we should proceed to discuss forthwith.

The resolution which I would suggest in order that the committee might get to work and obtain the views of all the governments is as follows:

“Resolution submitted by the United Kingdom delegation.

“This conference, having noted the suggestions contained in the annex to the invitations issued by the British and French Governments on July 4, further resolves to set up as a matter of urgency a series of committees which shall meet in Paris to prepare a response to the suggestions of the United States through their Secretary of State and, for this purpose,

“Appoints at once a working committee on which all countries members of this conference shall be represented to consider the question of the organization of the committees concerned with particular reference to the conduct of business and membership of these committees and to produce a report for consideration by the conference on July 15.”

14a. PUBLIC LAW 75—EIGHTIETH CONGRESS

[CHAPTER 81 —1ST SESSION]

[S. 938]

AN ACT

To provide for assistance to Greece and Turkey.

Whereas the Governments of Greece and Turkey have sought from the Government of the United States immediate financial and other assistance which is necessary for the maintenance of their national integrity and their survival as free nations; and

Whereas the national integrity and survival of these nations are of importance to the security of the United States and of all freedom-loving peoples and depend upon the receipt at this time of assistance; and

Whereas the Security Council of the United Nations has recognized the seriousness of the unsettled conditions prevailing on the border between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other, and, if the present emergency is met, may subsequently assume full responsibility for this phase of the problem as a result of the investigation which its commission is currently conducting; and

Whereas the Food and Agriculture Organization mission for Greece recognized the necessity that Greece receive financial and economic assistance and recommended that Greece request such assistance from the appropriate agencies of the United Nations and from the Governments of the United States and the United Kingdom; and

Whereas the United Nations is not now in a position to furnish to Greece and Turkey the financial and economic assistance which is immediately required; and

Whereas the furnishing of such assistance to Greece and Turkey by the United States will contribute to the freedom and independence of all members of the United Nations in conformity with the principles and purposes of the Charter: Now, therefore,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of any other law, the President may from time to time when he deems it in the interest of the United States furnish assistance to Greece and Turkey, upon request of their governments, and upon terms and conditions determined by him—

(1) by rendering financial aid in the form of loans, credits, grants, or otherwise, to those countries;

(2) by detailing to assist those countries any persons in the employ of the Government of the United States; and the provisions of the Act of May 25, 1938 (52 Stat. 442), as amended,

applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph: *Provided, however,* That no civilian personnel shall be assigned to Greece or Turkey to administer the purposes of this Act until such personnel have been investigated by the Federal Bureau of Investigation;

(3) by detailing a limited number of members of the military services of the United States to assist those countries, in an advisory capacity only; and the provisions of the Act of May 19, 1926 (44 Stat. 565), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph;

(4) by providing for (A) the transfer to, and the procurement for by manufacture or otherwise and the transfer to, those countries of any articles, services, and information, and (B) the instruction and training of personnel of those countries; and

(5) by incurring and defraying necessary expenses, including administrative expenses and expenses for compensation of personnel, in connection with the carrying out of the provisions of this Act.

SEC. 2. (a) Sums from advances by the Reconstruction Finance Corporation under section 4 (a) and from the appropriations made under authority of section 4 (b) may be allocated for any of the purposes of this Act to any department, agency, or independent establishment of the Government. Any amount so allocated shall be available as advancement or reimbursement, and shall be credited, at the option of the department, agency, or independent establishment concerned, to appropriate appropriations, funds or accounts existing or established for the purpose.

(b) Whenever the President requires payment in advance by the Government of Greece or of Turkey for assistance to be furnished to such countries in accordance with this Act, such payments when made shall be credited to such countries in accounts established for the purpose. Sums from such accounts shall be allocated to the departments, agencies, or independent establishments of the Government which furnish the assistance for which payment is received, in the same manner, and shall be available and credited in the same manner, as allocations made under subsection (a) of this section. Any portion of such allocation not used as reimbursement shall remain available until expended.

(c) Whenever any portion of an allocation under subsection (a) or subsection (b) is used as reimbursement, the amount of reimbursement shall be available for entering into contracts and other uses during the fiscal year in which the reimbursement is received and the ensuing fiscal year. Where the head of any department, agency, or independent establishment of the Government determines that replacement of any article transferred pursuant to paragraph (4) (A) of section 1 is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(d) (1) Payment in advance by the Government of Greece or of Turkey shall be required by the President for any articles or services furnished to such country under paragraph (4) (A) of section 1 if they are not paid for from funds advanced by the Reconstruction Finance Corporation under section 4 (a) or from funds appropriated under authority of section 4 (b).

(2) No department, agency, or independent establishment of the Government shall furnish any articles or services under paragraph (4) (A) of section 1 to either Greece or Turkey, unless it receives advancements or reimbursements therefor out of allocations under subsection (a) or (b) of this section.

SEC. 3. As a condition precedent to the receipt of any assistance pursuant to this Act, the government requesting such assistance shall agree (a) to permit free access of United States Government officials for the purpose of observing whether such assistance is utilized effectively and in accordance with the undertakings of the recipient government; (b) to permit representatives of the press and radio of the United States to observe freely and to report fully regarding the utilization of such assistance; (c) not to transfer, without the consent of the President of the United States, title to or possession of any article or information transferred pursuant to this Act nor to permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the recipient government; (d) to make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Act; (e) not to use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Act for the making of any payment on account of the principal or interest on any loan made to such government by any other foreign government; and (f) to give full and continuous publicity within such country as to the purpose, source, character, scope, amounts, and progress of United States economic assistance carried on therein pursuant to this Act.

SEC. 4. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (b) of this section, to make advances, not to exceed in the aggregate \$100,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine.

(b) There is hereby authorized to be appropriated to the President not to exceed \$400,000,000 to carry out the provisions of this Act. From appropriations made under this authority there shall be repaid to the Reconstruction Finance Corporation the advances made by it under subsection (a) of this section.

SEC. 5. The President may from time to time prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred upon him pursuant to this Act through such department, agency, independent establishment, or officer of the Government as he shall direct.

The President is directed to withdraw any or all aid authorized herein under any of the following circumstances:

(1) If requested by the Government of Greece or Turkey, respectively, representing a majority of the people of either such nation;

(2) If the Security Council finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly finds that action taken or assistance furnished by the United Nations makes the continuance of such assistance unnecessary or undesirable;

(3) If the President finds that any purposes of the Act have been substantially accomplished by the action of any other inter-governmental organizations or finds that the purposes of the Act are incapable of satisfactory accomplishment; and

(4) If the President finds that any of the assurances given pursuant to section 3 are not being carried out.

SEC. 6. Assistance to any country under this Act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress.

SEC. 7. The President shall submit to the Congress quarterly reports of expenditures and activities, which shall include uses of funds by the recipient governments, under authority of this Act.

SEC. 8. The chief of any mission to any country receiving assistance under this Act shall be appointed by the President, by and with the advice and consent of the Senate, and shall perform such functions relating to the administration of this Act as the President shall prescribe.

Approved May 22, 1947.

14b. JOINT RESOLUTION PROVIDING FOR RELIEF TO DEVASTATED AREAS

[PUBLIC LAW 84—80TH CONGRESS]

[CHAPTER 90—1ST SESSION]

[H. J. Res. 153]

JOINT RESOLUTION

Providing for relief assistance to the people of countries devastated by war

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the President not to exceed \$350,000,000 for the provision of relief assistance to the people of countries devastated by war, such relief assistance to be limited to the following: Food, medical supplies, processed and unprocessed materials for clothing, fuel, fertilizer, pesticides, and seed: *Provided*, That from the funds authorized under this section the President shall make contributions to the International Children's Emergency Fund of the United Nations for the special care and feeding of children, and such contributions shall not be subject to the limitations and requirements provided in this joint resolution, but after \$15,000,000 has been so contributed, no further contributions shall be made which would cause the aggregate amount so contributed by the United States (1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments not receiving assistance from said fund, including the United States; or (2) to exceed \$40,000,000, whichever is the lesser.

There shall be established and maintained, out of the funds authorized under this joint resolution, a relief distribution mission for each of the countries receiving aid under this joint resolution. Such missions shall be comprised solely of American citizens who shall have been investigated as to loyalty and security by the Federal Bureau of Investigation. Such missions shall have direct supervision and control, in each country, of relief supplies furnished or otherwise made available under this joint resolution, and, when it is deemed desirable by the field administrator provided for in section 4, such missions shall be empowered to retain possession of such supplies up to the city or local community where such supplies are actually made available to the ultimate consumers.

Not more than \$15,000,000 of the funds authorized under this joint resolution shall be available for relief in any countries or territories other than Austria, Greece, Hungary, Italy, Poland, Trieste, and China. This provision shall not imply any obligation to give relief to any of the countries mentioned.

Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$75,000,000, to carry out the provisions of this joint resolution, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid to the Reconstruction Finance Corporation the advances made by it under the authority contained herein.

SEC. 2. (a) Under the direction of the President, such relief assistance shall be provided in the form of transfers of supplies, or the establishment in this country of credits subject to the control of the President, in such quantities and on such terms as the President may determine; except that no such transfers of supplies or establishment of credits may be made after June 30, 1948, and except that not more than 6 per centum of the amount herein authorized shall be used for the procurement of supplies outside the United States and its Territories and possessions.

(b) In carrying out this joint resolution, funds authorized herein may be used to pay necessary expenses related to the providing of such relief assistance, including expenses of or incident to the procurement, storage, transportation, and shipment of supplies transferred under subsection (a) or of supplies purchased from credits established under subsection (a).

(c) Funds authorized under this joint resolution may be allocated for any of the purposes of this joint resolution to any department, agency, or independent establishment of the Government and such sums shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of the department, agency, or independent establishment, or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (U. S. C., 1940 edition, title 41, sec. 5, and title 31, sec. 529).

(d) Such additional civilian employees as may be required by the War Department in connection with the furnishing of procurement, storage, transportation, and shipment services under this joint resolution and which services are paid for from funds herein authorized, shall not be counted as civilian employees within the meaning of section 607 of the Federal Employees Pay Act of 1945, as amended by section 14 of the Federal Employees Pay Act of 1946.

(e) When any department, agency, or independent establishment of the Government receives request from the government of any country for which credits have been established under subsection (a) and receives, from credits so established, advancements or reimbursements for the cost and necessary expenses, it may furnish, or procure and furnish (if advancements are made), supplies within the category of relief assistance as defined in section 1 and may use sums so received for the purposes set forth in subsection (b) of this section. When any such reimbursement is made it shall be credited, at the option of the department, agency, or independent establishment concerned, either to the appropriation, fund, or account utilized

in incurring the obligation, or to an appropriate appropriation, fund, or account which is current at the time of such reimbursement.

(f) In order to supplement the general relief assistance made available under the terms of section 1 and to effect the economical and expanded use of American voluntary relief contributions, funds authorized under this joint resolution, not to exceed \$5,000,000, may be used to pay necessary expenses related to the ocean transportation of supplies donated to or purchased by American voluntary and non-profit relief agencies, and in such quantities and kinds and for such purposes as the President may determine to be essential supplements to the supplies provided for such general relief assistance.

(g) The relief supplies provided under the terms of this joint resolution shall be procured and furnished by the appropriate United States procurement agencies unless the President shall determine otherwise.

SEC. 3. No relief assistance shall be provided under the authority of this joint resolution to the people of any country unless the government of such country has given assurance satisfactory to the President that (a) the supplies transferred or otherwise made available pursuant to this joint resolution, as well as similar supplies produced locally or imported from outside sources, will be distributed among the people of such country without discrimination as to race, creed, or political belief; (b) representatives of the Government of the United States and of the press and radio of the United States will be permitted to observe freely and to report fully regarding the distribution and utilization of such supplies; (c) full and continuous publicity will be given within such country as to the purpose, source, character, scope, amounts and progress of the United States relief program carried on therein pursuant to this joint resolution; (d) if food, medical supplies, fertilizer, or seed is transferred or otherwise made available to such country pursuant to this joint resolution, no articles of the same character will be exported or removed from such country while need therefor for relief purposes continues; (e) such country has taken or is taking, insofar as possible, the economic measures necessary to reduce its relief needs and to provide for its own future reconstruction; (f) upon request of the President, it will furnish promptly information concerning the production, use, distribution, importation, and exportation of any supplies which affect the relief needs of the people of such country; (g) representatives of the Government of the United States will be permitted to supervise the distribution among the people of such country of the supplies transferred or otherwise made available pursuant to this joint resolution; (h) provision will be made for a control system so that all classes of people within such country will receive their fair share of essential supplies; and (i) all supplies transferred pursuant to this joint resolution or acquired through the use of credits established pursuant to this joint resolution and any articles processed from such supplies, or the containers of such supplies or articles, will, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such supplies, articles, or containers will permit in such manner as to indicate to

the ultimate consumer in such country that such supplies or articles have been furnished by the United States of America for relief assistance; or if such supplies, articles, or containers are incapable of being so marked, stamped, branded, or labeled, that all practicable steps will be taken to inform the ultimate consumers thereof that such supplies or articles have been furnished by the United States of America for relief assistance.

SEC. 4. When supplies are transferred or otherwise made available to any country pursuant to this joint resolution, the President shall cause representatives of the Government of the United States (1) to supervise the distribution of such supplies among the people of such country, (2) to observe and report with respect to the carrying out of the assurances given to the President pursuant to section 3, and (3) to seek arrangements that reparations payable from current production by any such country to any other country by treaty be postponed during the period of such relief.

With respect to the furnishing of relief assistance pursuant to this joint resolution, the President shall appoint, by and with the advice and consent of the Senate, a field administrator who shall direct the supervision of such relief assistance. Such administrator shall receive compensation at a rate not to exceed \$12,000 per annum, and any necessary expenses, as the President shall determine. He shall act in accordance with the instructions of the President.

The authority of the President under sections 2 and 3 and under this section may, to the extent the President directs, be exercised by the Secretary of State.

SEC. 5. (a). The President shall promptly terminate the provision of relief assistance to the people of any country whenever he determines (1) that, by reason of changed conditions, the provision of relief assistance of the character authorized by this joint resolution is no longer necessary, (2) that any of the assurances given pursuant to section 3 are not being carried out, (3) that an excessive amount of any supplies transferred or otherwise made available pursuant to this joint resolution, or of similar supplies produced locally or imported from outside sources, is being used to assist in the maintenance of armed forces in such country, or (4) that supplies transferred or otherwise made available pursuant to this joint resolution, or similar supplies produced locally or imported from outside sources, are being exported or removed from such country.

(b) Relief assistance to the people of any country, under this joint resolution, shall, unless sooner terminated by the President, be terminated whenever such termination is directed by concurrent resolution of the two Houses of the Congress.

SEC. 6. To the extent that relief supplies procured with funds authorized under this joint resolution are not furnished on terms of repayment in dollars, they shall be furnished only upon condition that the government of the receiving country agree that when it sells such relief supplies for local currency (a) the amounts of such local currency will be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, until June 30, 1948, only upon the approval of the duly authorized representative of

the United States, for relief and work relief purposes, including local currency expenses of the United States incident to the furnishing of relief; and (c) any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as the United States Government, pursuant to Act or joint resolution of the Congress, may determine.

SEC. 7. The President shall submit to the Congress quarterly reports of expenditures and activities under authority of this joint resolution.

Approved May 31, 1947.

15. AGREEMENT ON AID TO GREECE

(Signed at Athens, June 20, 1947; entered into force June 20, 1947.)

The Government of the Kingdom of Greece having requested the Government of the United States of America for financial, material, and technical assistance to avert economic crisis, promote national recovery, and restore internal tranquillity; and

The Congress of the United States, in the Act approved May 22, 1947,¹ having authorized the President of the United States to furnish such assistance to Greece, on terms consonant with the sovereign independence and security of the two countries; and

The Government of Greece, in a note to the Government of the United States of June 15, 1947,² having proposed certain measures within Greece which it deems essential to the effective use of United States assistance and of Greece's own resources in promoting reconstruction and recovery in Greece as soon as possible; and

The Government of the United States and the Government of Greece believing that the furnishing of such assistance will help to achieve the basic objectives of the Charter of the United Nations³ and will further strengthen the ties of friendship between the American and Greek peoples:

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

ARTICLE 1

The Government of the United States will furnish the Government of Greece such assistance as the President of the United States may authorize to be provided in accordance with the Act of Congress approved May 22, 1947, and any Acts amendatory or supplementary thereto.

ARTICLE 2

The Government of Greece will make effective use of any assistance furnished to Greece by the United States and of Greece's own resources in order to advance reconstruction and secure recovery in Greece as soon as possible. To this end the Government of Greece has already undertaken, and hereby agrees, to effectuate the measures proposed in its note of June 15, 1947, to the Government of the United States and will take such further action as may be appropriate.

¹ Public Law 75, 80th Cong., *post*, pp. 32-36.

² *Post*, p. 27.

³ Treaty Series 993; 59 Stat. 1031.

ARTICLE 3

The Government of the United States will send to Greece a mission to be known as the American Mission for Aid to Greece (hereinafter referred to as the American Mission). The Chief of the American Mission, designated by the President of the United States, will represent the Government of the United States on matters relating to the assistance furnished under this agreement.

ARTICLE 4

The Chief of the American Mission will determine, in consultation with representatives of the Government of Greece, the terms and conditions upon which specified assistance shall from time to time be furnished under this Agreement. Under the direction of the Chief, the Mission will provide such advisory assistance and will exercise such functions as are necessary and proper to assist the Government of Greece to make the most effective use of any assistance furnished to Greece by the United States and of Greece's own resources and thereby to advance reconstruction and secure recovery in Greece as soon as possible. Certain of these functions are contained in the measures proposed by the Government of Greece in its note of June 15, 1947.

ARTICLE 5

The Government of Greece will furnish all practicable assistance to the American Mission to facilitate the performance of its functions, the movement of Mission personnel to, in or from Greece, the employment of Greek nationals and residents, the acquisition of facilities and services, and the performance of other activities of the Mission. The personnel of the American Mission and the property of the Mission and of its personnel shall enjoy in Greece the same privileges and immunities as are enjoyed by the personnel of the United States Embassy in Greece and the property of the Embassy and of its personnel.

ARTICLE 6

The Government of Greece will permit the members of the American Mission to observe freely the utilization of assistance furnished to Greece by the United States. The Government of Greece will maintain such accounts and records, and will furnish the American Mission such reports and information, as the Mission may request for the performance of its functions and responsibilities.

ARTICLE 7

The Government of Greece and the Government of the United States will cooperate in assuring the peoples of the United States and Greece full information, consistent with the security of the two countries, concerning the assistance furnished to Greece by the United States. To this end—

(1) Representatives of the press and radio of the United States will be permitted to observe freely and to report fully regarding the utilization of such assistance; and

(2) The Government of Greece will afford the American Mission opportunity for, and will cooperate with it in providing, full and continuous publicity within Greece, including periodic reports by the Mission, as to activities under this Agreement and the purpose, source, character, scope, amounts, and progress of such assistance.

ARTICLE 8

The Government of Greece will make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Agreement. It will not transfer, without the consent of the President of the United States, title to or possession of any such article or information nor permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the Government of Greece or for any purpose other than that for which the article or information is furnished.

ARTICLE 9

The Government of Greece will not use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Agreement for the making of any payment on account of the principal or interest on any loan made to it by any other foreign government.

The Government of Greece will not, except with the approval of the Government of the United States, allocate any funds or make available any foreign exchange for payment of principal or interest on the foreign indebtedness now in suspense of the Government of Greece and of all public and private debtors.

ARTICLE 10

Any or all assistance authorized to be provided pursuant to this Agreement will be withdrawn—

(1) If requested by the Government of Greece representing a majority of the Greek people;

(2) If the Security Council of the United Nations finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly of the United Nations finds that action taken or assistance furnished by the United Nations make the continuance of assistance by the Government of the United States pursuant to this Agreement unnecessary or undesirable;

(3) Under any of the other circumstances specified in section 5 of the aforesaid act of Congress or if the President of the United States determines that such withdrawal is in the interest of the United States; or

(4) If the Government of Greece does not take reasonable steps to effectuate those measures proposed in its note of June 15, 1947, or subsequently agreed upon which are essential to reconstruction and recovery in Greece.

ARTICLE 11

This agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

ARTICLE 12

This agreement shall be registered with the United Nations.

Done in duplicate, in the English and Greek languages, at Athens, this 20th day of June 1947.

For the Government of the United States of America :

Lincoln MacVeagh,

LINCOLN MACVEAGH,

Ambassador Extraordinary and Plenipotentiary.

For the Government of the Kingdom of Greece :

Constantine Tsaldaris,

CONSTANTINE TSALDARIS,

Deputy Prime Minister and Minister for Foreign Affairs.

16. CONTROL POWERS NOW IN EFFECT IN THE UNITED STATES

Controls over the economy which are now in effect represent only a small portion of those which were in effect during wartime.¹ During the Eightieth Congress legislation was enacted to eliminate or reduce to a minimum the wartime controls over exports, imports, domestic production, distribution, prices, transportation and shipping. Pursuant to the clearly expressed will of the Congress, the executive branch has used sparingly the controls which were left on the statute books. There follows a brief outline of such controls as are now provided by law and the actual use that has been made of them with particular emphasis on those controls that affect United States export trade.

CONTROLS RELATING TO EXPORTS

Export controls are now being used to determine the total quantity of the exports of particular commodities which leave the country, to direct the flow of exports to particular countries and in some instances to particular end-uses within those countries, and to determine the distribution of export business among United States suppliers and in some instances among procurement agencies and foreign consigners.

At present approximately 20 percent of total exports are affected by export controls, the rest being uncontrolled. The chief purpose behind these controls and their chief effect is to protect the domestic economy by limiting the total amount of scarce commodities—those included in the so-called positive list²—which leave the country. It has been estimated by the Department of Commerce that without limitations, the export of these commodities would have been twice as great as has actually been the case. However, in the actual issuance of licenses within the over-all quotas which has been set,³ support is given to United States supply commitments⁴ to particular countries, and limits are placed upon exports to certain countries such as Spain⁵ and Russia.

A very limited number of controls over the distribution of domestic production are exercised in order to force exports which would not be

¹ No consideration is given here to controls over money and credit or controls exercised through taxation or tariff duties.

² This list includes meats, edible oils and fats, butter, grains, feeds, inedible oils and fats, fibers, lumber, petroleum, iron and steel, aluminum, nonferrous metals, machinery, railway cars, coal-tar products, medicines, basic chemicals, paints, fertilizers, and soap. Exports of commodities on the positive list are controlled for all countries except Canada.

³ Quotas are generally set on a quarterly basis.

⁴ More than two-thirds of the exports of commodities on the positive list moved to Europe in July 1947; whereas only one-fourth of the exports of commodities not under control was shipped to Europe.

⁵ All exports to Spain require a specific license. But in practice screening has not been particularly severe except for items for military end-uses.

made without controls. The only instances of this are tin plate, nitrogenous fertilizer, and machinery for the production of tin plate in Indonesia—a large portion of which is imported into the United States.⁶ However, the existence of limited powers to force exports has in some instances enabled the Department of Commerce to expedite export shipments on a voluntary basis.

A considerable influence over exports is exercised by direct United States Government procurement for export. Although Government purchases are not large except for wheat, they may be expanded within the limits of funds provided for foreign relief. Export quotas are set to cover Government purchases as well as private purchases for export. In the case of Government purchasing, however, an export quota might be met which could not otherwise be met except through the use of allocation powers, since the Government as a purchaser has sufficient funds to procure well in advance of needs and generally is in a position to extract a larger quantity of commodities from the domestic market than would result under commercial export operations. However, Government procurement for export is limited in practice through the establishment of over-all export quotas by commodities and the break-down of these quotas into United States Government procurement, foreign government procurement, and commercial procurement. The Government agencies which are claimants for export do not have the final say as to these export quotas or what portion of the quotas fixed will be procured by United States Government agencies.

Under existing legislation, complete authority to limit exports is provided by the Export Control Act of 1940 as amended.⁷ The Second Decontrol Act of 1947⁸ extended this authority to February 29, 1948. Authority to allocate domestic production for export purposes is provided by title III of the Second War Powers Act⁹ as restricted and limited by the Second Decontrol Act. This limits export production allocations to tin, nitrogenous fertilizer, exports which will facilitate the production abroad of materials critically needed in the United States, and materials¹⁰ upon the certification by the Secretary of State on foreign-policy grounds provided the Secretary of Commerce decides such exports will not have an unduly adverse effect on the United States economy. In practice, this last provision has never been exercised and, in view of its legislative history, it probably will not be used except for occasional individual spot shipments of great importance.

Policy decisions with respect to export controls are made by a set of interdepartmental committees including the Advisory Committee on the Second Decontrol Act, the Review Committee, which is subordinate to the Advisory Committee, and a few commodity committees. However, according to the law, the authority of the Secre-

⁶ The Second Decontrol Act (P. L. 188, 80th Cong.) specifically provides for such allocations.

⁷ P. L. 638, 79th Cong., June 30, 1942 (50 Stat. 463).

⁸ P. L. 188, 80th Cong., July 15, 1947. Printed in full below.

⁹ P. L. 507, 79th Cong., approved March 27, 1942 (56 Stat. 176).

¹⁰ Except foods, certain fibers and cordage, and fertilizer.

tary of Commerce is final even with respect to agricultural commodities.¹¹

With respect to Government procurement, there are several limiting laws which are of interest. Revised Statutes 3709-3710 require competitive bidding in Government contracts.¹² But this restriction does not apply to wholly owned Government corporations. The First War Powers Act,¹³ which is still in effect, provides that the President may authorize exemptions from this and other requirements of Federal law relating to contracts "whenever he deems such action would facilitate the prosecution of the war." Under this act the President has authorized Federal agencies to purchase without competitive bidding. However there is considerable question whether purchase for export under the European recovery program can be deemed to "facilitate the prosecution of the war," so that even though the First War Powers Act should remain on the statute books, consideration should be given to the continuance of the exemption in legislation for the European recovery program if it is considered to be important.¹⁴

The Buy-American Act of 1933¹⁵ provides that only domestically produced articles shall be acquired for public use, but this does not apply to articles acquired for use outside the United States.¹⁶ However, the Act for the Relief of Countries Devastated by War provides that only 6 percent of the purchases for export under that act may be made outside the United States.¹⁷ The Buy-American Act is made applicable to procurement for stock-piling purposes by the Strategic and Critical Materials Stock-Piling Act of 1947,¹⁸ but the exceptions continued in the buy-American law are technically adequate to permit foreign purchases where to use domestic supplies would result in depletion of United States resources.¹⁹

IMPORTS AND DISTRIBUTION OF IMPORTED SUPPLIES

Under section 22 of the Agricultural Adjustment Act as amended, authority to control imports is provided where needed to protect programs undertaken under the Soil Conservation Act of 1937 and the export subsidy provisions (sec. 32) of the act of August 24, 1935, as amended. At present import quotas under the authority of these acts are in effect only for cotton and wheat. The Sugar Act of 1948²⁰ provides for import quotas and the allocation of these quotas among domestic refineries but these powers are not being exercised.

The Second War Powers Act as amended by the Second Decontrol Act of 1947, provides for authority to limit imports of the following: tin and tin products,²¹ antimony, chinchona bark, quinine, and quini-

¹¹ Except for specific items such as narcotics, munitions, etc.

¹² The law provides an exemption where immediate delivery is required.

¹³ 55 Stat. ch. 593.

¹⁴ It has been contended that by implication P. L. 84, 80th Cong., Relief to Countries Devastated by War, provides an exemption for purchases made under the authority of that act.

¹⁵ 47 Stat. 1530 (1933).

¹⁶ Other exemptions are where the domestic price is unreasonable, where the supply is inadequate, or where it is held to be in the public interest to procure outside the United States.

¹⁷ P. L. 84, 80th Cong.

¹⁸ 60 Stat. 596.

¹⁹ However, it would be advisable to make this explicit in new legislation when approved.

²⁰ P. L. 388, 80th Cong.

²¹ Except for ores and concentrates.

dine purchased by government agencies, fats and oils, rice and rice products, nitrogenous fertilizers. The Rubber Act ²² provides for import controls over rubber and rubber products. The authority over imports carries with it authority over the domestic distribution of imported supplies. Responsibility for exercising these controls is exercised by the Secretary of Commerce advised by the same interdepartmental committees referred to under "Controls Relating to Exports."

DOMESTIC ALLOCATION OF DOMESTICALLY PRODUCED MATERIALS AND PRODUCTS

Controls over domestic distribution are of interest in connection with the European Aid Program because, in the case of tight commodities, the meeting of a particular export commitment may result in domestic shortages. In the case of rubber, antimony, and tin there is control authority over the domestic distribution of such domestic production as exists. The only instance where controls are authorized over items which are primarily domestically produced is in the case of tin products. The only such control that is presently in effect is of the conservation type. Responsibility for this control is vested in the Secretary of Commerce advised by the same interdepartmental committees referred to under Export Controls.

RAILROAD TRANSPORTATION

Under the Second Decentralization Act, the priority and allocation powers over transportation and shipping of the Second War Powers Act are continued only with respect to "the use of transportation equipment and facilities by rail carriers."²³ The President has conferred such powers on the Office of Defense Transportation which has exercised them sparingly. The chief formal orders of O. D. T. provide for full carloading, advance commitments for prompt storage or shiploading in the case of shipments to ports in the interest of quick turn-around time, and regulations of the use of several hundred high-pressure tank cars.²⁴ O. D. T. has set up an Advisory Carriers Committee. Through this Committee and through the American Railroad Association, O. D. T. attempts to secure voluntary steps on the part of the roads to meet transportation bottlenecks. However, such efforts have not prevented serious transportation hold-ups in rail movements of both coal and wheat to ports for export.

Although the I. C. C. possesses extensive powers over the use of rail transportation equipment,²⁵ and issues service orders, there is question as to whether its procedures are sufficiently speedy to enable it to deal effectively with acute rail bottlenecks.

²² P. L. 24, 80th Cong. This act expires March 1948.

²³ Such powers expire February 29, 1948.

²⁴ See O. D. T. Orders Nos. 1, 16c, 18a.

²⁵ Sees. 1, 10, 114, 115, of the I. C. C. Act as amended. I. C. C. has power to do virtually everything that O. D. T. has done.

SHIPPING

Such control over ocean shipping as is now being exercised, is effectuated through Government ownership of bottoms. Aside from the 100 merchant ships operated by the United States Army Transportation Corps, approximately 1,700 United States owned vessels are now being operated under charter or on a cost-plus basis. In addition 300 tankers are being operated on an agency basis. Although the Government has no direct control over the routing of chartered ships, it is unlikely that the charter parties or operators would refuse to accommodate the Government on urgent export shipments. However, the Merchant Ship Sales Act of 1946²⁶ provides that all ships not sold by March 1, 1948,²⁷ should go into the Fleet Reserve from which they cannot operate for commercial purposes. Further, appropriation for salaries and administrative expenses in connection with charter hire expire March 1, 1948.²⁸ Without the sale of ships presently owned by the United States Government to either United States or European shipping lines, or the extension of authority for the operation of United States ships under charter agreements, a serious shortage will result.

Existing legislation requires that exports, fostered by loans extended by any United States agency shall be carried exclusively in United States bottoms provided they are available at reasonable rates.²⁹

MISCELLANEOUS CONTROLS

Other control powers still in effect are—

1. Limitations of agricultural production exercised by virtue of the Agricultural Marketing Agreement Act of 1937, the Agricultural Adjustment Act of 1938, or the price-support laws. Such powers are not now being used to any considerable degree.

2. Increases of agricultural production through the price-support programs. Such powers are not being used to any great extent.

3. Controls over agricultural prices exercised through the various price-support and production-control programs. These powers are not now being exercised to any great extent.

4. Export subsidies in the case of domestic surpluses.³⁰

5. Regulations of trading on the commodity exchanges under the Commodity Exchange Act.

6. Power to requisition ships for the defense of the United States or during an emergency.³¹ This power is not now being used.

²⁶ P. L. 321 ; 79th Cong.

²⁷ The original date was extended by P. L. 299, 80th Cong.

²⁸ P. L. 299, 80th Cong., July 31, 1947.

²⁹ 48 Stat. 500 (1934).

³⁰ 7 U. S. C., 1940 ed., 612c ; 56 Stat. 775 (1944).

³¹ Sec. 902 of Merchant Marine Act of 1936.

CITATION OF LAWS

Extract from act of July 2, 1940, as amended by act of June 30, 1942 (56 Stat. 463), sometimes referred to as Export Control Act:

SEC. 6. (a) The President is hereby authorized to prohibit or curtail the exportation of any articles, technical data, materials, or supplies, except under such rules and regulations as he shall prescribe. * * *

(d) The authority granted by this section shall terminate on June 30, 1944, or upon any prior date which the Congress by concurrent resolution, or the President, may designate. * * * ³²

Extract from title III of Second War Powers Act, 1942 (56 Stat. 176):

TITLE III—PRIORITIES POWERS

SEC. 301. Subsection (a) of Section 2 of the act of June 28, 1940 (54 Stat. 676), entitled "An Act to expedite national defense, and for other purposes," as amended by the Act of May 31, 1941 (Public Law No. 89, 77th Cong.), is hereby amended to read as follows:

"SEC. 2 (a) (1) * * *

"(2) Deliveries of material to which priority may be assigned pursuant to paragraph (1) shall include, in addition to deliveries of material under contracts or orders of the Army or Navy, deliveries of material under—

"(A) Contracts or orders for the government of any country whose defense the President deems vital to the defense of the United States under the terms of the Act of March 11, 1941, entitled 'An Act to promote the defense of the United States';

"(B) Contracts or orders which the President shall deem necessary or appropriate to promote the defense of the United States;

"(C) Subcontracts or suborders which the President shall deem necessary or appropriate to the fulfillment of any contract or order as specified in this subsection (a).

"Deliveries under any contract or order specified in this subsection (a) may be assigned priority over deliveries under any other contract or order; and the President may require acceptance of and performance under such contracts or orders in preference to other contracts or orders for the purpose of assuring such priority. Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material or of any facilities for the defense or for private account or for export, the President may allocate such material or facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense."

³² This date was extended several times—on the last occasion by the Second Decontrol Act (Public Law 188, 80th Cong., see below).

[PUBLIC LAW 188—80TH CONGRESS]

[CHAPTER 248—1ST SESSION]

[H. R. 3647]

AN ACT

To extend certain powers of the President under title III of the Second War Powers Act and the Export Control Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be cited as the "Second Decontrol Act of 1947".

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 2. (a) Certain materials and facilities continue in short supply at home and abroad as a result of the war. The continued exercise of certain limited emergency powers is required to complete the orderly reconversion of the domestic economy from a wartime to a peacetime basis, to protect the health, safety, and welfare of the American people, and to support the foreign policy of the United States.

(b) The Congress hereby declares that it is the general policy of the United States to eliminate emergency wartime controls of materials except to the minimum extent necessary (1) to protect the domestic economy from the injury which would result from adverse distribution of materials which continue in short world supply; (2) to promote production in the United States by assisting in the expansion and maintenance of production in foreign countries of materials critically needed in the United States; (3) to make available to countries in need, consistent with the foreign policy of the United States, those commodities whose unrestricted export to all destinations would not be appropriate; and (4) to aid in carrying out the foreign policy of the United States.

TEMPORARY RETENTION OF CERTAIN EMERGENCY POWERS

SEC. 3. To effectuate the policies set forth in section 2 hereof, title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

"SEC. 1501. (a) Except as otherwise provided by statute enacted during the Eightieth Congress (including the First Decontrol Act of 1947 and Public Law Numbered 145, approved June 30, 1947) and except as otherwise provided by subsection (b) of this section, titles I, II, III, IV, V, VII, and XIV of this Act and the amendments to existing law made by such titles shall remain in force only until March 31, 1947. After the amendments made by any such title cease to be in force, any provisions of law amended thereby (except subsection (a) of section 2 of the Act entitled 'An Act to expedite national defense, and for other purposes', approved June 28, 1940, as amended) shall be in full force and effect as though this act had not been enacted.

“(b) Title III of this Act and the amendments to existing law made by such title shall remain in force until February 29, 1948, for the exercise of the powers, authority, and discretion thereby conferred on the President, but limited to—

“(1) the materials (and facilities suitable for the manufacture of such materials), as follows:

“(A) Tin and tin products, except for the purpose of exercising import control of tin ores and tin concentrates;

“(B) Antimony;

“(C) Cinchona bark, quinine, and quinidine, when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947) from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution, or when made from any of such materials so acquired;

“(D) Materials for export required to expand or maintain the production in foreign countries of materials critically needed in the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for manufacture and delivery of the materials required for such export;

“(E) Fats and oils (including oil-bearing materials, fatty acids, butter, soap, and soap powder, but excluding petroleum and petroleum products) and rice and rice products, for the purpose of exercising import control only; and nitrogenous fertilizer materials for the purposes of exercising import control and of establishing priority in production and delivery for export;

“(F) Materials (except foods and food products, manila (abacá) fiber and cordage, agave fiber and cordage, and fertilizer materials), including petroleum and petroleum products, required for export, but only upon certification by the Secretary of State that the prompt export of such materials is of high public importance and essential to the successful carrying out of the foreign policy of the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for the manufacture and delivery of the materials required for such export: *Provided*, That no such priority based on a certification by the Secretary of State shall be effective unless and until the Secretary of Commerce shall have satisfied himself that the proposed action will not have an unduly adverse effect on the domestic economy of the United States; and

“(2) The use of transportation equipment and facilities by rail carriers.

“(c) Notwithstanding the extension through February 29, 1948, made by subsection (b), the Congress by concurrent resolution or the President may designate an earlier time for the termination of any power, authority, or discretion under such title III. Nothing in subsection (b) shall be construed to continue beyond July 15, 1947, any

authority under paragraph (1) of subsection (a) of section 2 of the Act entitled 'An Act to expedite national defense and for other purposes', approved June 28, 1940, as amended, to negotiate contracts with or without advertising or competitive bidding; and nothing contained in this section, as amended, shall affect the authority conferred by Public Law 24, Eightieth Congress, approved March 29, 1947, or the Sugar Control Extension Act of 1947."

TEMPORARY EXTENSION OF CERTAIN EXPORT CONTROLS

SEC. 4. To effectuate the policy set forth in section 2 hereof, section 6 (d) of the Act of July 2, 1940 (54 Stat. 714), as amended, is amended to read as follows:

"(d) The authority granted by this section shall terminate on February 29, 1948, or any prior date which the Congress by concurrent resolution or the President may designate."

EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT

SEC. 5. The functions exercised under title III of the Second War Powers Act, 1942, as amended (including the amendments to existing law made by such title), and the functions exercised under section 6 of such Act of July 2, 1940, as amended, shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237), except as to the requirements of sections 3 and 10 thereof.

ADMINISTRATION BY SECRETARY OF COMMERCE

SEC. 6. (a) The Secretary of Commerce, subject to the direction of the President, shall have power to establish policies and programs to effectuate the general policies set forth in section 2 of this Act, and to exercise over-all control, with respect to the functions, powers, and duties delegated by the President under title III of the Second War Powers Act, 1942, as amended, and section 6 of the Act entitled "An Act to expedite the strengthening of the national defense", approved July 2, 1940, as amended. The Secretary is further authorized, subject to the direction of the President, to approve or disapprove any action taken under such delegated authority, and may promulgate such functions as are necessary and proper to assist the Government form the functions, powers, and duties imposed upon him by this section.

(b) The Secretary shall make a quarterly report, within thirty days after each quarter, to the President and to the Congress of his operations under the authority conferred on him by this section. Each such report shall contain a recommendation by him as to whether the controls exercised under title III of the Second War Powers Act, 1942, as amended, and section 6 of the Act entitled "An Act to expedite the strengthening of the national defense", approved July 2, 1940, as amended, should or should not be continued, together with the current facts and reasons therefor. Each such report shall also contain detailed information with respect to licensing procedures under such

Acts, allocations and priorities under the Second War Powers Act, 1942, as amended, and the allocation or nonallocation to countries of materials and commodities (together with the reasons therefor) under section 6 of the Act entitled "An Act to expedite the strengthening of the national defense", approved July 2, 1940, as amended.

PERSONNEL

SEC. 7. Notwithstanding any other law to the contrary, personnel engaged in the performance of duties related to functions, powers, and duties delegated by the President under the Second War Powers Act of 1942, as amended, and section 6 of the Act entitled "An Act to expedite the strengthening of the national defense", approved July 2, 1940, as amended, and whose employment was terminated, or who were furloughed, in June or July 1947, may be reemployed to perform duties in connection with the functions, powers, and duties extended by this Act.

APPROPRIATIONS

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this Act.

EFFECTIVE DATE

SEC. 9. This Act shall take effect on July 16, 1947.

Approved July 15, 1947.

17. BASIC ASSUMPTIONS STATED IN THE CEEC, KRUG AND NOURSE REPORTS

In making estimates for a period in the future, it is frequently necessary to do so on the basis of assumptions which are often stated explicitly.

a. COMMITTEE OF EUROPEAN ECONOMIC COOPERATION

Certain assumptions made by the Committee of European Economic Cooperation in their General Report, volume 1, are as follows:¹

In making the "Tentative Estimate of the Net Balance of Payments of the Participating Countries, their Dependent Territories, and Western Germany 1948-51", the assumptions are:

that their production will increase greatly,
that the imports required for this will be available,
that a state of full employment and full use of productive resources will be continuously maintained,
that an increasing part of the needs of the participating countries and Western Germany can be obtained from Eastern Europe, and from South-East Asia,
that the goods which the participating countries can produce for export can be sold to the American continent and to the rest of the world,
that there will be a progressive reduction in the price of imports in relation to the price of exports, and
that nonparticipating countries will so far as necessary be able to pay for such goods in dollars * * * (p. 112).

Commenting on the terms of trade, 1948 calculations of import and export values are made at the prices ruling on the first of July 1947. For 1949, 1950, and 1951, the assumptions made in the report are:

(a) That for *exports*, there will be no change in prices as compared with those ruling at first of July 1947;

(b) That for *imports*, prices will be reduced, as compared with first of July 1947—

In 1949 by 7½ percent.

In 1950 by 10 percent.

In 1951 by 12½ percent.

The assumption that the prices of exports will be unchanged and that the prices of imports will be reduced is made in order to put the matter in a simple form. In fact no doubt the prices of both exports and imports will vary; but what matters is the relative change in import prices and export prices (p. 122).

In drawing up the "Estimate of Balance of Payments of the Participating Countries (Excluding their dependent territories) and Western Germany with Nonparticipating Countries," since not all countries

¹ Refer to preceding "Magnitude of the Program" for certain comments on these assumptions and to "Appendix on the Estimation of Magnitudes" in the complete report. Part III of the Harriman Committee.

provided estimates of their imports and exports for the whole period 1948-51, to reach total estimates, it has been assumed:

(a) that *total* imports and exports of all participating countries will change in the same ratio as the total imports and exports of the countries which have given their estimates for 1949-51: Austria, France, Greece, Italy, Netherlands, United Kingdom, Germany (Bi-Zone)—which together account for nearly 75 percent of the total imports and exports of the participating countries;

(b) that the geographical distribution of imports and exports of all participating countries will change during 1949-51 in the same proportions as the estimated distribution of the imports and exports of those countries which have provided estimates for those years.

(iii) *Invisible Items*: The net balance with each currency area is assumed to change from 1948 to 1951 in the same ratio as the net balance of the countries which have given estimates for these years.

The Table for Technical Committee Goods is based on figures supplied by Committees for each year (pp. 126-28).

b. NATIONAL RESOURCES AND FOREIGN AID

Certain assumptions stated explicitly in the "Krug Report" are as follows:

The assumptions that have been necessary to develop the projections of future capacities and requirements in this study of national resources and foreign aid are in no sense predictions. * * * It has been necessary * * * to make certain basic assumptions, and these assumptions have been carried through each phase of the statistical work of the study. * * *

At the time when the data were assembled for these studies, no estimates of either the levels or the patterns of foreign-aid requirements were available. Concurrently with the preparation of this report, such requirement figures are being assembled (I, p. 55).

It was therefore necessary to assume the general outlines of the foreign-aid program. Current high levels of exports were used both as an indication of the levels and the character of the requirements. It was also assumed that the foreign-aid program will require about five years for its completion; that it will be a program of diminishing aid over that period; that though relief might be the immediate task, reconstruction of the European economy would be the ultimate goal; and finally that the program would be predicated upon a policy of requiring the utmost self-help and mutual aid among the participating nations.

The Level of Economic Activity. The basic assumption underlying all of the projections—that the American economy will be characterized by continued high levels of peacetime employment and business activity—was chosen because it provides a concrete limiting case and the case most likely to result in the maximum scope and intensity of supply-and-resource problems (I, p. 56).

The assumption of continued high levels of employment does not, in itself, determine the levels of production and consumption for particular commodities * * * (I, p. 56).

For the purpose of projecting patterns of consumption as well as production, it has been assumed that the labor force will continue to increase at the present rate of approximately half a million per year as a result of national population growth and the continuation of long-time trends in the proportion of persons available for work (I, p. 57).

* * * No general and consistent assumptions with respect to technological improvements, increased plant capacity and productivity, greater conservation, increased imports or similar factors are possible, but these considerations have been taken into account in the study of each commodity (I, p. 58).

* * * The projection of resource reserves and requirements involves a number of specialized assumptions and judgments in addition to those already discussed. Here, too, there are limitations to a purely statistical approach to the problem (I, p. 58).

C. "THE IMPACT OF FOREIGN AID UPON THE DOMESTIC ECONOMY" BY
COUNCIL OF ECONOMIC ADVISERS

The present report will not attempt to define any precise quantitative limits to a "supportable" aid program. If the country could support a war program, it can support any lesser program—if the reasons are sufficiently compelling (pp. 2, 3).

Chapter III examines alternative assumptions in appraising the size of the future export surplus and its effect upon the domestic economy (1) in the event of no future foreign-aid program and (2) in the event of future foreign aid of assumed proportions.

* * * It is assumed in this study that the export surplus resulting from any future foreign-aid program will at no time equal, and for most of the time will be substantially less than, levels which have been reached during the current year (pp. 32-33).

Looking beyond 1948, therefore, it may be assumed that there will be a decrease in the export surplus through increased imports as well as lower exports. It may also be assumed that nonaid countries will be drawing their export-import relations into closer balance, thus further reducing the export surplus of the United States (p. 33).

The report assumes for illustrative purposes a foreign-aid figure based upon the Paris Conference report which would reach a maximum annual rate of 8 billion dollars during the first year, including about 1 billion dollars already authorized, and which would produce a maximum export surplus of about 12 billion dollars a year (p. 74).

**18. STATEMENT OF THE SECRETARY OF STATE BEFORE
THE JOINT SESSION OF THE SENATE COMMITTEE ON
FOREIGN RELATIONS AND THE HOUSE COMMITTEE
ON FOREIGN AFFAIRS, MONDAY, NOVEMBER 10, 1947, AT
10:30 A. M., EASTERN STANDARD TIME**

The Congress in the coming session will be called upon to make decisions which, although less spectacular and dramatic, will be no less important for the future of our country and the world than those of the war years. Your responsibilities as members of the committees directly concerned with our foreign relations are accordingly very great.

It appears unnecessary to elaborate for you on the somber picture of the world situation. You all, I am sure, are fully aware of its gravity and the immense responsibility which the course of events has placed upon our country.

The President will lay before the Congress the program of his administration for aid to Europe. My duty as Secretary of State is to present the reasons for this program; the reasons why I profoundly believe that the vital interest of the United States is directly involved.

In concentrating upon the problem of aid to Europe I do not ignore the fact that there are other areas of the world beset by economic problems of tremendous gravity. But the very magnitude of the world problem as a whole requires a careful direction of our assistance to the critical areas where it can be most immediately effective.

The need for our assistance in the European area is real and it is urgent. The report of the 16 nations represented on the Committee of European Economic Cooperation sets this forth, I think, in a convincing manner.

As a result of the war, the European community which for centuries had been one of the most productive and indeed creative portions of the inhabited world was left prostrate. This area, despite its diversity of national cultures and its series of internecine conflicts and wars, nonetheless enjoys a common heritage and a common civilization.

The war ended with the armies of the major Allies meeting in the heart of this community. The policies of three of them have been directed to the restoration of that European community. It is now clear that only one power, the Soviet Union, does not for its own reasons share this aim.

We have become involved in two wars which have had their origins in the European continent. The free peoples of Europe have fought two wars to prevent the forcible domination of their community by a single great power. Such domination would have inevitably menaced the stability and security of the world. To deny today our in-

terest in their ability to defend their own heritage would be to disclaim the efforts and sacrifices of two generations of Americans. We wish to see this community restored as one of the pillars of world security; in a position to renew its contribution to the advancement of mankind and to the development of a world order based on law and respect for the individual.

The record of the endeavors of the United States Government to bring about a restoration of the whole of that European community is clear for all who wish to see. We must face the fact, however, that despite our efforts, not all of the European nations have been left free to take their place in the community of which they form a natural part.

Thus the geographic scope of our recovery program is limited to those nations which are free to act in accordance with their national traditions and their own estimates of their national interests. If there is any doubt as to this situation, a glance at the present map of the European continent will provide the answer.

The present line of division in Europe is roughly the line upon which the Anglo-American armies coming from the west met those of the Soviet Union coming from the east. To the west of that line the nations of the continental European community have been grappling with the vast and difficult problem resulting from the war in conformity with their own national traditions without pressure or menace from the United States or Great Britain. Developments in the European countries to the east of that line bear the unmistakable imprint of an alien hand. All the nations of Europe, 16 in number, which were in a position to exercise free choice gave a prompt and energetic response to the simple suggestion made at Harvard on June 5 last and thereby an impressive demonstration of the continuing vitality of European civilization.

It would be well, therefore, to deal briefly with what the area encompassed by those 16 nations plus western Germany has meant to us and has meant to the world. This community before the war accounted for nearly one-half of the world's trade. They owned nearly two-thirds of the world's shipping. Their industrial production in terms of the basic commodities of coal, steel, and chemicals was before the war slightly greater than that of the United States. Their economy was highly integrated, each part depending upon the efficient working of the other.

I think that the figures cited will indicate the importance, even from a purely economic point of view, of the 16 nations who have joined together to develop a program for their mutual recovery. Their response to our suggestion of June 5 was a remarkable cooperative effort in a postwar world in which that element has hitherto been distressingly lacking.

Congress will wish to go into the objectives and the details of the European recovery program at some length, but I feel that a brief summary of the tentative conclusions we have reached may serve the useful purpose of making clear the distinction between the long range recovery program and the stop-gap program, which we refer to as interim aid.

LONG-TERM EUROPEAN RECOVERY PROGRAM

The Committee of European Economic Cooperation, meeting in Paris, produced a recovery program extending over 4 years. After the most careful checking, with the assistance of experts drawn from many governmental agencies, we have concluded that the Paris report correctly identifies the courses of action necessary to produce recovery and indicates an approximate order of magnitude of the cost for the full 4-year program. On the basis of present indications, the estimated cost to our Treasury of this program may be of the order of magnitude of 16 to 20 billion dollars. We feel, however, that the uncertainties of weather and crops, supply availabilities, prices, et cetera, inject a degree of assumption which makes the total cost impossible to forecast with accuracy at this time. I therefore will not recommend to the President that the Congress appropriate for the full 4-year period.

I feel, however, that we can estimate with reasonable accuracy and assurance the sum required for the first stage of the recovery program, which will cover a 15-month period from April 1, 1948, to June 30, 1949.

Our tentative estimate of the cost, subject to final checks in the light of the Harriman report, is something under 1.5 billions for the last 3 months of the fiscal year 1948 and somewhat less than 6 billions for the fiscal year ending June 30, 1949. The findings contained in the Krug report, the Nourse report, and the Harriman report, together with the studies made by our interdepartmental committees, make it clear that a program in this order of magnitude can be safely undertaken by this country. I shall therefore recommend to the President that the United States support the European recovery program and that an amount be appropriated for the 15-month period ending June 30, 1949.

It is of cardinal importance that an able and effective United States administration manage the funds which may be made available by the Congress. How best to achieve this and the other essential elements of an organizational and administrative structure for the program of aid to European recovery is a matter which the Congress will wish to examine with great care. There are several important principles which I believe should determine the nature of this organization:

(a) The operation of this program will in many ways define and express the foreign policy of the United States in the eyes of the European countries and the world. Therefore, the operation must fully accord with the foreign policy of the President as expressed through the Secretary of State.

(b) The organization, if it is to afford successful and dynamic management to the complex recovery program, must be granted the widest practicable flexibility both in its operations and in the use of the funds placed at its disposal. The program of United States support will achieve its objective only if it is kept responsive to changing situations and varying supply conditions.

(c) Full use should be made of the existing governmental agencies in carrying out those parts of the program which fall within the scope of their present activities. The Departments of Commerce, Treasury, Agriculture, Interior, the National Military Establishment, and other agencies are well-equipped to perform many of the necessary functions. The National Advisory Council and other competent inter-departmental agencies will have important parts to play.

(d) Strong central administrative direction is essential in a complex and varied program of this kind. There must be a high degree of integration in our operation, both in the United States and overseas. Unity of command, rather than diffusion of authority and responsibility is required.

The President will submit to the Congress his recommendations concerning the administration of the European recovery program.

There will be important functions for the United States to perform in Europe. Much of this work will be negotiation with governments of a nature constituting essentially an extension of the conduct of the entire relationship of the United States with the participating countries. Such matters are now handled through our embassies and legations and clearly should continue to be. There will be certain additional functions arising directly out of the operating program, such as screening of specific import requirements, arrangements for furnishing technical assistance and other similar specialized activities which will require the appointment of qualified men who can devote their full attention to such matters. These men in their dealings with participating governments should work through our Ambassadors because it is essential to maintain a single channel of responsibility for United States negotiations with other governments.

For general coordination of the operations in Europe and for central representation in the continuing European organization which the participating countries have decided to establish, consideration should be given to the designation of a special United States representative for the European recovery program, with ambassadorial rank, appointed by the President with the advice and consent of the Senate.

As a general principle, aid should take the form of grants or loans, depending in each case upon the capacity of the particular country to repay and the effect which accumulation of additional external debt would have upon sustained recovery. The precise determination in each case should be made by the administrative agency with the advice of the Department of State and the National Advisory Council. In practice it is felt that, where need is clearly demonstrated and where repayment cannot reasonably be expected, imports of supplies which are quickly consumed, such as food, fertilizer, and fuel, of indispensable items of capital equipment for immediate replacement and repair, and of essential raw materials should be financed by means of grants. Loans should be made to cover imports of capital equipment and raw materials which will directly produce the means of repayment and where such repayment can reasonably be expected. At the same time every encouragement should be given to early initiation of private financing so as to eliminate as far as possible the necessity for direct assistance from the United States Government. Use should

also be made of the resources of the International Bank whenever in the opinion of the Bank the necessary and appropriate conditions for loans can be met.

It is obvious that the basic responsibility for European recovery rests on the European countries themselves. However, this Government must have assurance that the aid it provides is effectively utilized for the achievement of European recovery as rapidly as possible.

It is contemplated that, to this end, bilateral agreements will be negotiated between the United States and each of the countries participating in the recovery program, setting forth the reciprocal undertaking relating to American Assistance. These agreements will vary in form and content as between countries, depending upon the nature of the aid to be furnished and the conditions deemed important in each case.

The commitments should include undertakings to adopt monetary, fiscal, and other measures to maintain stability in price and cost structures; to develop production to reach targets set by the participating countries and in particular, to increase the production of coal and basic foods; and to cooperate in reducing barriers to trade and promoting increased interchange of goods and services. Many other points and more detailed provisions to be covered in the agreements will be presented and discussed during the hearings.

Assistance to Europe will, to a considerable extent, take the form of commodities. The proposal to be submitted to the Congress contemplates the use of funds provided under the program for purchases outside the United States of commodities not readily available in sufficient quantities in this country. This policy will tend to protect our home economy against inflationary price movements which might result from concentrated buying in our markets. It seems clearly in our interest that the greatest possible amount of these supplies be obtained for Europe from other countries. Such countries should be encouraged to contribute directly as much as they can to the recovery program through grants-in-aid or by extending credits for exports to Europe.

EFFECTS ON WORLD ECONOMY

I have so far confined my remarks to the European recovery program itself. But the economic effects of this program will extend far beyond the boundaries of the 16 countries involved. It is in one important sense a world recovery program. The delay in European recovery has created serious problems for many countries which normally supply the European market with raw materials and other commodities. Where Europe's trade with the rest of the World would normally have been balanced by an equivalent exchange of goods and services, the low level of European production and the limited availability of exports has drastically reduced such payment possibilities. Furthermore, the habitual triangular trade patterns have almost disappeared, whereby Europe met its deficit for goods obtained from the Western Hemisphere by means of balances obtained from other parts of the world. Similar patterns of triangular trade used to provide certain other countries in the Western Hemi-

sphere with balances from Europe which were used to purchase goods in the American market. With the break-down of these trade patterns supplying countries, to a substantial degree, have had to accept nonconvertible currency or extend credit in order to sell in the European market. Neither of these procedures has given them dollars with which to purchase in the American market. The net result has been that trade continued around the world in large part on the basis of American grants or credits which made dollars available to other countries to meet their import requirements. The diminishing supply of dollars is restricting trade everywhere.

The European recovery program will be quickly reflected in other countries, if the important element of flexibility in purchasing is provided. To the extent that supplies for Europe are procured from nonparticipating countries for dollars, the trade position of these countries with the United States will be improved. In this way we feel that the problems of the other Western Hemisphere countries can be met through a combination of the European recovery program purchases and normal Export-Import Bank transactions.

More important in a fundamental sense, with increases in production in Europe such as those contemplated in the Paris report, exports from Europe will increase, and the necessity for the various supplying countries to accumulate nonconvertible currencies or to extend credit will diminish. Just as the progress of each individual country among the 16 will affect the progress of the others, so the recovery of Europe will inevitably be a significant link in a chain reaction creating or maintaining economic activity in other countries.

The situation in China continues to cause us deep concern. The civil war has spread and increased in intensity. The Chinese Communists by force of arms seek control of wide areas of China.

The United States and all other world powers recognize the National Government as the sole legal government of China. Only the Government and people of China can solve their fundamental problems and regain for China its rightful role as a major stabilizing influence in the Far East. Nevertheless we can be of help and, in the light of our long and uninterrupted record of friendship and international cooperation with China, we should extend to the Government and its people certain economic aid and assistance. A definite proposal is under preparation for early submission.

I do not have to tell you that this foreign economic program of the United States seeks no special advantage and pursues no sinister purpose. It is a program of construction, production, and recovery. It menaces no one. It is designed specifically to bring to an end in the shortest possible time the dependence of these countries upon aid from the United States. We wish to see them self-supporting.

This is certainly not the program of a country seeking to exercise domination or to influence unduly any foreign country. The nations and political groups which have now declared their opposition to the program apparently wish to block for their own reasons the revival of Western Europe.

INTERIM AID PROGRAM

I have gone at some length into the major features of the long-range plan for European reconstruction and the part that the United States can prudently and wisely contribute because I fully realize that the speedy and adequate consideration of the interim aid program which will be the first item of business presented to you cannot be dealt with by the Congress without understanding its relationship to the program of long-range reconstruction of Europe.

I would, however, urge upon you the necessity of a speedy decision in regard to the interim aid program. What is immediately needed is aid to maintain the status quo in food and in the material necessary to keep the wheels turning and people at work.

It will do little good to discuss the merits of a recovery program for Europe if in the meantime political and economic conditions have deteriorated to a point where such a program could not possibly succeed. The problem of overseas payment has become particularly acute in the case of Austria, France, and Italy. It is clear that the people of these countries in the absence of immediate assistance will, during the next few months, begin to suffer from a lack of food and other necessities of life and the whole economic and social life of the people will be seriously affected. Within a short time these countries will have exhausted all of the dollar resources which they can muster to maintain the flow of essential supplies.

Austria, whose economy is carrying the weight of a military occupation of four powers, has been able to survive in recent months largely through the assistance rendered to her under the United States foreign-relief program. These funds will be exhausted shortly after the beginning of the year. The dollar resources of France will permit her to procure essential food and fuel from abroad only until the end of December. Because of her rapidly dwindling reserves, she took steps at the end of August to reduce sharply the placement of contracts for most other imports. Italy's financial situation is even more serious than that of Austria or France. Last June the Italian Government took steps to eliminate the purchase of most of the raw materials and supplies which she required for the operation of her economy. The United States foreign-relief program has been able to provide food and coal until the present time. Funds are not in sight, however, beyond the first of December to maintain the flow of these necessary commodities.

In order to meet this emergency, I recommend that you give immediate and urgent consideration to a bill authorizing the appropriation of sufficient funds to provide the supplies necessary to permit the people of these three countries to continue to eat, to work, and to survive the winter. This is not a recovery program. It is designed to help provide the essentials of existence to the people of these three countries.

To accomplish this purpose it is recommended that the Congress authorize an appropriation of 597 million dollars. Of this amount Austria needs 42 million, France needs 328 million, and Italy needs 227 million dollars. These funds should be sufficient to meet the situa-

tion until March 31, 1948, before which time we hope that some decision may have been taken by the Congress regarding a broad recovery program. In the absence of a recovery program the problem of maintaining existing levels in Europe rapidly becomes more complex after March 31. Additional countries will by that time practically have exhausted their dollar resources, and the cumulative effect of the uncertainties as to the future and the continued low levels of production and consumption will have serious consequences throughout Europe.

The program of interim aid would be concentrated largely on such items as food, fuel, fertilizer, fibers, seeds, and medical supplies. With such resources as they can make available, the countries should be able themselves to procure other imports needed to prevent economic deterioration. The program should be sufficiently flexible to take account of such changes in requirements and availabilities as may occur.

Interim aid should be given to these countries under agreement to make efficient use of the commodities which we would supply. The bilateral agreements would also require that the local currency equivalent of the value of the commodities which we supply would be used only for such purposes as we and the recipient country might agree. They should also include a provision that the receiving government make known to its people the purpose and source of our supplies, and that it would make available full information concerning their distribution and use.

The operation of a program of the type which is proposed can be handled expeditiously by existing agencies of the Government. The procedures and machinery which are being used in the current relief program have been set up in accordance with the relief bill enacted last summer.

The urgency of the situation is so great that I recommend that no new agency be set up to handle this interim program. The time required to organize such an agency, to hire personnel, and establish new procedures would defeat its very purpose. Whatever agency might be created to administer the long-term European recovery program could, of course, take over the operation of interim aid as soon as it comes into existence.

I have endeavored to present in broad outline the long-range European recovery program and, in somewhat more detail, the interim aid program. The proposals will be presented in full to your respective committees.

CONCLUSION

In considering them I know you are aware of the momentous importance to the world of your decisions. While we are dealing at the moment with the drab though vital facts of economic life, they carry with them fateful consequences.

There is one further element with respect to interim needs. It is my understanding that the Department of the Army will be presenting certain additional requirements for funds for occupied areas above the present appropriations available for this purpose during

the current fiscal year. I am told that these will be on the general order of \$500,000,000 of which slightly more than \$300,000,000 will be for additional requirements in western Germany.

The automatic success of the program cannot be guaranteed. The imponderables are many. The risks are real. They are, however, risks which have been carefully calculated, and I believe the chances of success are good. There is convincing evidence that the peoples of western Europe want to preserve their free society and the heritage we share with them. To make that choice conclusive they need our assistance. It is in the American tradition to help. In helping them we will be helping ourselves—because in the larger sense our national interests coincide with those of a free and prosperous Europe.

We must not fail to meet this inspiring challenge. We must not permit the free community of Europe to be extinguished. Should this occur it would be a tragedy for the world. It would impose incalculable burdens upon this country and force serious readjustments in our traditional way of life. One of our important freedoms—freedom of choice in both domestic and foreign affairs—would be drastically curtailed.

Whether we like it or not, we find ourselves, our Nation, in a world position of vast responsibility. We can act for our own good by acting for the world's good.

19. CHRONOLOGY OF THE EUROPEAN RECOVERY PROGRAMS

- June 5, 1947—Secretary of State George C. Marshall in Harvard University commencement speech outlines basis for the economic recovery of Europe, since called the Marshall Plan.
- June 11—President Truman in Ottawa address restates Marshall doctrine and emphasizes that initiative lies with Europe.
- June 13—Foreign Minister Ernest Bevin of Britain hails Marshall Plan as "a real attempt * * * to (create) a healthy world * * * (and produce) cooperation between Europe and the * * * Western Hemisphere."
- June 14—French Foreign Minister Georges Bidault invites Bevin to Paris to discuss proposal.
- June 15—Pravda, official Soviet Communist mouthpiece, in editorial assails Marshall Plan as "President Truman's plan for political pressure with dollars" and "as a program of interference in the internal affairs of other states."
- June 15—Ex-President Herbert Hoover, in letter to Senator Styles Bridges, chairman of Senate Appropriations Committee, sent at the Senator's request, without mentioning Marshall Plan, raises questions about a need for limitation of aid to foreign countries.
- Points out: (1) United States cannot reconstruct world alone; (2) in 2 years we have expended 29 billion dollars, provided 13 billions in relief, and are committed to 6 billion expenditure in coming year. Russian obstruction has cost the United States billions; need to coordinate all relief, credit, and export activities, prevent excessive prices and export, modify consumption at home, and in return for our sacrifices require assistance to the United States with stock-piling strategical materials obtainable abroad for national defense.
- June 17—Talks open in Paris between Foreign Ministers Bevin and Bidault, accompanied by experts.
- Subjects: (1) Making raw materials accessible on equitable bases; (2) elimination of tariff and trade barriers; (3) fiscal and currency reforms; (4) priority of aid for basic areas.
- June 19—In speech in House of Commons, Foreign Minister Bevin warns that Britain is prepared to go ahead with Marshall Plan, with or without the Soviet Union.
- June 19—Paris talks broken off and invitation sent to Foreign Secretary Molotov to join Bevin and Bidault.
- June 20—The Soviet press reports that the U. S. S. R. wishes further information on the conditions of the credits to be granted by the United States and the relation of the plan to the United Nations Organization.
- June 22—President Truman appoints a committee of specialists within the Government (Krug committee) to study the state of the Nation's

resources with a view to determining the ability of the United States to support the Marshall Plan.

June 22—President Truman appoints Council of Economic Advisers (Nourse committee) to study “the impact on our economy of aid to other countries.”

June 22—President Truman appoints 19-member advisory committee (Harriman committee), consisting of financial, business, and farm leaders, to study the broad aspects of the aid program and to advise the President “on the limits within which the United States may safely and wisely plan to extend such assistance.”

June 23—Foreign Minister Molotov accepts invitation to Big Three Conference scheduled for Paris June 27.

June 24—Poland agrees to cooperate with Marshall Plan.

June 26—President Truman gives Marshall Plan unqualified endorsement and through his National Advisory Council on International Monetary and Financial Problems sends report to that effect to Congress.

June 27—Paris Conference opens with Foreign Ministers Bevin and Bidault opposing Foreign Minister Molotov in several major issues.

June 27—Anglo-French plan calls for immediate creation of a steering committee consisting of Big Three and other states.

Function: To coordinate subcommittees charged with surveying resources and programing to meet the Marshall Plan. Russia proposes that the United States be asked the exact amount of help she would be willing to grant, and that each nation should make its own survey and estimates; regards steering committee as meddler in domestic affairs of nations.

June 29—Tass attacks European aid program as American interference in Europe; then calls for aid program on broader basis than the Marshall Plan.

June 30—Pope Pius endorses Marshall Plan for European recovery.

June 30—Paris Conference deadlocks over Foreign Minister Molotov's refusal to accept basic principle of Marshall Plan—that European nations should first make a common effort to aid themselves.

July 2—The Soviets oppose any over-all economic organization for Europe.

July 2—The conference of the Foreign Ministers of France, Great Britain, and U. S. S. R. ends. France and Great Britain reveal intention to push Marshall Plan without Russia.

July 2—Secretary Marshall announces conditions of recovery plan as:

(1) Any United States contribution shall be effectively used for the purpose for which it was intended; (2) it should not be expended to serve foolish economic or political interests; (3) it should be employed specifically in economic rehabilitation; (4) it should serve a great purpose in restoring hope and confidence among the people concerned that the world will know peace and security in the future.

July 3—Foreign Ministers Bevin and Bidault issue joint communiqué inviting 22 additional European nations to meet in Paris for further discussion of Marshall Plan.

Program calls for committee of cooperation to prepare report by September 1947 on available needs of Europe for the next few years and availability of resources.

- July 5—Invitation of Foreign Ministers Bevin and Bidault accepted by 10 nations for conference to meet July 12.
(Italy, Portugal, the Netherlands, Sweden, Denmark, Ireland, Greece, Poland, Austria, Czechoslovakia.)
- July 7—Tass, official Russian news agency, reports Poland, Yugoslavia, and Rumania cannot attend.
- July 9—Rumania, Bulgaria, Poland, Yugoslavia refuse invitation. Premier Clement Gottwald of Czechoslovakia flies to Moscow for instructions.
- July 10—Czech Government withdraws acceptance when Kremlin instructions are telephoned by Premier Gottwald to Czechoslovakia.
Reason given: "Acceptance of the invitation might be construed as an action against the Soviet Union."
Hungary, Albania, and Finland send refusal.
- July 11—Secretary Marshall meets with Senate Foreign Relations Committee to explain his plan.
- July 12—Conference convenes in Paris. Forty-eight diplomats represent 16 nations. In attendance representatives of Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, United Kingdom. Not represented: Finland, Poland, Hungary, Rumania, Bulgaria, Yugoslavia, Czechoslovakia, Russia.
Door left open to Russia and satellite states to come in subsequently if they desire.
- July 12—Premier Clement Gottwald and Foreign Minister Masaryk bring back 5-year trade pact with Russia.
- July 12—Bulgarian Cabinet completes 87-million-dollar trade agreement for 1947-48 with Soviet Russia.
- July 14—Secretary Marshall warns that United States must help nations of western Europe rehabilitate themselves or see them drift into Russian orbit.
- July 15—Working committees set up to prepare reports during summer and to reconvene in Paris to complete report for submission to United States on September 1, 1947. After 4-day session an over-all operating committee to direct the report and four subcommittees created to deal with (1) food and agriculture, (2) iron and steel, (3) transport, (4) fuel and power.
- July 15—New directive issued to United States Military Government in Germany ordering Lt. Gen. Lucius D. Clay to take all possible steps to increase German production; and United States and Britain reach tentative agreement on plan to double German production.
- July 17—Hungary signs trade pact with Russia.
- July 18—Supplementary appropriation bill carrying additional \$1,353,024,900 for all foreign aid, and relief funds for Poland and Hungary cut by 18 millions, favorably reported by voice vote from House to Senate. House refuses to adopt Dirksen motion to deny aid to all nations that fail to cooperate with Marshall plan.
- July 21—Secretary Marshall meets with House Foreign Affairs Committee in closed session to explain his plan.
- July 21—President Truman says Marshall plan for aid to Europe lies "at the core" of United States foreign policy. Lasting benefits

- make it profitable to endure temporary shortages. The cost of effective foreign aid, he stated, will be only a small fraction of the cost of winning a war.
- July 22—House decides to make own inquiries into foreign needs during recess of Congress and instructs Foreign Affairs Committee to direct investigation; also sets up new 19-man committee to make special inquiries.
- July 25—France indicates willingness to participate in Three-Power conference on German problem.
- July 26—L'Osservatore Romano, Papal newspaper, urges Western European statesmen to pay attention to Russian fears that Marshall Plan might represent danger for sovereignty of European nations.
- July 27—Moscow grants Albania a "small credit" for machinery.
- July 28—At a meeting of the United Nations Economic and Social Council the Soviet representatives again reject a French plea to participate in the Marshall Plan. They state that the United Nations has not officially been informed of the plan and further, that the plan calls for the reconstruction of Europe linked closely to German economy.
- July 29—Soviet-Yugoslav barter and credit agreement is announced in Moscow.
- July 29—Speaker Martin appoints Representative Eaton to head 19-member group, with Representative Herter to head the group when it goes overseas.
- August 3—Bulgarian Premier Dimitrov returns to Sofia after concluding agreements with Marshal Tito for customs union, abolition of visas, and coordination of foreign policy.
- August 11—France accepts invitation to confer with United States and Britain in London on raising level of German industrial output.
- August 14—United States cancels 1 billion dollars of war claims against Italy; unfreezes 60 million dollars in war assets; signs over to Italy 28 ships seized during wartime; redeems 10 to 15 million dollars in script issued to Italian war prisoners in the United States; trims United States claims against Italy to 5 million dollars; agrees to sign friendship pact with Italy. A second pact covers return of prewar American property in Italy and retirement of 136 million dollars in prewar Italian bonds. A third pact covers disposal of German external assets.
- August 28—Herter committee sails for Europe.
- August 29—As result of 6-day conference in London, France, United States, and Britain announce plans for restoration of German industrial production to 1936 levels.
- Talks held in spite of Russian protest. Fail to provide guarantee that France will receive all Ruhr coal and coke she needs. France assured (1) German recovery not to be given priority over democratic countries; (2) demilitarization of Germany the primary objective; (3) any new United States-British plan will be so drawn up as not to allow the Ruhr to serve aggressive purposes. London decision subject to change by Big Four foreign Ministers in November London meeting.

September 3—Secretary Lovett says western Europe's economic plight is getting worse faster than expected due to "acts of God," including drought and damaged food production.

September 10—Secretary Marshall tells news conference Europe faces "intolerable hunger and cold" next winter unless emergency food and fuel are provided.

September 11—Secretary Harriman states Marshall Plan will involve additional government controls over exports.

September 12—French Foreign Ministry announces study of a customs union will be made by Austria, Belgium, Britain, Denmark, Ireland, France, Greece, Iceland, Italy, Luxemburg, the Netherlands, Portugal, Turkey, Rumania; 10 other eastern European countries will probably be invited, including Russia.

Moscow warns Scandinavian nations against creation of regional customs unions and voices suspicion that northern Europe is being included in western bloc now sponsored "by reactionary Anglo-American sources."

September 12—Participants in Paris aid conference accept 6 basic conditions suggested by Secretary Clayton, namely: (1) to take immediate steps toward financial and monetary stability; (2) to guarantee its production program; (3) to agree to reduce trade barriers; (4) to make allowance in total requirements for capital needs which might be financed by World Bank; (5) to form continuing organization and check expenditures under it; (6) to recognize common objectives and responsibilities.

September 18—Soviet Deputy Foreign Minister Vishinsky in UN assembly meeting charges United States with warmongering.

September 20—Senate Appropriations Committee meets to discuss American financial policies abroad with respect to occupied areas.

September 22—Volume I, General Report of Committee of European Economic Cooperation signed by the 16 nations participating in European conference presented to the United States.

September 24—Harriman Committee makes special interim report on grain export policy.

September 26—Members of Senate Armed Services and Appropriations Committees leave for Europe.

September 29—President Truman meets with congressional leaders and requests Appropriations and Foreign Relations Committees of both Houses of Congress to "meet at the earliest possible date." President states that long-range Marshall Plan impossible unless United States provides food and fuel to help France and Italy to "survive this critical winter as free and independent nations."

October 1—President Truman requests Appropriations and Foreign Relations Committees of both Houses of Congress to meet at earliest possible time on stopgap plans.

Senate and House Foreign Affairs Committees to be called in joint meeting November 10.

October 6—Senate Appropriations Committee is called for meeting on November 18.

- October 6—Moscow. Cominform, new version of Comintern, representing the Communist Party of nine nations (Russia, Yugoslavia, France, Italy, Poland, Bulgaria, Czechoslovakia, Hungary, Rumania), organized for all-out fight against Truman Plan, Marshall Plan, and "United States imperialism." Declaration to this effect issued in Pravda. Organized at Warsaw meeting; Belgrade selected as headquarters.
- October 7—Soviet Government agrees to November 25 as date for London meeting of Foreign Ministers Council to write a German peace treaty.
- October 7—Krug report states America has natural resources, industrial capacity, and agricultural means to extend Marshall Plan aid to Europe without damaging our own economy; takes an over-all look at power and transport capacities, and recognizes scarcities in wheat, steel, coal, fertilizers, various types of machinery.
- October 7—Washington conversations begin between European and United States aid technicians.
- October 10—Herter committee returns and chairman states, "We are convinced that no program of American aid can achieve the objective desired unless each country sets its own house in order * * * and cooperates with its neighbors * * * for the fullest use of existing or potential resources."
- October 21—American-aid mission in Greece reports 75-million-dollar hoard of goods uncovered.
- October 22—Speaking for Cominform, Zhdanov calls upon Communists everywhere to wreck Marshall Plan as an instrument designed by the United States to achieve "world domination by American imperialism."
- October 23—President Truman, at conference with congressional leaders, calls special session of Congress for November 17 on foreign aid and living costs.
- President states: "There are two compelling reasons * * * the continued rise in prices * * * and * * * it is also necessary to meet the crisis in Western Europe."
- October 23—President Truman confers with Cabinet on aid to Europe.
- October 27—One hundred representatives of industry, labor, agriculture, and general public confer with Government officials at White House on Marshall Plan.
- October 27—Emergency Food Council told world's food output to fall off this year.
- October 28—President Truman's Council of Economic Advisers submits report to White House on the impact of foreign aid upon the domestic economy.
- November 1—United States queries "Canada on her ability to help Europe."
- November 1—Joint Congressional Committee headed by Senator Harry F. Byrd, chairman of the Committee on Reduction of Nonessential Federal Expenditures, estimates United States aid to foreign countries since outbreak of Second World War at 19 to 20 billion dollars.

November 2—Secretary of Commerce Harriman announces he has recommended to President Truman that the initial aid to Europe should be 3 billion dollars as an outright gift.

November 5—The House Select Committee on Foreign Aid meets.

November 6—The President's Committee on Foreign Aid (Harriman) submits its report to President Truman.

November 10—The Senate Foreign Relations Committee and the House Foreign Affairs Committee meet in joint session to begin hearings on the Recovery Program.



SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR
INTERIM AID TO FRANCE, ITALY, AND AUSTRIA

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE FISCAL
YEAR 1948 IN THE AMOUNT OF \$597,000,000 FOR INTERIM AID TO
FRANCE, ITALY, AND AUSTRIA

NOVEMBER 17, 1947.—Referred to the Committee on Appropriations and ordered
to be printed

THE WHITE HOUSE,
Washington, November 17, 1947.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of
the Congress a supplemental estimate of appropriation for the fiscal
year 1948 in the amount of \$597,000,000 for interim aid to France,
Italy, and Austria.

The urgency of the need and the necessity for immediate action have
been brought to the attention of the Congress in my proclamation of
October 23, 1947, calling the Congress into special session, and in my
message of November 17, 1947, to the Congress.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., November 17, 1947.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a
supplemental estimate of appropriation for the fiscal year 1948 in the

AID TO FRANCE, ITALY, AND AUSTRIA

amount of \$597,000,000 for interim aid to France, Italy, and Austria, as follows:

FUNDS APPROPRIATED TO THE PRESIDENT

EUROPEAN INTERIM AID

European interim aid: To enable the President to carry out the provisions of the Act of -----, 1947 (Public Law -----), there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$597,000,000 to be immediately available and to remain available until June 30, 1948: *Provided*, That any additional administrative expenses which may be incurred by the Department of State in carrying out duties assigned to it under said Act shall be paid from the amount made available to said Department for administrative expenses under the appropriation "Relief Assistance to War-Devastated Countries" in The Supplemental Appropriation Act, 1948----- \$597, 000, 000

This estimate of appropriation is to provide funds to enable the President to provide immediate assistance needed by the peoples of France, Italy, and Austria to alleviate widespread human suffering and prevent serious economic retrogression which would gravely jeopardize any general economic recovery program, as outlined in your message of November 17, 1947, to the Congress.

I recommend that the foregoing estimate be transmitted to the Congress.

Respectfully yours,

JAMES E. WEBB,
Director of the Bureau of the Budget.

()

INTERIM AID FOR CERTAIN WESTERN
EUROPEAN COUNTRIES AND A PROGRAM TO
CURB INFLATION IN THE UNITED STATES

ADDRESS
OF
THE PRESIDENT OF THE UNITED STATES

DELIVERED BEFORE A JOINT SESSION OF THE SENATE
AND THE HOUSE OF REPRESENTATIVES, RECOM-
MENDING INTERIM AID FOR CERTAIN WESTERN
EUROPEAN COUNTRIES AND A PROGRAM TO
CURB INFLATION IN THE UNITED STATES



NOVEMBER 17, 1947.—Referred to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1947

ADDRESS OF THE PRESIDENT OF THE UNITED STATES

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE EIGHTIETH CONGRESS:

The Congress has been convened to consider two problems of major concern to the citizens of the United States and to the peoples of the world. The future of the free nations of Europe hangs in the balance. The future of our own economy is in jeopardy. The action which you take will be written large in the history of this Nation and of the world.

The Secretary of State and other representatives of the executive branch have appeared before committees of the Congress during the past week to present the facts regarding the necessity for immediate assistance by the United States to certain European countries. Austria, France, and Italy have nearly exhausted their financial resources. They must be helped if their peoples are to survive the coming winter, and if their political and economic systems are not to disintegrate. Exceedingly bad weather has brought on crop failures and fuel shortages, and has caused intense suffering. The food and fuel stocks of these countries are now near the vanishing point. Their peoples are in a dangerously weakened condition, due to years of short rations. Additional medical supplies and facilities are urgently necessary.

Austria needs \$42,000,000, Italy needs \$227,000,000, and France needs \$328,000,000 to buy food, fuel, and other essential goods during the next 4½ months. Detailed information has been presented to your committees concerning these needs and the purposes for which funds to be appropriated by the Congress would be spent.

Additional funds will also be required to maintain our position in occupied areas.

Emergency assistance by itself will not solve European problems. Emergency aid is no substitute for a long-range recovery program, but it is a vital prerequisite to such a program. If the western European nations should collapse this winter, as a result of our failure to bridge the gap between their resources and their needs, there would be no chance for them, or for us, to look forward to their economic recovery. The providing of interim aid will give us time to plan our part in an economic recovery program, and it will give the peoples of Europe the strength to hold out until such a program begins.

I shall shortly submit to the Congress my recommendations concerning the long-range European recovery program. This program is the result of the combined efforts of thoughtful men of two continents whose concern has been the most effective manner in which 16 European nations, western Germany, and the United States can work together for European recovery, world prosperity, and lasting peace.

It is a tribute to the strength of our democracy that we are able to make so great a contribution to the freedom and welfare of other nations and other peoples. This Nation is strong both in material resources and in the spirit of its people. Our economic strength, born

of our system of free institutions, has contributed to raising the standard of living the world over. Our moral strength, resulting from our faith in human rights, is the inspiration of freemen everywhere.

I refer to the strength of this Nation with humility, for it is an awe-inspiring truth that the manner in which we exert our strength now, and in the future, will have a decisive effect on the course of civilization.

This is a truth whose significance grows with the experience of each passing day. The American people are becoming more and more deeply aware of their world position. They are learning that great responsibility goes with great power.

Our people know that our influence in the world gives us an opportunity, unmatched in history, to conduct ourselves in such a manner that men and women of all the world can move out of the shadows of fear and war into the light of freedom and peace.

We must make the most of that opportunity.

For we have learned, by the costly lesson of two world wars, that what happens beyond our shores determines how we live our own lives. We have learned that, if we want to live in freedom and security, we must work with all the world for freedom and security.

Human misery and chaos lead to strife and conquest.

Hunger and poverty tempt the strong to prey upon the weak.

Twice within this generation we have had to take up arms against nations whose leaders, misled by the hope of easy conquest, sought to dominate the world.

We are convinced that the best way to prevent future wars is to work for the independence and well-being of all nations. This conviction guides our present efforts, and will guide our future decisions. We have participated fully and gladly in the growth of the United Nations and we seek now to strengthen and improve it. We are assisting free nations who have sought our aid in maintaining their independence. We have contributed large sums to help rebuild countries devastated by the war. We have taken the lead in breaking down barriers to world trade.

In our efforts, however, to achieve the conditions of peace, we have encountered unforeseen and unwelcome obstacles.

We have found that not all nations seem to share our aims or approve our methods. We regret the differences which have arisen and the criticisms so loudly expressed. And yet we cannot afford, and we do not intend, to let current differences with some nations deter our efforts to cooperate in friendly fashion and to assist other nations who, like us, cherish freedom and seek to promote the peace and stability of the world.

The actions of this Government must be of a stature to match the dignity and influence of the United States in world affairs. The prompt provision by the Congress for interim aid will be convincing proof to all nations of our sincere determination to support the freedom-loving countries of western Europe in their endeavors to remain free and to become fully self-supporting once again.

If that action is followed by the enactment of the long-range European recovery program, this Congress will have written a noble page in world annals.

I have spoken of the economic and moral strength of the United States and of the way in which we must use that strength if we are to build a world community of free, strong, and independent nations.

The strength of the United States is not due to chance. It is due to the wise decisions and bold actions taken by free and courageous men throughout the history of our democracy.

The time is at hand for new decisions and new actions of equal wisdom.

On several occasions during the past year I have reported to the Congress and to the Nation on our general economic situation. These reports have told of new high levels of production and employment. Farmers are producing 37 percent more than in 1929. Industry is producing 65 percent more. In terms of actual purchasing power, the average income of individuals, after taxes, has risen 39 percent. The rapid growth of our postwar economic activity has exceeded expectations and has revealed anew the potentialities of our economy.

In each of my reports, however, I have had to warn of dangers which lay ahead.

Today inflation stands as an ominous threat to the prosperity we have achieved. We can no longer treat inflation, with spiraling prices and living costs, as some vague condition we may encounter in the future. We already have an alarming degree of inflation; and, even more alarming, it is getting worse.

Since the middle of 1946, fuel has gone up 13 percent; clothing prices have gone up 19 percent; retail food prices have gone up 40 percent. The average for all cost of living items has risen 23 percent.

The housewife who goes to buy food today must spend \$10 to buy what \$7 bought a year and a half ago.

The cost of living is still climbing. In the past 4 months it has risen at a rate of 16 percent a year.

Wholesale prices are rising, too. They affect every industry and trade, and they are soon translated into retail prices.

Since the middle of 1946, wholesale textile prices have gone up 32 percent; metals have gone up 36 percent; building materials have gone up 42 percent. Wholesale prices on the average have gone up 40 percent.

The harsh effects of price inflation are clear. They are felt by wage earners, farmers, and businessmen. Wage earners are finding that bigger pay checks this year buy less than smaller pay checks bought last year. Despite generalities about high farm prices, the income of many farm families cannot keep up with the rising costs of the things they buy. Small businessmen are being squeezed by rising costs. Even those who are well off are asking, "How long can it last? When is the break coming?"

In addition, price inflation threatens our entire program of foreign aid. We cannot abandon foreign aid, nor can we abandon our own people to the ravages of unchecked inflation.

We cannot allow the strength of this Nation to be wasted and our people's confidence in our free institutions to be shaken by an economic catastrophe. We shall be inviting that catastrophe unless we take steps now to halt runaway prices.

Our immediate approach to the problems of high prices and inflation should consist of three types of measures: One, to relieve mone-

tary pressures; two, to channel scarce goods into the most essential uses; three, to deal directly with specific high prices.

One way to reduce monetary pressure is by restraining the excessive use of credit. At a time when the economy is already producing at capacity, a further expansion of credit simply gives people more dollars to use in bidding up the prices of goods.

Consumer credit is increasing at a disturbing rate. The amount outstanding has risen from 6½ billion dollars in 1945 to more than 11 billion dollars today. Even more rapid expansion is under way now, because the controls on consumer credit exercised by the Federal Reserve System expired November 1. These credit controls should be restored. Also, some restraint should be placed on inflationary bank credit.

Legislation is required, moreover, to prevent excessive speculation on the commodity exchanges.

Another effective weapon against inflation is increased savings by the public. Every dollar that is saved instead of spent is a dollar fighting against inflation. In order to encourage additional savings, the Government should intensify its vigorous efforts to sell savings bonds.

The second part of the program to curb inflation is to secure the most efficient use of scarce goods and otherwise channel their flow so as to relieve inflationary pressures. Grain, for example, is too badly needed to permit wasteful feeding to livestock. Steel, as another example, is too scarce to be used for nonessential purposes.

Legislation is required to authorize the allocation of scarce commodities which basically affect the cost of living, or basically affect industrial production. In these limited areas inventory control powers are also needed.

Authority to allocate transportation services should be extended.

In addition, existing export controls should be continued and strengthened. Goods that we cannot wisely export must be kept here, and the shipments we make must go where they are needed most. Profiteering in exports must be prevented.

The measures which I have already discussed will, when taken together, aid substantially in relieving inflationary pressures. For large segments of the economy, they should be adequate to meet the requirements of the present situation. However, there are limited areas of acute danger in which these measures cannot be regarded as guaranteeing adequate protection.

For example, present forecasts indicate that we are likely to have less grain and meat next year than we have had this year. The pressure on the prices of these foods would then become increasingly great. If these pressures are permitted to bring further sharp increases in food prices, they may well set off a chain reaction that would spread throughout the economy. It is surely better to take timely action to check adverse forces at particular trouble spots than to wait until general inflation has become so serious as to require drastic controls over our whole economic life.

Therefore, we need a third group of measures to combat inflation. Legislation should be enacted, authorizing the Government to impose price ceilings on vital commodities in short supply that basically affect the cost of living. Basic elements in the cost of living are food, clothing, fuel, and rent. In addition, the legislation should be broad

enough to authorize price ceilings on those vital commodities in short supply that basically affect industrial production. This will enable us to stamp out profiteering and speculation in these important areas.

This does not mean that price ceilings should be imposed on all items within the classes I have mentioned. For example, price ceilings would not be necessary for staple food and clothing items not in short supply or for any delicacies or luxuries. The same principle of selective treatment would apply to industrial items. This selective treatment of a relatively few danger spots is very different from over-all wartime price controls.

Even should the shortages of a few commodities at the consumer level remain serious for a time, I believe that the fair distribution of such commodities can be largely accomplished without consumer rationing. But no one can foretell exactly how serious some shortages may become next year. With serious shortages, a free market works cruel hardships on countless families and puts an unbearable pressure on prices. I therefore recommend that authority be granted, as a preparedness measure, to ration basic cost-of-living items on a highly selective basis.

Adequate protection from high prices and unfair distribution can be assured only by establishing authority for price ceilings and rationing in fields of critical importance. It takes several months to set up an organization and make the administrative arrangements necessary to put price control and rationing into effect. Thus, the only prudent course is to establish the authority at this time so the necessary preparations can be started. If we fail to prepare and disaster results from our unpreparedness, we will have gambled with our national safety and lost.

If the Government imposes price ceilings covering a specific area of production, it should in all fairness have the authority, in that same area, to prevent wage increases which will make it impossible to maintain the price ceilings. This authority should be granted, although I believe that there would be few occasions for its use.

I am confident that, if the cost of living can be brought and held in reasonable relationship to the incomes of the people, wage adjustments through collective bargaining will be consistent with productivity and will avoid an inflationary round of wage increases.

Next to food, the most important element in the cost of living is rent. Under the modified rent-control law, rents are rising at the rate of about 1 percent a month. A 12 percent annual increase in rents imposes an intolerable strain upon the family budget. The rent-control law should be extended and the weaknesses in the present law should be corrected.

I am well aware that some of my proposals are drastic measures. No one regrets more than I the necessity for considering their use. But if we face the facts squarely, it is apparent that no other methods can safely be counted upon to protect our people from the dangers of excessively high prices and ruinous inflation.

The American people want adequate protection from these dangers, and they are entitled to it. It should not be denied them. Nor should they be misled with half measures.

Even with the authority to impose price ceilings, the Government will intensify its efforts to obtain voluntary action. Wherever voluntary action will do the job there will be no necessity to impose the

Government's authority. But the very existence of these powers should have a salutary effect. They will demonstrate to each of our citizens the importance of carefully weighing each step that might lead to higher prices. They will support expanded and more specific efforts to obtain voluntary action by businessmen, labor leaders, farmers, and consumers to hold prices down.

All the actions I have described are essential to a fair and effective anti-inflation program. I look upon them as short-run insurance against the impairment of our prosperity and the threat to our future development.

We should all ponder these questions:

What would it avail the farmer, in the long run, if farm prices should go substantially higher only to be followed by a disaster such as occurred after the First World War?

What would it avail the worker, in the long run, to obtain inflationary wage increases, if they were followed by a repetition of the bitter experience when 15,000,000 workers were out of jobs?

What would it avail the businessman to have record-breaking profits soar even higher, if they were followed by a depression which would imperil our whole system of enterprise?

The program which I have outlined is one designed to meet the existing emergencies of inflation and exorbitant price levels. It is an emergency program which should be adopted to protect our standard of living for the immediate present and to make possible economic security in the future.

But a program designed to meet a crisis cannot by itself be a program designed to build for the future. We must also make plans to prevent future difficulty of the same nature.

Our long-range programs must stress ever-increasing production.

To accomplish this for agriculture, we need a comprehensive farm program. We shall need programs to increase the use of farm products by industry and consumers in this country when other countries become more nearly self-sufficient. Long-range national measures will be needed to protect the farm population against ruinous deflation in farm production and prices.

To expand industrial output, we need a long-range program to overcome basic shortages in capacity and equipment. To provide markets for increased output of farm and factory, we shall need long-range programs to raise the standard of living, particularly for families of low income.

But the first step toward this progress in the future is to deal with the critical present. We must win the battle against inflation, so that our long-range efforts may start from high levels of prosperity and not from the depths of depression.

In summary, the immediate anti-inflation program that I recommend calls for the following legislative action:

1. To restore consumer credit controls and to restrain the creation of inflationary bank credit.
2. To authorize the regulation of speculative trading on the commodity exchanges.
3. To extend and strengthen export controls.
4. To extend authority to allocate transportation facilities and equipment.

5. To authorize measures which will induce the marketing of livestock and poultry at weights and grades that represent the most efficient utilization of grain.

6. To enable the Department of Agriculture to expand its program of encouraging conservation practices in this country, and to authorize measures designed to increase the production of foods in foreign countries.

7. To authorize allocation and inventory control of scarce commodities which basically affect the cost of living or industrial production.

8. To extend and strengthen rent control.

9. To authorize consumer rationing on products in short supply which basically affect the cost of living.

10. To authorize price ceilings on products in short supply which basically affect the cost of living or industrial production, and to authorize such wage ceilings as are essential to maintain the necessary price ceilings.

If we neglect our economic ills at home, if we fail to halt the march of inflation, we may bring on a depression from which our economic system, as we know it, might not recover. And if we turn our backs on nations still struggling to recover from the agony of war, not yet able to stand on their own feet, we may lose for all time the chance to obtain a world where free peoples can live in enduring peace.

The freedom that we cherish in our own economy and the freedom that we enjoy in the world today are both at stake.

I have recommended interim aid for certain western European countries and a program to curb inflation in the United States. I regard the measures which I have presented to you as vital and essential to the welfare of the Nation.

When the American people have faced decisions of such magnitude in the past, they have taken the right course.

I am confident that the Congress, guided by the will of the people, will take the right course on this occasion.

HARRY S. TRUMAN.

THE WHITE HOUSE, *November 17, 1947.*



80TH CONGRESS
1ST SESSION

S. 1757

IN THE SENATE OF THE UNITED STATES

NOVEMBER 17, 1947

Mr. CONNALLY (for himself and Mr. VANDENBERG) (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "European Interim Aid
4 Act of 1947".

5 SEC. 2. It is the purpose of this Act to provide
6 immediate assistance in the form of food, fuel, and other
7 commodities urgently needed by the peoples of Austria,
8 France, and Italy, hereinafter referred to as the recipient
9 countries, to alleviate conditions of intolerable hunger and
10 cold and prevent serious economic retrogression which

1 would jeopardize any general European economic recovery
2 program based on self-help and cooperation.

3 SEC. 3. The President, acting through such depart-
4 ments, agencies, or independent establishments of the Gov-
5 ernment as he shall direct, may, by allocation of funds to
6 any such departments, agencies, or independent establish-
7 ments, or by making funds available to the government of a
8 recipient country, whenever he finds it in furtherance of the
9 purposes of this Act and upon the terms and conditions set
10 forth in this Act and upon such other terms and conditions
11 as he may determine—

12 (a) procure, or provide funds for the procurement
13 from any source, by manufacture or otherwise, food,
14 seed, and fertilizer; coal, petroleum, and petroleum prod-
15 ucts; other fuel; fibers; and such other commodities as
16 are necessary for the accomplishment of the purposes
17 of this Act as set forth in section 2;

18 (b) transport, or provide funds for transportation
19 of, such commodities;

20 (c) transfer such commodities to any recipient
21 country;

22 (d) incur and defray expenses, including accessorial
23 and administrative expenses and expenses for compensa-
24 tion and travel of personnel, for carrying out the purposes
25 of this Act.

1 SEC. 4. (a) There is hereby authorized to be appropri-
2 ated not to exceed \$597,000,000, out of any money in the
3 Treasury not otherwise appropriated, to carry out the pro-
4 visions and accomplish the purposes of this Act.

5 (b) Funds authorized under this Act, when allocated
6 to any department, agency, or independent establishment
7 of the Government, shall be available for obligation and ex-
8 penditure in accordance with the laws governing obligations
9 and expenditures of such department, agency, or independent
10 establishment or organizational unit thereof concerned, and
11 without regard to sections 3709 and 3648 of the Revised
12 Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

13 SEC. 5. After March 31, 1948, no funds may be obli-
14 gated under this Act.

15 SEC. 6. Before any commodities or funds are made
16 available to any recipient country under the authority of
17 section 3 of this Act, an agreement shall be entered into
18 between such country and the United States containing an
19 undertaking by such country—

20 (a) to make efficient use of any commodities made
21 available under the authority of this Act and to take
22 insofar as possible the economic measures necessary to
23 increase its ability to achieve a self-sustaining economy;

24 (b) to make, when any commodity is made avail-
25 able under this Act, a commensurate deposit in the cur-

1 rency of such country in a special account under such
2 terms and conditions as may be agreed to between such
3 country and the Government of the United States, and
4 to hold or use such special account only for such pur-
5 poses as may be agreed to between such country and
6 the Government of the United States;

7 (c) to give full and continuous publicity within such
8 country as to the purpose, source, character, and amounts
9 of the commodities made available by the United States
10 under this Act;

11 (d) to furnish promptly upon request of the Presi-
12 dent information concerning the method of distribution
13 and use of commodities made available under this Act.

14 SEC. 7. The President shall promptly terminate the pro-
15 vision of assistance under this Act for any country whenever
16 he finds that such country is not adhering to the terms of its
17 agreement entered into in accordance with section 6 of this
18 Act.

19 SEC. 8. All commodities made available pursuant to this
20 Act or the containers of such commodities shall, to the extent
21 practicable, be marked, stamped, branded, or labeled in a
22 conspicuous place as legibly, indelibly, and permanently as
23 the nature of such commodities or containers will permit, in
24 such manner as to indicate to the people of the country of

1 destination that such commodities have been furnished or
2 made available by the United States.

3 SEC. 9. The President may, from time to time, promul-
4 gate such rules and regulations as he may find necessary and
5 proper to carry out any of the provisions of this Act; and he
6 may delegate to the Secretary of State or any other official
7 or officials of the Government any of the powers or authority
8 conferred on him under this Act.

9 SEC. 10. Personnel employed to carry out the purposes
10 of this Act shall not be included in computing limitations on
11 personnel established pursuant to the Federal Employees
12 Pay Act of 1945 (59 Stat. 298), as amended by section 14
13 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

14 SEC. 11. The President, from time to time, but not less
15 frequently than once every calendar quarter, and until the
16 end of the quarterly period after all operations under the
17 authority of this Act have been completed, shall transmit to
18 the Congress a report of operations under this Act. Reports
19 provided for under this section shall be transmitted to the
20 Secretary of the Senate or the Clerk of the House of Repre-
21 sentatives, if the Senate or the House of Representatives, as
22 the case may be, is not in session.

23 SEC. 12. If any provisions of this Act or the application
24 of such provision to any circumstance shall be held invalid,

- 1 the validity of the remainder of the Act and the applicability
- 2 of such provision to other circumstances shall not be affected
- 3 thereby.

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

By Mr. CONNALLY and Mr. VANDENBERG

NOVEMBER 17, 1947

Read twice and referred to the Committee on
Foreign Relations

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued November 19, 1947
For actions of November 18, 1947
80th-1st, No. 149

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~~HIGHLIGHTS: Reps. Barrett and D'Ewart criticized wool-tariff reductions. Rep. Murray urged removal of Luckman, criticized administration of poultry and other price supports, and asked for Presidential "recognition" of USDA and farm organizations. Rep. Smith, Ohio, criticized "Marshall Plan"~~

HOUSE

- ~~1. WOOL TARIFFS. Rep. Barrett, Wyo., criticized reduction of wool tariff and discussed the effect of such reduction on the domestic wool grower, making a comparison of the the treatment of the cattlemen and the wool growers (p.10752).
Rep. D'Ewart, Mont., criticized reduction of wool tariff and claimed that such reduction does not benefit the consumer, that funds provided for Section 32 funds from wool duties have never benefited wool, and that the wool industry will suffer another set-back (pp. 10751-2).~~
- ~~2. FOOD CONSERVATION. Rep. Murray, Wis., spoke favoring removal of Mr. Luckman from the Citizens Food Committee, criticizing administration of the Steagall and LaFollette-Taft amendments particularly with reference to poultry prices, and urging "recognition" by the President of this Department and of farm organizations (p. 10754).~~
- ~~3. NATURAL RESOURCES. Rep. Welch, Calif., urged conservation and utilization of our natural resources and inserted an American Federation of Labor resolution opposing destruction of the Nation's natural resources (pp. 10755-6).~~
- ~~4. FOREIGN AID. Rep. Smith, Ohio, spoke in opposition to the "Marshall Plan" (p. 10751).
Rep. Knutson, Minn., urged that attention be paid to economic problems here in the U.S. as well as to European aid (p. 10753).
Rep. Scott, Pa., stated that we should "get our money to stand still as we pay our bills with it," as a step toward aid to Europe (p. 10755).
Rep. Vursell, Ill., urged that the matter of European aid be given careful consideration, "particularly the impact it will have on our own Nation" (p. 10755).
Rep. Crawford, Mich., claimed there would be inflationary effects on U.S. economy from a long-range foreign aid program (pp. 10766-7).~~

Rep. Bender, Ohio, criticized the administration of our present foreign policy and the "bungling...in our domestic economy" (pp. 10756-7).

Rep. Hoffman, Mich., stated that consideration should be given first to our own economy before commitments are made for European aid, and inserted tables showing proposed schedules of aid and an analysis of the European food situation (pp. 10762-6).

Rep. Dirksen, Ill., reported on the visit of the Joint Committee on Armed Services to Europe and outlined a 10-point program for the recovery of Germany (pp. 10757-62).

5. FOREIGN TRADE. Rep. Rich, Pa., criticized importation of liquor and use abroad of grains for brewing purposes when our breweries are closed to conserve grain for export as food (p. 10754).
6. SURPLUS PROPERTY. Rep. Church, Ill., criticized the administration of WAA, particularly in the Chicago area (pp. 10769-71).
7. AUDITING. Received the GAO audit report of the Virgin Islands Company (H. Doc. 441) (p. 10771).
8. FLOOD CONTROL. Received from the War Department reports on Grand (Neosho) River and its tributaries, Okla., Kans., Mo., and Ark., and Santa Clara River, Calif. (H. Docs. 442, 443) (p. 10771).
9. PRICE CONTROLS. Rep. Gross, Pa., inserted a businessman's telegram opposing authority for the President to apply controls at his option (p. 10752).
10. ADJOURNED until Thurs., Nov. 20 (p. 10771).

BILLS INTRODUCED

11. FOREIGN AID. S. 1757, the proposed European Interim Aid Act (see Digest 148) is the same as the draft of legislation recommended by the State Department. This bill permits the President, acting through such Government agencies as he shall direct, to (1) procure or provide funds for procurement of food, seed, fertilizer, fuel, fibers, and other commodities; (2) transport or provide funds for transportation of such commodities; (3) transfer such commodities to any aided country; and (4) incur and defray administrative and other expenses. It authorizes appropriation of \$597,000,000, to be obligated by Mar. 31, 1948; makes obligations and expenditures subject to laws concerning the agencies involved, and waives the laws prohibiting advances of funds and requiring bids; provides for agreements with aided countries regarding use of and publicity of aid; permits the President to delegate his authority to the Secretary of State or other Government officials; and waives personnel ceilings in connection with the program.
12. HOUSING. H.R. 4488, by Rep. Rogers, Mass., to amend the Servicemen's Readjustment Act to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor. To Veterans' Affairs Committee. (p. 10771.) Remarks of author (pp. A4521-5).
13. PATENTS. H.R. 4511, by Rep. Sabath, Ill., to extend unexpired patents for periods equal to the length of time such patents shall have been in force during the war. To Judiciary Committee. (p. 10772.)
14. PUBLIC LANDS. H.R. 4513, by Rep. Welch, Calif., to eliminate the requirement of oaths in certain land matters. To Public Lands Committee. (p. 10772.)



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 80th CONGRESS, FIRST SESSION

Vol. 93

WASHINGTON, TUESDAY, NOVEMBER 18, 1947

No. 149

Senate

The Senate was not in session today. Its next meeting will be held on Thursday, November 20, 1947, at 12 o'clock meridian.

House of Representatives

TUESDAY, NOVEMBER 18, 1947

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Breathe upon us, O breath of God; fill us with an unshakable conviction that these are days of challenge. Amid the perplexities of a changing order, let us be rid of all devastating influences, putting the privations and hunger of the world above selfishness, for there can be no peace nor security without good will among individuals and among nations. Face to face with great new tasks, give us eyes to see, that in Thy light we may see light; make us loyal and true to those immortal verities which hold our Republic as the sanctuary of human rights and the ultimate hope of man.

Grant blessings of wisdom and good health upon our beloved Speaker, the leaders and all Members, that by our decisions we may demonstrate to the world the righteousness of free government. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon on Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CORRECTION OF ROLL CALLS

Mr. STEVENSON. Mr. Speaker, I have just discovered that on roll calls 17 and 18 I was recorded as not voting. I voted "yea" on both those occasions. I have a 100-percent record in answering roll calls, and I ask unanimous consent that the permanent Record be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

EXTENSION OF REMARKS

Mr. POTTS asked and was given permission to extend his remarks in the RECORD and include therewith a radio address.

Mr. STEVENSON asked and was given permission to extend his remarks in the RECORD and include an article from the World Report entitled "Cause of French Hunger Failure of Farm Policy."

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the Appendix of the RECORD and include a letter she received from a constituent.

Mr. SMITH of Ohio asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. AUCHINCLOSS asked and was given permission to extend his remarks in the Appendix of the RECORD and include a speech.

Mr. ROBERTSON asked and was given permission to extend his remarks in the Appendix of the RECORD and include an address by the Honorable Robert E. Freer, Commissioner of the Federal Trade Commission.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EFFECT OF THE MARSHALL PLAN ON THE AMERICAN PEOPLE

Mr. SMITH of Ohio. Mr. Speaker, whoever is for the so-called Marshall plan, or anything that smacks of that plan, is of necessity for the President's

proposal to enslave the American people, which he put before the Congress yesterday.

Pass the Marshall plan and compliance with the President's request will follow as night follows day.

With ever-mounting shortages of vitally needed supplies and increasing prices, caused in great measure by giving away so much of our goods to foreign countries, the carrying out of the Marshall plan would inevitably exaggerate these evils. These forces—and not the Congress—would determine the issue of price controls, rationing, and regimentation in general.

President Truman and his strategists know this.

Is the Republican Party going to permit itself to be tricked into betraying its pledge to the country to save the Nation from regimentation by supporting the Marshall plan?

PERMISSION TO ADDRESS THE HOUSE

Mr. D'EWARD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

EFFECT OF REDUCTION OF WOOL TARIFF

Mr. D'EWARD. Mr. Speaker, today's newspapers inform us that once again the administration's free-traders have sat down with foreign experts, and the western wool producer loses some more of his market, and the American consumer gains nothing. Foreign nations may, when and if they see fit, remove the import bans which now keep our goods off their markets. Once again we learn that reciprocity is a one-way street.

Wool is one of the items on which the tariff is to be cut 25 percent. This news leaked some time ago. We learned about

it from Australia, not from our own State Department, when the world price of wool increased 3½ cents, exactly the amount of our tariff reduction. The British wool organization is no free-trade outfit, and the American consumer is not going to benefit by one penny from the reduction in our tariff.

If the American consumer does not benefit, and free trade is not promoted, what is the effect of this wool tariff reduction?

First. Wool in 1946 provided one-third of all the duties collected by the United States Treasury, \$146,000,000. On that basis the reduction in tariff will cost our Treasury \$35,550,000—money which must come from some other source.

Second. Wool duties provided \$10,650,000 in section 32, funds which support many farm programs and agricultural commodities. Wool has never received any benefits from this fund. Now the farm programs will have to go looking elsewhere for money.

Third. The American wool industry, one of the keystones of our agricultural economy, will suffer another set-back in its fight for survival. Wool is a vital strategic material which we need, and we must have an adequate domestic supply. A firm tariff is essential to a strong American wool industry.

To sum it up, the free-traders have not helped the American consumer, they have definitely injured the American producer, and they have cost our Treasury a great source of income. The only winner in this strange game is the low-cost foreign producer, to whom our State Department has handed another huge subsidy.

PERMISSION TO ADDRESS THE HOUSE

Mr. BARRETT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

EFFECT OF REDUCTION OF WOOL TARIFF

Mr. BARRETT. Mr. Speaker, with the cuts announced by the State Department yesterday, we now have the lowest tariffs since the turn of the century. The livestock industry has been sacrificed in order to close the bargain with the 14 other countries at Geneva. Otherwise the whole negotiations at Geneva would have collapsed. In fact, Australia demanded the scalp of the American wool grower, and got it.

The wool grower is hit the worst of all. The tariff on raw wool has been cut from 34 to 25½ cents per clean pound. On top of that the duty on wools and worsteds has also been cut 25 percent.

Our livestock industry is the greatest source of new income in the Nation. The investment in livestock is equal to the combined investment in the steel and automobile industries. The sheep industry has been in a bad way since Pearl Harbor. Our sheep population has dropped from 49,000,000 head in 1942 to 32,000,000 head in 1947. During the 5-year period before the war our domestic wool supplied on the average 82

percent of the wool consumed in this country, but last year our domestic wool supplied only 20 percent of the wool consumed in the United States. We simply cannot compete with the low-cost producers abroad. And so the Government has been buying our domestic wool and stock piling it and the mills have been consuming foreign wool. The condition of the wool grower was so bad that Congress had to continue the wool-purchase program until the end of next year. Now, if the wool grower could not make out with a 34-cent tariff on raw wool, how in the name of common sense can he make out with a 25½-cent tariff? The tariff on western wool represents, roughly, about 16 cents a pound as the wool comes off the sheep's back, and so the 25-percent reduction means a loss of 4 cents a pound in the grease. The Government has a stock pile of over 500,000,000 pounds of wool. A loss of 4 cents per pound would amount to about \$20,000,000. An additional loss covering the 1947 and 1948 clips will amount to about \$30,000,000, and so the total loss, because of the reduction of the tariff, will be around \$50,000,000.

The reduction in the tariff on woolen and worsted textiles will ultimately hurt the wool grower. Labor costs are three times as high in the textile mills in this country as they are in England, and the tariff reduction on textiles will, in the long run, mean the exportation of jobs. Tariffs are merely an equalizer between our price levels and the rest of the world. As far as the wool industry is concerned, the action of the administration makes much worse an already mighty bad situation.

The treatment accorded the cattlemen of the West was similar but not as severe as that handed to the wool growers. The tariff on fresh, chilled, and frozen beef and veal was reduced from 6 to 3 cents per pound. The quotas on cattle were almost doubled. The quota on calves weighing less than 200 pounds per head was increased from 100,000 to 200,000 head per year. The quota on cattle weighing 700 pounds or more per head was increased from 225,000 to 400,000 head per year. Our cattle population before the war was 66,000,000 head. It is now around 80,000,000 head. These are abnormal times. When we have a surplus of cattle, these increased quotas may demoralize our markets.

PERMISSION TO ADDRESS THE HOUSE

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PRESIDENT TRUMAN'S RECOMMENDATIONS TO CONGRESS

Mr. GROSS. Mr. Speaker, I want to read a telegram from a York businessman which I think reflects the trend of thought of every farsighted and thinking individual in this country. The telegram reads as follows:

After reading President Truman's recommendations to Congress yesterday am deeply concerned about ominous threat in his request for authority to apply controls at his

option. This would be beginning of peacetime regimentation and the ultimate result is inevitable. Guided as Mr. Truman is by a radical left-wing element it is regretted that he is gullible enough to lead this Nation into the wilderness for sheer political expediency. I urge you use your office with your colleagues to keep controls out of our peacetime government and apply workable curbs only on commodity prices where it can be shown that the cost-price relationship is not fair excepting, of course, prices which are spiraling as result heavy Government purchasing, and where the law of supply and demand governs. Now is the time for Congress to assert itself.

S. E. LAUER,
President, York Corp.

PERMISSION TO ADDRESS THE HOUSE

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DEATH OF DR. MARTIN H. REYMOND

Mr. EDWIN ARTHUR HALL. Mr. Speaker, it is with profound sorrow that I announce the death of a distinguished American of my area, Dr. Martin H. Raymond, of Binghamton, N. Y., who passed away recently on a visit to our Nation's Capital.

Dr. Raymond was well known as an industrial engineer. He performed outstanding service for various shoe-manufacturing concerns in the Northeast in the capacity of production consultant. He was an expert on short cuts and efficiency in the shoe-production field and had made notable contributions to this special line.

Dr. Raymond was also an economist and at the time of his death was director of the Sound National Policy Association, an organization dedicated to fighting inflationary trends in our economic system.

He conceived the idea of the inflation-proof and depression proof dollar, and had advanced a well-thought-out plan for putting this into effect.

The objective of his final visit to Washington was to conduct personally a vigorous campaign to get congressional approval of his particular course of action. Unfortunately for the country, he was not spared for this important mission.

Dr. Raymond, I may add, was a personal friend of mine. He gave me sage political, as well as economic, advice, and I will feel his loss especially in the trying months ahead.

I sincerely hope that the principles he inaugurated during his long experience with the vital subjects of economy and good government will be taken to heart some day before it is too late by a Nation now apprehensive and fearful over the tragedies of inflation.

PERMISSION TO ADDRESS THE HOUSE

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

EUROPEAN OBSERVATIONS

Mrs. BOLTON. Mr. Speaker, it was my privilege this summer to be among

the traveling Congressmen. I had the opportunity of going through some of the areas of Europe and out into the Near East. It was at only one point that we really joined with any of the other committees. We found, however, the record of the work that was being done over there by our various committees.

Mr. Speaker, I desire to put into the RECORD today something of what I heard on every side. There was no question of the purposes of our traveling Congressmen. All of them were serious minded, they were eager to learn and they came with rather unusually open minds, so that the record we have made as a body in the other countries this year is one that we certainly can be proud of. It is a pleasure to me to record that today.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE FORGOTTEN MAN

Mr. KNUTSON. Mr. Speaker, on yesterday the President of the United States addressed a joint session of Congress, at which time he delivered a most amazing message. I use the term "amazing" because he in effect asked for legislation that would enable him to regiment the American people. True, there were several recommendations that I can go along with—indeed, that I consider necessary—but if we were to adopt the President's program, both foreign and domestic, in toto, it would put the American people back on a cereal diet such as we had during and following the war, when it was almost impossible to buy meats, poultry, butter, eggs, and many other necessities. Incidentally, the President very conveniently forgot to say that he himself removed many of the price controls immediately before the last election.

All who have looked into the reasons for the spiraling prices here at home understand the reasons full well.

Under the New Deal, currency circulation in the United States has increased from around five billions to twenty-eight billions. They also know that the huge money credits that have been extended to Europe since the war are also largely responsible because such credits are spent here in competition with the American people for the very things we also need.

If we are to extend from fifteen to thirty billions in additional credits, as the President proposes, it could only result in further inflation here at home, and that inflation might well take on proportions that would endanger our entire economy.

A careful reading of the President's message clearly indicates that he wants the American people to make all the sacrifices. Nowhere did he so much as suggest that such countries as are appealing to us for aid get off their 30- or 35-hour workweek and go on to a 48- or even 60-hour workweek. The President, in his message, overlooked a splendid opportunity to serve notice on such countries

as are begging for help to either dig coal or freeze, produce or go without. He should have told them bluntly they cannot afford the luxury of 30- and 35-hour workweeks.

It is most significant that all appeals for aid come from European countries that have turned socialist, and I refer particularly to England, France, and Italy, where they are sitting back waiting for us to rehabilitate them.

On the other hand, Mr. Speaker, Belgium is back to prewar levels, as are Denmark and Norway, and we are told that Holland is rapidly rebuilding.

Since the war we have advanced for rehabilitation and relief, money, material, and credits to a total of over \$20,000,000,000. How much more can we give without bleeding ourselves white; and if we do that, who will there be to give us a blood transfusion?

Last year we exported 18,500,000 tons of food at a cost of approximately \$2,300,000,000. These exports consisted of 611,000,000 bushels of grain, 445,000,000 pounds of meat, 7,000,000 pounds of butter, and 40,000,000 pounds of oleomargarine, and yet the cry from the socialist countries is for yet more and more.

Mr. Speaker, during the recess of Congress I visited a number of cities and villages in the district that I have the honor to represent. In addition, my travels took me into 16 other States. Wherever I went people were asking the same questions. They want to know:

First. Why more thought is not being given by the President and the Congress to the needs and suffering of our own indigent.

Second. Why do we continue to export enormous quantities of farm machinery, cement, lumber, oil, coal, industrial equipment, boxcars, locomotives, trucks and automobiles, and other items of which there is a very critical shortage in this country.

Third. The general demand is that future relief be limited to the next harvest, and that such relief be administered by Americans.

There are many other questions that they are asking, which space will not permit of my mentioning at this time.

They strongly feel that the time has come to place the future welfare of America first. They are apprehensive that the wheat crop in the Southwest will be far below normal in 1948, which will mean a serious food shortage here at home. What, if anything, is the President doing about that?

Official Washington is far behind the rest of the country in its thinking, and if the administration and the Congress do not soon wake up there are going to be a lot of new faces in the Nation's Capital.

Mr. Speaker, I took the floor to speak for the forgotten man—the American citizen. We heard a great deal about suffering abroad in the President's message of yesterday, but many were disappointed that he did not once refer to the tragic plight of the Navajo Indians, wards of Uncle Sam, who are dying of hunger and disease. Neither did he refer to the fact that in Dallas, Tex., 500 children are unable to go to school be-

cause they have no clothing. Unfortunately, that deplorable situation is but one of thousands. Is it not about time, my friends, that we begin thinking about the unfortunates here at home just a little? I offer that as a suggestion to the bleeding hearts of America who weep copious tears over the plight of Europeans and Asiatics but remain indifferent to the woes and suffering of the underprivileged here at home.

Blessings on thee, little man,
Barefoot boy with cheek of tan;
Trudging down a dusty lane
With no thought of future pain;
You're our one and only bet
To absorb the national debt.

Little man with cares so few,
We've a lot of faith in you;
Guard each merry whistled tune,
You are apt to need it soon.
Have your fun now while you can;
You may be a barefoot man.

EXTENSION OF REMARKS

Mr. BRADLEY asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the board of supervisors of the county of Los Angeles commemorating the one hundredth anniversary of the discovery of gold in California.

Mr. LeCOMPTE asked and was given permission to extend his remarks in the RECORD and include a set of resolutions adopted by the Poweshiek County (Iowa) Farm Bureau.

Mr. KEEFE asked and was given permission to extend his remarks in the RECORD and include an address delivered by the past grand exalted ruler of the Benevolent and Protective Order of Elks.

Mr. MORRISON asked and was given permission to extend his remarks in the RECORD in two instances and to include in one a letter from a constituent.

Mr. SHEPPARD asked and was given permission to extend his remarks in the RECORD and include an address delivered by the Honorable J. F. T. O'Connor.

Mr. HEBERT asked and was given permission to extend his remarks in the RECORD and include an address delivered by the Secretary of the Navy, Mr. John Sullivan, in New Orleans.

Mr. LANE asked and was given permission to extend his remarks in the RECORD in three instances; to include in one a sermon delivered by Rev. Cornelius Sherlock, in one to include a newspaper article of historic value, and in another to extend his remarks in the RECORD.

Mr. MONRONEY asked and was given permission to extend his remarks in the RECORD and include an editorial on the distinguished service rendered to the United States by the late Governor Winant.

Mr. SMATHERS asked and was given permission to extend his remarks in the RECORD and include an address delivered by Franklin Roosevelt, Jr.

Mr. DAVIS of Tennessee asked and was given permission to extend his remarks in the RECORD and include an address delivered by Admiral Halsey at Memphis, Tenn.

Mr. HARLESS of Arizona (at the request of Mr. HOLIFIELD) was given permission to extend his remarks in the

RECORD and include two newspaper articles.

Mr. DAVIS of Georgia asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. DEANE asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Washington Post.

SPECIAL ORDER GRANTED

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore entered, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

A THREE-POINT PROGRAM

Mr. MURRAY of Wisconsin. Mr. Speaker, yesterday the President gave us a 10-point program. I do not know whether it is in keeping or not, but I would surely like to give the President a three-point program. The first part of my program would be for him to get rid of Mr. Luckman as quickly as he can if he really expects to carry out what he talked to us about yesterday. I do not think we in this country need the representative of any foreign vegetable oil interest running any United States food program. No. 2 is that it is about time that this administration follow the law before they come in here asking for more laws and more power. I refer to the Steagall amendment and the La Follette-Taft amendment to the Commodity Credit Corporation Extension Act of 1944. The 90 percent of parity of chicken today is 24.48 cents a pound. Anyone can read it in the United States Department of Agriculture Agricultural Prices. It is published every month. This administration is allowing chickens to sell for 16 cents a pound in Wisconsin, and less in many other States. The poultry people are being "bushed" out of 4 to 8 cents per pound on chicken this very hour. No. 3, I want to ask that the President sometime give a little recognition to the Department of Agriculture and to the farm organizations, if he is really interested in food. I also hope that he takes his political New Deal economists and puts them on the side line forever and forever.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

TARIFF REDUCTIONS

Mr. RICH. Mr. Speaker and Members of Congress, greetings. I am glad to see you all here from your few weeks spent at your homes.

I am very much interested in the fact that my good friend the gentleman from North Carolina [Mr. DOUGHTON], sitting there, and the Committee on Ways and Means, a wise, judicious, and honorable committee of the House of Representatives, has always had the privilege of determining in what manner we in this country should secure the revenues to finance the affairs of this Government. However, in the last 15 years, under the New Deal, the tariffs of this country were turned over to the State Department and taken out of the hands of the great Committee on Ways and Means. That was a dreadful shame and a catastrophe as far as America is concerned. It should be placed in the committee's hands again for the good of the country.

If you will refer to the agreement made in Geneva, Switzerland, just recently, you will find that the tariffs on many items coming into this country were reduced. I assure you that within 5 years you will be sorry for that, when you see the laborers of this country sitting on the side lines and the products that are manufactured in foreign countries coming in here to replace those manufactured by our American workmen. The workmen in foreign countries are paid one-fourth or one-fifth what our American workmen receive. That day is coming just as sure as the sun will rise tomorrow, and the New Deal Congress of the United States will be blamed because it put that power in the hands of the State Department. Oh, what a grave error.

Another thing that happened this last week was that Mr. Luckman closed up the breweries of this country and refused to permit them to make liquor in order to conserve foodstuffs—a good move. Yet liquors are being permitted to be brought in from foreign countries, which are operating on the wheat we are sending over there. Wheat as gifts for charity to sustain life, used for manufacture of liquor, while our breweries are closed. Not very consistent. Further, the tariffs on those liquors have been cut 50 percent by the State Department.

We will be importing liquors at a reduced tariff, putting our workers out of jobs, and using important grains that should be used as foods. Congress passed a law at the last session for the Commodity Credit Corporation to buy all wools at the highest price ever paid for wools to aid the American farmer, yet the State Department reduced the tariff on wools and wool products 25 percent—not a very wise thing for America. Also the Congress passed laws to guarantee price for copper, lead, zinc, and magnesium, and the State Department cut the tariffs on these items. Does it make sense for our country? I say "No." We will live to regret it only too soon. Many things happen that should not happen.

PERMISSION TO ADDRESS THE HOUSE

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE LATE IRA CLIFTON COPLEY

Mr. REED of Illinois. Mr. Speaker, it becomes my sad duty to announce to the House the death on November 2, 1947, of Col. Ira Clifton Copley, formerly a Member of Congress from the Eleventh Congressional District of Illinois.

Congressman Copley's service in this House was for 12 years—from 1911 to 1923—Sixty-second to Sixty-seventh Congresses, inclusive. There remains in this Congress one Member who came to this legislative body at the same time as did Congressman Copley. He and Colonel Copley, though of opposite political faiths, early appraised and respected the capabilities of each other. Both were experts in the field of revenue and taxation. Fitness brought them together as members of the important Committee on Ways and Means. At the time of Colonel Copley's retirement from Congress he was third ranking Republican member of that committee. Had he remained, he would have become its chairman. The other gentleman, Hon. ROBERT L. DOUGHTON, of North Carolina, did remain and for several terms rendered distinguished service to his country as chairman of that important committee.

Congressman Copley was a successful businessman. He started at the foot of the ladder and worked his way, rung by rung, to the top. At the time of his service in Congress he was president of an expanding public utility corporation of northern Illinois. Later he severed his utility connections and entered the field of journalism. At the time of his death he was chairman of the board of the Copley Press, a newspaper syndicate engaged in the publication of 17 progressive, up-to-date daily newspapers in Illinois and California. He was widely known for his business acumen, his sound judgment, his widespread and varied philanthropies, and his adherence to American traditions. As Congressman, he believed in the principle of protective tariffs. He was an ardent advocate of strong national defense. He supported the League of Nations. He introduced the first anti-child-labor measure and the first mother's pension bill.

As a journalist, the tremendous influence he exerted was in the right direction. He summarized his views in an interview in June of 1946 when he said, "I have but one general policy for all my papers. It is simply, 'Play the game on the square.' We absolutely have no political axes to grind. Not one of my papers has ever asked a thing of a public official."

Mr. Speaker, Colonel Copley's activities have come to an end. His successful career must be an inspiration to the youth of a free nation. America is richer because he lived.

EXTENSION OF REMARKS

Mr. RAMEY asked and was given permission to extend his remarks in the RECORD and include an article from the American Bar Association Journal of August 1947.

PERMISSION TO ADDRESS THE HOUSE

Mr. RAMEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

EUROPEAN ROYALTY AND AMERICAN CHARITY

Mr. RAMEY. Mr. Speaker, the first speech I heard on my arrival in the Seventy-eighth Congress was delivered by the gentleman who is now chairman of the Committee on Ways and Means. In that speech he recited the story told by Trotsky of the Russian noblewoman who went to the theater one evening when it was 20 degrees below zero and wept copious tears for the heroine in the play while she left her coachman outside who froze to death. We have heard over the radio and in the press about the English noblewoman who received over \$2,000,000 worth of jewels as a wedding gift. That is happening while they send out appeals to us to send them a great many things, which we have been willing to do and have done. I wonder—I wonder about these appeals when the nobility there have jewels and great riches, while little girls and boys in this country are going to do without their Thanksgiving and Christmas dinners in order to send things to them voluntarily. Hundreds of our children are going without winter coats to send to their people food and clothes. Every citizen has voluntarily contributed.

The United States of America spells charity in action. Yes, the United States of America pays and pays and pays while the royalty of the Old World plays and plays and plays.

Royalty of the Old World, why will you not give up your vanity, your pleasure, and only give to your own who need as we give of our own to you?

EXTENSION OF REMARKS

Mr. DONDERO asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD in three instances and to include therein editorials and newspaper articles.

PERMISSION TO ADDRESS THE HOUSE

Mr. HUGH D. SCOTT, JR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EUROPEAN AID AND OUR FINANCIAL SITUATION

Mr. HUGH D. SCOTT, JR. Mr. Speaker, last Sunday the people of my community gathered clothes to be sent forward against the European winter.

What the people of my little part of America, and of yours, are doing in their homes, they want us to do on the Hill—face to face with human misery, we are indeed our brother's keeper.

Stopgap aid is a challenge to share our goods, a charitable must.

The larger program, the chance that we can help to put Europe on a self-supporting basis is, as Secretary Marshall concedes, not a guaranteed certainty. All the goods we promise cannot be bought with the money we vote unless we have money which will stay hitched. We must give money a fixed meaning in men's minds.

We ought to start with the United States Treasury, put our gold behind our paper, and stop our own dollars from dying at the rate of 2 percent a month.

The way to easier living is to get our money to stand still as we pay our bills with it.

PERMISSION TO ADDRESS THE HOUSE

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EUROPEAN AID

Mr. VURSELL. Mr. Speaker, I think it is evident that the Congress during this special session and in the session to come is faced and will be faced with problems of great import to all the people of the United States. We shall be called upon, as you know, to appropriate some money for immediate interim or emergency relief for the European countries. Later on we will be asked to go much, much further. If I should give a word of advice, I would suggest that inasmuch as a great many Members of Congress have gone to Europe with special committees and made studies that the Congress may be able to get some information from some or perhaps all of the Members who had that opportunity.

I think we should approach this matter and weigh it with great consideration, because of the impact it will have not only on the world, but particularly the impact it will have on our own Nation. In my judgment, this is no time for headline hunters. This is no time to overplay the picture one way or the other. It will require sound thinking, and taking into consideration the ability of our own country to supply the things that are needed in other countries. We had better approach these problems with a minimum of hysteria and with a maximum of sound judgment, taking into consideration the whole picture as it affects this country.

The SPEAKER. The time of the gentleman from Illinois [Mr. VURSELL] has expired.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks which I expect to make later in the day, immediately after the remarks of the gentleman from Illinois [Mr. DIRKSEN].

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

CEMENT FOR VETERANS

Mr. HOFFMAN. Mr. Speaker, this Nation will continue, as it always has to be charitable and to extend aid to all needy people wherever they may be.

Permit me to call attention to a situation which exists in my district, at Benton Harbor, Mich. Forty veterans have organized a corporation under the laws of the State of Michigan, for the purpose of building homes for their families. They intend to do this without any aid from local, State, or Federal governments. They have members who are carpenters, blacksmiths, plasterers, plumbers, and electricians. They will do the work of building these houses if they can get material. All they ask is an opportunity to buy, with their own money, the materials which are necessary to construct these homes. Now, if that is not the American way I do not know what would be.

But here is what they ran up against, and they have asked me to help them and I am asking 434 of you Members of this Congress to help me do it. They want to buy some cement and they cannot get it. Cement is being exported. They are asking me to try to get it for them. They want to buy it. They want to pay the market price for it. If any of you gentlemen, who are so anxious to aid the suffering in other lands, will help these veterans get a little cement so they can finish these houses. I know these veterans will appreciate your help. If you think those who fought to win the war should have a house to shelter them before the cement goes into construction abroad then help me get it for these veterans.

The SPEAKER. The time of the gentleman from Michigan has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. WELCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include therewith a resolution.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. WELCH]?

There was no objection.

CONSERVATION OF NATURAL RESOURCES

Mr. WELCH. Mr. Speaker, one of the most important functions of the Committee on Public Lands of the House of Representatives, of which I am chairman, is the progressive development of a continuing policy to conserve the natural resources of the United States to the greatest possible advantage. Our national defense and our whole economy rests squarely upon the proper utilization

and conservation of natural resources. Every thinking American must recognize this fact.

At the 1947 convention of the American Federation of Labor, held in San Francisco, that great organization of American working men and women unanimously adopted Resolution 190 dealing with this question. Under leave to extend my remarks, I include it herewith:

Whereas there is an imperative necessity to conserve this Nation's fast diminishing natural resources, which are largely in the 11 Western States; and

Whereas at the present time there is being cut yearly one and one-half times more timber than is being replaced by natural growth (last year over 1,000,000,000 board feet of lumber was shipped out of this country. Twenty-five percent of the timber cut in the State of Washington was shipped out of the United States); and

Whereas it can be readily seen that it will be only a matter of limited years until the entire United States will be as completely denuded of its forests as are the great onetime lumber-producing States of Michigan, Minnesota, and Wisconsin, unless we follow the wise policy of Belgium, Norway, Sweden, and Germany in the removal of trees on a sustained-yield basis with compulsory reforestation; and

Whereas bills are now pending before Congress authorizing private interests to cut trees in our national parks, and these private interests are today slaughtering and slashing our redwood forests (these giants of the forest are known only to certain sections of California. They are the oldest and largest living things in the world. They were there when Moses was a baby in the bulrushes and when the Saviour was carrying His cross up Calvary Hill. These historical facts, however, have no appeal to those who, if permitted, would destroy the remaining forests of this country); and

Whereas oil and electrical energy are two of the greatest assets in our national economy and our national defense, the American Petroleum Institute estimates that the oil reserves—the known petroleum deposits in the United States—at the end of 1946 amounted to slightly over 20,000,000,000 barrels of crude oil. Consumption is now at the rate of 1,750,000,000 barrels per year, which means our known reserves will be exhausted in 12 years; that regardless of this alarming situation, and according to the Department of Commerce, Office of International Trade, there was shipped out of this country during the months of January, February, and March, 1947, 35,012,347 barrels of crude petroleum, gasoline, and other petroleum products. Running at this rate, at the end of this year, we will have shipped approximately 140,000,000 barrels of irreplaceable crude petroleum products out of the United States; and

Whereas hydroelectric power is inexhaustible, every reclamation project developing hydroelectric power conserves just that much of our oil reserves for future use. Money advanced by the Federal Government for irrigation and conservation projects from which hydroelectric power can be developed is not a Government subsidy but an investment in the future of America, nearly every dollar of which must be paid back; and

Whereas there is no honest objection to the development of hydroelectric power by private capital; on the other hand, private power interests have no moral or proper right to interfere with public development or hydroelectric-power projects beyond their scope, or with infant projects which are made economically feasible by Government participation; and

Whereas the natural resources of the West belong to the Nation, our national defense

and peacetime economy depend upon them. The great Central Valley in the State of California contains an area as large as the entire State of Michigan. Thousands of acres of this valley containing some of the richest land in the world was fast being destroyed due to lack of water and salt-water infiltration. The Federal Government has spent nearly \$200,000,000 in the construction of great storage dams, power plants, and canals to conserve this great national asset, all but a minor part of which will be returned to the Government through the sale of water and power: Therefore be it

Resolved, That the American Federation of Labor, in convention assembled, is unalterably opposed to the ultimate destruction of the Nation's natural resources; and be it further

Resolved, That we favor the comprehensive development and completion of the Central Valley project and its multiple-purpose features, including hydroelectric power, irrigation, and conservation, at the earliest possible time.

EXTENSION OF REMARKS

Mr. EBERHARTER asked and was granted permission to extend his remarks in the RECORD and include an editorial from the New York Times.

Mr. ALBERT asked and was granted permission to extend his remarks in the Appendix of the RECORD and insert an editorial.

Mr. DEVITT asked and was granted permission to extend his remarks in the RECORD and include a newspaper article.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks and include some circulating statements from the President.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

INFLATION OF THE CURRENCY

Mr. RANKIN. Mr. Speaker, it is just as useless to talk about controlling inflation by fixing prices or the rationing of purchases as it would be to attempt to fill an empty barrel by pouring water into the bung hole with both ends knocked out.

Inflation in prices comes from the inflation of the currency.

Prices in a free economy are governed by two things: The volume of a nation's currency multiplied by the velocity of its circulation. Today, with approximately five times as much money in circulation as we had in 1930—more than five times as much, for on August 31, 1930, we had only \$4,553,000,000 in circulation—and with the present rapid velocity of its circulation, you may expect prices to spiral. If you undertake to regulate it by price-fixing law, or by rationing purchases, you are simply going to drive commodities into the black market, as they have been driven into the black markets all over Europe.

I want to say to my friends on the left that not a single candidate for President on the Republican side has even mentioned this question; I am sorry to say that the leaders on neither side of either House have mentioned it. But today we are in inflation of prices because of the

inflation of the currency through the Federal Reserve System.

A letter from Dr. Wilfred I. King, a noted economist, this morning pointed out one of two ways to cure inflation. One was to raise the rediscount rate of the Federal Reserve System and the other would be for Congress to take back its power to coin money and regulate the value thereof.

I have before me two Treasury statements, one dated October 31, 1937; the other dated September 30, 1947, the last one that was issued. According to the statement of October 31, 1937, at that time we had \$6,555,000,000 in circulation. On September 30 of this year we had \$28,567,000,000 in circulation, and it had increased over \$400,000,000 since July 31.

This is the responsibility of Congress: If the Congress is going to stop inflation, it is going to have to take back the power to coin money and regulate the value thereof or assume some control over inflation through the Federal Reserve System, or else the Federal Reserve System is going to have to raise the rediscount rate, as it did in the twenties, and thereby check this inflation of the currency. As long as it goes on, prices are going to continue to rise.

I say it is time for the Congress to take back the power vested in it by the Constitution to coin money and regulate the value thereof and stop this inflation of the currency now, without attempting to further regiment the American people by fixing prices or rationing purchases.

PERMISSION TO ADDRESS THE HOUSE

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ECONOMIC BUNGLING

Mr. BENDER. Mr. Speaker, I especially address my remarks to the Republican side of the House. This morning at the Mayflower Hotel newsstand I observed a good many headlines reporting President Truman's speech, which he delivered in this Chamber yesterday. The outstanding headline was one which read, "Truman Puts GOP on Spot," so I bought the paper, and here it is. How do you Republicans like it? A goodly number of you have been going along with Mr. Truman's foreign policy, and some of you have even gone along with him in some of his domestic planning. I confess that I have been guilty of doing exactly that myself; however, on very rare occasions. What are we doing about giving the people the facts as to who is responsible for what has been happening here and throughout the world during the past 16 years? You know the Republicans have not been running the show. We have not been in the driver's seat except in a horrible sort of way in the Eightieth Congress. We have had a comfortable majority in the House and a majority of only two or three in the other body. Incidentally, I think that BOB TAFT has been doing a perfectly magnificent job in the other body with his majority of two or three, especially

since he has had a number of 10-percent Republicans included in the majority. Have the Republicans been on the ball in telling the country that it was Mr. Truman who abolished controls 2 or 3 weeks before the last congressional election? Our good colleague, the gentleman from Massachusetts, JOHN MCCORMACK, begged the President to do away with controls on foodstuffs a month before election, but we Republicans have permitted the Democrats to sell the country a bill of goods that the Republicans were responsible for controls being removed. You know that Truman and his party are responsible for high prices—that they are responsible for bungling not only in our domestic economy but in our foreign policy as well. They are trying to shift it off on to us, and if we permit them to get away with it we are a bunch of saps. It is about time that somebody on the floor of the House had the courage to tell the American people the truth about who is running the Government, who is responsible for inflation, and who was responsible for turning over practically all of Europe to the Communists. Did the Republicans turn Poland, Czechoslovakia, Yugoslavia, a part of Germany, and the Balkan States over to Russia? Were the Republicans at Yalta, Potsdam, and at Tehran? And did the Republicans make the secret agreements with Stalin? Is not it possible for a Member of Congress to be a defender of the Constitution and not convict himself of isolationism? Are we going to permit these labels to be pinned on us?

There was a decidedly political aura about Mr. Truman's message yesterday. He knows very well that no such program of peacetime controls as he proposed will be enacted by the Congress of the United States. It seems clear that Mr. Truman is less concerned about the welfare of this Nation than he is in getting on the record a political platform on which he will run for reelection. Except for its trimmings, the Truman message was a partisan document which sought to shift the responsibility for inflation from the bungling policies of the administration to the Congress and the Republicans. If Mr. Truman is really interested in the welfare of the people of this country he will get down to the serious business of building the peace of the world. The whole direction of the Truman foreign policy is one which promotes continued inflation at home and instability and unrest abroad.

EXTENSION OF REMARKS

Mr. FOOTE asked and was given permission to extend his remarks in the Appendix of the RECORD and include an address he delivered at an Armistice Day program of New Haven Post, No. 86.

CALL OF THE HOUSE

Mr. CANFIELD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-four Members are present, not a quorum.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 135]

Allen, Ill.	Grant, Ala.	O'Brien
Beall	Harless, Ariz.	O'Konski
Bloom	Harrison	O'Toole
Bolton	Hart	Owens
Brooks	Havener	Pfeifer
Brown, Ohio	Hays	Phillips, Calif.
Buchanan	Hendricks	Poulsen
Buckley	Hinshaw	Powell
Bulwinkle	Hobbs	Price, Ill.
Byrne, N. Y.	Jackson, Calif.	Rabin
Cannon	Kearney	Reed, N. Y.
Carroll	Kelley	Rizley
Clippinger	Kersten, Wis.	Rockwell
Corbett	Kilday	Rooney
Courtney	King	Sabath
Curtis	Kirwan	Scoblick
Dawson, Ill.	Lea	Sikes
Dingell	Lewis	Smith, Kans.
Domengeaux	Ludlow	Spence
Elliott	Lynch	Thomas, N. J.
Fernandez	Mack	Thomas, Tex.
Fletcher	Mansfield	Towe
Fogarty	Marcantonio	Vorys
Fulton	Meade, Md.	Weichel
Gallagher	Murray, Tenn.	Wood
Gillie	Norblad	Youngblood
Granger	Norton	

The SPEAKER. On this roll call, 346 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. CHENOWETH asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article from the Pueblo Chieftain.

Mr. BONNER asked and was given permission to extend his remarks in the RECORD and include an address made by Dr. I. Beverly Lake, professor of law, Wake Forest College, Wake Forest, N. C., the occasion being Armistice Day exercises in Mr. BONNER's home town of Washington, N. C.

Mr. VURSELL asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. COLE of New York asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article in reference to the Marine Corps anniversary.

SPECIAL ORDER

The SPEAKER. Under the previous order of the House, the gentleman from Illinois [Mr. DIRKSEN] is recognized for 1 hour.

REPORT ON THE WORK OF THE JOINT COMMITTEE ON ARMED SERVICES

Mr. DIRKSEN. Mr. Speaker, tomorrow marks the anniversary of an event that probably will not be heralded very much in the country. At least it never has been. It is the eighty-fourth anniversary of a speech. It was a very short speech. It was delivered by a very distinguished son of my native State. I refer to the Gettysburg Address. It was on the 19th of November 1863, in the blue haze of Gettysburg that Abraham Lincoln stated a fact, raised a question, and expressed a hope. The fact he uttered was that this was a Nation conceived in liberty and dedicated to equality. The question he asked was whether a nation so conceived could endure. The hope he uttered was that we might have a new birth of freedom. He was a great apostle

of freedom. I say frankly that freedom has become a fetish and a faith with me, which transcends all else.

I have listened to the speeches this afternoon with respect to our responsibility in the foreign field. I have listened to the yardsticks that have been expressed as worthy of application. I have only one yardstick, and I think it is an infallible one. It is the yardstick of my own conscience, and with that conscience I went abroad this summer, not that I wanted to go, but in the belief that perhaps I could serve the cause of freedom. When my good friends the gentleman from New York [Mr. ANDREWS], chairman of the Armed Services Committee, first accosted me about going abroad, my answer was "No." I had been abroad for a hundred days in 1945. It is not easy work, I assure you; it is not a junket, I assure you. It was well among the hardest work I had ever done, and it proved so in 1947. But at long last I did agree to go abroad as the senior member of the joint special committee of this House, consisting of members of the Armed Services Committee and members of the Appropriations Committee. May I say to you that they worked diligently and earnestly at the job. I went under the condition that I could leave the committee at Vienna and return to Germany for more intensive work, because I felt that Germany was the key to revival in Europe.

On the day that we landed in Austria, my good friend the gentleman from Pennsylvania [Mr. GAVIN], for whom I share such a fond affection, asked: "Do we get any rest at all?" I said, "Yes, tomorrow you will get a rest." But I assure the Members of the House and I assure the country that the Members labored earnestly and diligently in order to get the story, in order to get the foundation and the background upon which to predicate their judgments when we should be confronted with the policies and the problems that now beset us. So, today, I feel privileged for the opportunity in a free country to tell my story. It is based on more than a month of continuous study and observation in Germany. In addition I spent a week in England.

In Germany and Austria I conferred with our military and civilian leaders, British military and civilian leaders, German officials including Minister-Presidents and cabinet members, businessmen large and small, labor leaders, coal miners, steel workers, children, housewives, members of the clergy, and everyone from whom I might derive a point of view.

I may say parenthetically that I did have the benefit of language. In 1919 it was my privilege to be with the army of occupation in Germany as a part of military intelligence for 8 months. I developed some knowledge of the economics and geography of the country and also some fundamental knowledge of the language. As a consequence, there was an opportunity to visit with people in all walks of life and get a first-hand story.

We are doing the thing we did before. We have won a war and are losing the peace. God grant that it is not irretrievably lost.

The war which we waged had a purpose. It was a moral purpose. It was morally wrong for dictators to trample peaceful people in the dust. It was morally wrong to outrage human decency. It was morally wrong to make a mockery of human dignity and to enslave millions. It was morally wrong to despoil freedom. It was morally wrong to fill the whole world with an overtone of morbid fear.

Had there been no Pearl Harbor we would doubtless still have gone to war at long last. The moral issue was simply too clear and too inescapable for decent people. It was inevitable that we should roll back that very evil thing for which Hitler stood and give humble people a chance to live and move in an atmosphere of freedom with at least a reasonable security from fear.

For that we fought, we scraped, we skimmed, we fretted, and we sacrificed. For that we sent hundreds of thousands of young men to death. For that we dislocated our country, we accepted controls, and we went deeply into debt. For that we inherited the bitter and unhappy aftermath of war in the form of the problems which now beset us and the world.

WHICH WAY, AMERICA?

Today we are confronted with a very simple question. Do we say good-by now to the dreams, the hopes, the purposes of war and of peace? Are we willing to take the long gamble despite our problems at home in the hope that peace and the purposes for which we fought may yet be retrieved? In more specific terms, do we dare gamble the equivalent of 2 or 3 months of the cost of a 4-year war to win the peace? It is as simple as all that.

Every Member of Congress who has been abroad will agree that the world is surely sick. The hoped-for "healing peace" has not come. In fact, it will be closer to truth to say that the war is not over. It has merely shifted from the battlefield to the diplomatic front. It is the warfare of infiltration, propaganda, pressure, and terror. The Soviet Union is feverishly preparing for military war. In my book that statement requires no further refinement or qualification.

There is a morbid, intense fear on the part of people in western Europe that we may abandon Europe, that we may abandon the purposes for which we fought and leave millions of people to darkness, chaos, and communism. In fear people speak of the next war among the ruins of the last, and it is easy to obtain an even-money wager that it will not be too long.

So why not abandon Europe with its shattered cities, its ruins and debris, its devastated industries, its impoverished people, its pitiful scroungers who seek to keep body and soul together? Why not throw it all overboard? After all, what is to be gained by nursing a country which may become a corpse? Why not abandon the sacrifices we made, the hopes we nurtured, the purposes we pursued, the ideals we so loudly extolled? After all, it would be so easy to say good-by to all that.

But the answer is simple enough. To abandon Europe now is to abandon freedom not only for them but for ourselves.

It means placing western culture and western civilization in peril. It would at long last—and not so long at that—mean regimentation for us. It would finally mean forsaking a way of life for which millions of people in Europe yearn today as the one priceless thing in this generation.

Yes; it sounds a bit dreamy when reduced to words, and it may sound a bit farfetched and emotional, but let us see.

And, first, let us agree that aside from the human considerations which may be involved in feeding hungry people and clothing the naked, that further full-scale aid to Europe nearly 30 months after VE-day is justifiable only if it preserves our freedom, safeguards our free right to do business with the world, keeps open the market places of the world for the products of our soil and our industries, and enlarges the hope that another generation of blessed young Americans will not be subjected to a baptism of blood.

From this last war, as you know, the total casualties were about thirty-eight million. That is a simple, monstrous, and ungraspable fact. Just how can a human mind appreciate and understand so ghastly a toll. But the next time—and God grant there may not be a next time—well, who will say what the casualty lists would be like.

Now the equations with which we must deal appear fairly simple.

THE PATTERN OF COMMUNISM

The pattern in the Soviet Union and the patterns in those eastern European countries which are either entirely under Soviet domination or within the Soviet orbit of influence, are both simple and total.

That goes for Bulgaria, Rumania, Albania, and Yugoslavia. Perhaps in lesser degree it goes for Hungary and Czechoslovakia. The Red spider is already spinning a web in Finland, Austria, and Poland, and it is more than a gossamer web.

In the main, this Soviet pattern is one of nationalization, state planning, redistribution of the land, industrialization, the exclusion of foreign capital, and government control of all business and foreign trade.

Every American businessman, every farmer, every laboring man, every housewife in America should be interested in these and very especially in the two latter items, those of government control of all business and foreign trade. They mean much to the future of our own country.

The operating methods behind this pattern are also quite simple. They abolish all political opposition to the Communist state. They jail all opponents under trumped-up charges and keep them confined without trial or the right of habeas corpus. They inundate the country with spies and secret police. They liquidate all freedom. They carry on a campaign of fear. They hang a few leaders for salutary effect, like Petkov in Bulgaria, and so by easy stages the triumph of brutality over freedom becomes complete.

Now it is elementary that this brutal doctrine of communism cannot stand still

because that would be dangerous. Having liquidated all freedom in the Soviet Union and gradually dominated that whole cordon of small nations in eastern Europe, communism must move further. There is a reason. That reason is something more than the boast of Lenin and Stalin that communism and Americanism cannot coexist in the same world. The reason is a bit more practical than that. When communism becomes static and ceases to expand, it will be in jeopardy back home in the Soviet Union and the Politburo from Stalin on down will be imperiled.

Communism having inundated eastern Europe with secret police and struck grave fear into the hearts of young and old, must move westward.

In the litany of communism its security requires control of the coast lands of Europe. That means the lands which extend to the blue sea. Naturally, that means Turkey and Greece and Italy because it involves the Mediterranean. It means France because that means the Atlantic. It means Holland and Belgium, Spain and Portugal, because they look out upon the Atlantic. It means Germany because that embraces the North Sea. It means Finland because that means the Baltic. It is an expansion of the dream of Peter the Great, who yearned for a window on the Baltic. Today communism seeks a bridgehead on the Atlantic, and if that bridgehead is ever established Great Britain and the Western Hemisphere will be islands in a great Red ocean.

THE OBSTACLES TO EXPANSION

But to this imperial dream of the Politburo and the Communists there is an obstacle. It is Germany. Once Germany falls, France and Italy will be easy. Lenin, whose body lies in state in Red Square in Moscow, once said that "whoever controls Germany controls Europe." He is the same Lenin whose gospel is still the faith of communism and whose textbooks, so recently revised by Stalin, are still faithfully adhered to by the Communists. He is the same Lenin who was the author of chaos and hate.

The coal and steel of the German Ruhr when coupled with Soviet resources would be an invincible combination. Of course, slave labor would do the work. Already 15,000,000 or more slave laborers work under guard in the Soviet Union. Few of them ever come back.

Today the notorious slave-labor camp at Buchenwald is again in operation. The only difference is that it is under Soviet operation. It is filled with political prisoners—with men who dared disagree with the brutal concept of communism. Thousands of prisoners are now confined in another slave-labor camp at Sachsenhausen. An even larger slave-labor operation is now under way throughout the Soviet zone of Germany. Germans of all types, and especially those with technical or craft experience, are now being forcibly recruited. The plan is as simple as it is brutal. A notice is sent to a citizen. At the bottom of the notice there is indicated what type of work he is expected to perform. He is given 2 hours to report and sign an application. His signature, obtained under

fear and duress, is regarded as a voluntary offer to perform such labor. If he signs the application it is the equivalent of suicide. If he fails to sign, it means liquidation. Already, the citizens who have received notices move from the home of one friend to another, night after night, to evade the secret police, who have charge of the slave-labor program.

All this is but a part of the Communist pattern to take over Germany, and time fights on the Soviet side.

To be sure, the occupational troops of the Americans, the British, and the French are in Germany and presently stand in the way. But they must be pressured and needled at every turn. The tried and true technique so successfully used in other countries must be employed at every point. At long last they must be driven from Germany. The purposes of war for freedom must be made a mockery and western Europe must be engulfed by communism even as eastern Europe has been. This is the objective, and if achieved, what about freedom and the destiny of the United States?

COMMUNIST PRESSURES AND METHODS

Their techniques are simple and familiar. First, of course, the Soviets must dig in, in their own zone. They must integrate German industry into the state-controlled corporations, indoctrinate the children in the schools, exercise control over the banks, live off of the land, swamp the zone with secret police, keep hundreds of thousands of soldiers in uniform and handy, put other thousands of soldiers in civilian clothes so they will be available. They must consolidate the left-wing forces into a single Communist Party, put the squeeze on officials and businessmen, large and small, to join up, and permanently establish the propaganda facilities. They can then use the zone as an operating base for the squeeze on the rest of Germany now occupied by Americans, French, and British.

They must make the Americans their especial targets. They must be insulted because that develops prestige.

General Clay is insulted almost daily by the Soviet commandant and his associates.

The people of the United States who furnished eleven billions of lend-lease to the Soviet Union must be vilified. From Berlin radio and Leipzig radio, both under Soviet control, insults and vilification pour out daily.

Motives must be impugned and particularly those of the United States. On September 29 Tulanov, political Soviet adviser to Marshal Sokolovsky, addressed a meeting in Berlin and openly charged Americans with supporting criminal elements and with leading Germans to a bloody massacre in an imperialist war.

They must use every propaganda art. Make it appear that a free exchange of information between the Soviet zone and the other occupied zones is most agreeable and have an agreement in principle. Then proceed to inundate the other zones with printed material and confiscate every newspaper and circular that comes into the Soviet zone. I speak from knowledge. I saw the telegrams from

the newspaper distributors stating that every issue had been confiscated.

By stealth they must throw additional burdens upon the other occupying powers in Germany. This provides more hungry people to feed. The western zones of Germany are already overcrowded by nearly 10,000,000 people but the Soviets by duplicity and stealth and force are pouring an estimated 25,000 additional persons per month into the American and British zones.

They must use the veto freely even as it is used by Gromyko on the United Nations. Marshal Sokolovsky in Berlin is an old hand at exercising the veto. Today the legally elected mayor of Berlin cannot serve because Marshal Sokolovsky took it upon himself to veto the entire election. How the Communists must smile when they read of the single-handed power of Marshal Sokolovsky to veto Americans, British, French, and Germans alike. They must prevent unification of Germany so that production cannot go forward and the burden of aiding Germany cannot be lifted from the backs of the American taxpayers. What difference does it make that Stalin over his signature to the Potsdam Agreement agreed to unification. There is no unification. There is no central government. There are no common policies to which the Soviet Union agreed. There is no currency reform. In principle the Soviet Union agreed to currency reform provided they could have a duplicate set of plates and their own printing plant in their own zone at Leipzig. Yes; it would be under guard, and the other powers would be entitled to have supervisors in the plant, but if the Soviet authorities decided to print a quantity of money in a printing plant in their zone surrounded by their soldiers, what would prevent it? Once before we had the painful experience of having provided them with duplicate plates from which they joyously printed 10,000,000,000 marks in occupational currency. No wonder Soviet soldiers could pay a thousand marks for a watch. Why not? We paid the bill.

The technique of snubbing and shaming the other powers must be freely indulged. How earnestly the American authorities invited the Soviet athletes to the Olympic tourney in Berlin in September. They did not appear. They did not even appear at the luncheon, although places were set for them. They must be sure that they will win or otherwise they do not play.

THE TECHNIQUE OF TERROR AND FEAR

The people of Germany must be kept in constant terror. The technique is to issue false reports in the press and over the radio that Americans will withdraw, and what frenzied fear every one of those reports arouses. But it does something more. The people are afraid that we might withdraw, and if we do they know full well what might happen to anyone who is tainted with association with Americans. Those guilty of this heinous offense are promised liquidation. It accounts for the reticence of German businessmen and German leaders to come forth and give their talents to the reestablishment of business enterprises so

that the proceeds of manufactured goods may be used to buy food and ease the burden on the American taxpayer. In the light of all this, how much free choice is actually left to these millions of men, women, and children?

But the program must go further. Openly organize and begin a concerted drive to push the British and the Americans out of Europe so that the whole Continent can be brought under the bestial heel of communism.

On October 5, 1947, the new Communist organization representing nine countries held a convention in Belgrade, Yugoslavia. This will now be the central point from which communism will operate to achieve the objective of engulfing the rest of Europe. Money in generous quantities will come from Moscow. There is no longer any pretense about Communist methods and Communist objectives. At every turn they will endeavor to smear the United States particularly, and to persuade the remaining countries of Europe that we are nothing more than an imperialist nation bent upon enslaving Europe in pursuance of some imperialist design. They will keep other occupational troops in the dark concerning Soviet moves in the Soviet zone; insist on free movement for all the Soviet officials in the western zones of Germany but maintain a tight security in the Soviet zone; make it difficult by requiring political clearances before anyone is admitted. Already this zone is filled with secret police and any informed intelligence agent will affirm the fact that it is an intensely tight security, designed to screen every move including troop maneuvers from the eyes of other countries. They will gradually take over all industry and make it a part of the state-controlled Soviet scheme. It is so very easy and the program is going forward at a steady pace. They will assert pressure on every industry to obtain raw materials and to pay for such materials from bank loans; seize the manufactured goods and send them to Russia or sell them to any country for dollar exchange; compel industry to operate on this bankruptcy schedule until it can operate no longer and then use the indebtedness at the bank to take control and to integrate it into a Soviet corporation. They will, even as they are now doing, compel German officials and particularly mayors of cities and towns, large and small, by threat and duress to become members of the Communist Party in Germany. After all, there are so many things that can happen to a public official unless he enjoys the protection of the Communist Party.

They will compel businessmen, large and small, to join the party. The hindrances which can be put in the way, the difficulties that might ensue in securing raw material, the petty annoyances from constant visitation by the secret police, can all be used as persuaders.

They will indoctrinate the German children. After all, there are 15,000,000 youngsters under the age of 14 in Germany and if this new generation can be indoctrinated with the Marxist philos-

ophy and can be taught to speak the Soviet language, it may become a fruitful source of party leaders sometime in the future.

THE ART OF HARASSMENT

They will harass at every turn, remembering that Berlin is but an Allied island completely surrounded by a Soviet sea. One must fly through a special air corridor to get to Berlin. There are three such air corridors. There is one from Hamburg to Berlin, another from Frankfurt to Berlin, and another from the western boundary of the Soviet zone to Berlin. The corridors are 25 miles wide. If a pilot for any reason flies outside the limit of the corridor, there is a warning; and, then too, who knows when a trigger-happy Soviet soldier may take a shot at the plane. Why this should be, nobody knows. On top of it all they add insult to injury by insisting that this air corridor should be narrowed from 25 miles to 10 miles in width. Of course, the reason is obvious. The Kremlin wants to be sure that no mass demonstration of aircraft might be employed not matter how peaceful its purposes might be.

There are other ways to harass. They will live off the land even though people go hungry. Let the Americans worry about that and find ways and means to feed the starving.

They will demand everything, admit nothing, concede nothing. When Colonel Tualnow, political adviser to Marshal Sokolovsky, gathered German leaders together under threat and duress and made an official speech which was a positive insult to the United States in its official capacity, the American protest was referred to Moscow. There it will die. That is the accepted technique.

They interpret the Potsdam agreement in tricky and devious ways. They violate the agreement with impunity even though it was signed by Stalin and offer neither explanation nor apology.

They send agents into the refugee and internment camps and stir up the people against the Germans and the Americans. They plant spies in these camps and use them as sources of information for the secret police.

They permit border jumpers to infiltrate into the American zone and refuse to take them back even where an American court has given them a fair trial and determined that they were not entitled to come into the western zone. Let the Americans feed them and house them.

The accepted program is to charge us with warmongering, make it difficult at every turn, weaken us at home and abroad, and in due time take over Germany and establish a Soviet bridgehead on the Atlantic.

This could be an endless documented recital of the difficulties with which General Clay and his staff have had to contend but it is enough to indicate the tried-and-tested Soviet techniques now being used in Germany in order to communize the country and add it to the string of conquests in eastern Europe from the Baltic to the Mediterranean, with the exception of Greece.

WHY IS GERMANY SO IMPORTANT?

Why is Germany so important in the Soviet scheme of things, and why must it be engulfed by communism?

Consider what is at stake. There is the Ruhr, with its unlimited quantities of hard coal, so essential in the making of steel. There is German talent, technical skill, and ingenuity which can be utilized under the lash to build industry under Soviet domination.

Germany means control of the rimlands on the North Sea. It also furnishes access to France and to the Atlantic. Bridgeheads on the blue waters of the Atlantic and the North Sea would minimize the effectiveness of American naval power.

Combined with Greece and Turkey and the countries already under Soviet domination, it would also provide control of the rimland of the Mediterranean and cut the western lifelines to the Orient.

In prewar days Germany was the principal supplier of goods to, and the principal outlet for the goods of a dozen countries in Europe. Think of the importance of this business resource when integrated under Soviet control.

Germany is the key to the communization of the entire Continent of Europe and would add 65,000,000 people to the Soviet orbit. Then, too, the Germans are innately religious, and religious people hate communism. This devotion to religion must be broken at all costs, for Communists are convinced that religion is the opiate of the people.

Germany is, indeed, important to the westward march of this brutal and evil concept of communism and so the techniques which have been so long tried and tested on other countries must be used to the full to accomplish this purpose.

The Soviet leaders believe that it may be reasonably easy. It was not so long ago that the Soviet Ambassador to France remarked to an acquaintance of his that "Americans are saps."

BEHIND IT ALL

Behind it all there is a threatening force.

If propaganda, vilification, insult, pressure, and abuse will not do the job there is still something else to be summoned to achieve this objective. That something else is force. The cold war can be quickly transformed into a hot war.

Over the years there has been much speculation as to what happened to General von Paulus, the well known and very capable German general and his staff who were captured in the Soviet Union. The reports are too conclusive that today Von Paulus is being used. To be exact he is being used to train a Russian army and those who know their military history will agree that General von Paulus has the capacity for it.

How strange that so shortly after the termination of hostilities in World War II that a huge Soviet army should be trained.

In addition thereto, there are thousands of Soviet officers in the Polish Army today. The 450,000-man army

of Tito has good Soviet direction, for Tito was once a lieutenant in the Soviet forces.

In Rumania and Bulgaria, army officers of doubtful loyalty have long since been liquidated and replaced by Soviet officers, or by those local officers whose devotion and loyalty is above question.

Today the Soviet Union by itself and from its satellites can command a huge military force.

In many quarters one can secure an even money wager that war is in the offing.

Why should we cover and appease this state of affairs? It is too real and too sinister. The time for glittering generalities is passed. It is time for truth and blunt truth at that.

OFFENSIVE WEAPONS

Remember the speculations of 1939 as to how long the Soviet Union could withstand the Stukas and the Panzers. Even in the best informed military quarters there was general agreement that the Soviet Union could not endure because it lacked both defensive and offensive weapons.

Similar speculation and similar viewpoints are entertained today. It has been said that they do not have the steel. It has been said that they do not have the know-how. It has been said that they do not have the craftsmanship or the manpower. It has been said that they do not have the electric power or machine tools. It has been said that they do not have the coal or the plant facilities.

Despite these speculations concerning the capacity and capability of the Soviet Union for the manufacture of weapons and matériel, the sinister and disturbing truth of the matter is that today—right now—the Soviet Union is producing tanks and guided missiles, tactical planes and jet planes at an alarming rate. It is a known fact that they have jet bombers in the air. It is a known fact that with slave labor they are exploiting every uranium deposit in the Soviet Union and in the satellite nations under their domination. Exact figures, derived from credible sources, could be supplied to establish the truth of these observations. And if the figures, derived from widely diffused sources, were greatly discounted, the numbers would still be alarming.

And what is the nature and purpose of these weapons? They might be regarded as defensive in nature but every informed person knows very well that these are also the weapons of offensive warfare. These are the weapons of motion. They are the weapons of distance.

What can possess an allegedly starving country, operating under the heel of a dictatorship, to lavish so much time and material on offensive weapons at the expense of the welfare of the people unless its purposes and designs are sinister and menacing.

How ironical that Vishinsky should upbraid us for warmongering and imperialist designs when the steady and unheralded business of preparing for war goes steadily forward in the Soviet Union.

Why do they maintain such tight security throughout the Soviet zone of Germany unless it be to make certain that our inspection teams will be prevented from learning to what extent German facilities and German techniques are being employed in the manufacture of weapons in the Soviet zone of Germany?

And why are extensive troop maneuvers in progress in the Soviet zone of Germany?

THE CHOICE BEFORE US

The red spider spins his web and prepares to enmesh a devastated country of 67,000,000 men, women, and children which provides access to the rim lands of Europe, the domination of a continent, and a very substantial step toward the communization of the world.

If the Germans had a free choice, free from intimidation and fear, it would be logical to say that knowing the evils of communism as they must, to buy them away from communism with the bribery of bread, would not be very lasting and it might be just as well to throw them overboard first as last and to retreat within our shell.

But it is not a free choice and the natural inclination of the Germans is away from communism, not toward it. The choice before us is something more than a mere buffer against this evil and hideous thing.

It involves the ultimate destiny of America, the safeguarding of our freedom, the preservation of a free market for our goods and an escape from the regimentation of American industry, agriculture, and business. It involves the preservation of human dignity and human decency.

One choice might be that we abandon Europe and particularly Germany. That means retreat from the Elbe and retreat from the bastion of freedom.

If we do, let us remember that we are playing for keeps.

To abandon them means Communist domination in all of Europe and a bridgehead on the Atlantic.

In cold terms it means that henceforth Stalin will write the ticket and we shall do business with European countries on his basis.

If this needs further argument, one need only point out that before Finland, Czechoslovakia, Rumania, Bulgaria, and other countries could consider the invitation to send delegates to Paris to participate in the deliberations on the Marshall plan, they first called the Kremlin. When the Kremlin said "No," the delegates unpacked their bags.

A second choice is to provide niggardly aid. It may have been too niggardly already.

While questioning a perspiring worker who was shoveling dolomite into an open-hearth furnace in one of the Ruhr steel mills concerning food, his answer was: "It is too little to live on, too much to die on."

Here was eloquence in a single sentence. Niggardly aid simply means a continuation of slow stagnation in Germany and its ultimate engulfment by communism.

A third choice is to provide decent, selective, adequate aid, having due regard for the availability of supplies and the capacity of our own country to produce.

Manifestly, the American economic machine must be kept intact and efficient, for to do otherwise would be a disservice not only to ourselves but to the world.

TEN-POINT PROGRAM FOR GERMANY

First. There should be assurance to France and Poland that in carrying out a program for the revitalization of German industry so that the proceeds of manufactured goods can be used to purchase food and make her self-contained that we do not intend to build a level or type of industry which might one day be converted into a war potential.

Argue as we might with the people of Poland and France on this point, the realities of history rise up to confute every argument. French memory still extends to 1871, 1914, and 1940. The memory of the Poles is equally long. These countries are entitled to formal assurance on this point, and it should be done without delay.

Second. To develop and expand the production of coal, steel, and manufactured goods in Germany to make her self-contained involves the simple equation of human vitality. No matter how strong the will to work, there must be energy to implement that will. That will require food.

Third. There must be some creature comforts in the form of bare essentials as an incentive for work. A worker and his family require some shoes and clothing not only to withstand the rigors of winter but to be able to carry on the hard physical work in the mines and mills.

Fourth. There must be definite assurances against the withdrawal of our troops and our military government officials until the job for which the war was fought has been completed. Without such assurances and under the constant threat of liquidation or concentration by the Soviet commissars, how shall German leadership be brought forth to do the job of rehabilitating a devastated country?

Incidentally, ladies and gentlemen, let me express my joy and my pride in the American troops, from General Clay down to the humblest private first class GI wherever he may be found. What a magnificent job they have done. Their average age obviously is on the young side. You would not expect them to be exactly saints all the time. Sometimes they run afield. But when you look at the average GI, the lieutenants, the captains, the majors, the colonels, and the generals and every one, it gives you a real sense of pride; because they are workers, holding up the torch of freedom in typical American fashion. I want to defend them on every occasion.

I get just a little impatient with some of the folks who have gone over there for very short surveys and then come back and say that the American GI is holed up with some fraulein and he has gone to pot. There are street tarts over there just like there in New York City, San Francisco or Chicago, who prac-

tice their wiles and allurements upon men. But I am thinking about our troops in general. I am thinking generally about them, and I am so very proud of them and the job that has been done in maintaining their morale.

We had microphones set up so we could address them. I told them who was on the committee, introduced them to thousands. I said, "Now, look, here is GAVIN, of Pennsylvania." I said, "Fellows, believe it or not, he is an old top-kicker, and he never got over the effects of his service. He is just like that today."

I said, "There is SASSCER, of Maryland; used to be a first louie in artillery."

I said, "There is LEROY JOHNSON, who used to fly these flaming crates of planes in World War I, and he was a great ace." I introduced them all, and then after a speech over the microphone I said, "Pick out your Member and take your hair down and talk to him."

And there was MARGARET SMITH. Where is MARGARET? Is she here? She got the most interesting question that was posed to any Member, and it showed that the boys were able to think of something besides immediate surroundings. She was asked, "Are the girls' skirts getting longer in the States?"

Yes, I am for our people over there. They have done a magnificent job.

Fifth. Complete reparations must be concluded at the earliest possible date. What incentive can there be to establish or to expand a factory and to produce goods for export unless there is assurance that the plant and machinery will not be seized as reparations?

Three times the Siemens electric plant was set up at Leipzig and Kemnitz, and three times the Soviets came and pulled out the machinery and sent it over into their own country. How can you industrially rehabilitate a country unless there is some assurance that capital investments as rehabilitation will not be seized and shipped out of the country as reparations?

Sixth. There must be currency reform at the earliest possible date. Without it there can be no rehabilitation. The present German mark has little purchasing value and no exchange value, none in the world. Until the currency is reformed and bank deposits are devaluated, there can be no stable finance and no medium for business.

And, incidentally, most of the people know it; the bankers and the humble people know that there has to be a 90-percent revaluation, and they do not quarrel about it, but you cannot devalue until you can get new money and, you see, the Soviet Union wants to have a duplicate set of plates and their own printing plant. If the Soviets fail or refuse to cooperate, we should proceed with this reform for the rest of western Germany without them. Unstable, worthless currency is like a millstone around the neck of German economic revival.

Seventh. There must be an implemented informational program. World War II, if it taught anything, should have persuaded us that warfare is psychological as well as military. Already

the term "cold war" has caught on as a definition of warfare by means of infiltration, propaganda, pressure, and Trojan-horse tactics. Why do we assume that the world knows our purposes? Our story must be told and retold. In this feverish world, freedom also needs a press agent. How little we have actually done to develop the pagantry of freedom to offset the heraldry of communism. American living standards are high because American advertising created wants to be satisfied. One approach to the reestablishing of freedom in those areas where it has been eclipsed by communism is to create a desire so intense and so all-pervasive that it will at long last rise up to throw off the shackles of communism. Too long has the light of freedom been hidden under a bushel. The story must be adequately told because it constitutes an enduring investment in truth.

The SPEAKER pro tempore (Mr. ARENDS). The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER pro tempore. There are three other special orders pending, but the Chair will put the gentleman's request.

The gentleman from Illinois asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. DIRKSEN. Eighth. There must be raw materials. Without them, there can be no production of manufactured goods in the volume which is needed to make Germany self-contained, thereby relieving the American taxpayer of this burden.

Ninth. Existing restrictions on the free flow of travel and communication must be speedily modified, so that businessmen and entrepreneurs both within and without the country can move freely in pursuit of the business of producing, buying, and selling. This is the core of free enterprise. There has been some improvement in expediting the movement of tradesmen in and out of Germany, but much remains to be done.

And last but not least, more attention must be devoted to children. There are in Germany today an estimated 15,000,000 children under the age of 14. They represent the hope of the future. Democracy in Germany will not succeed if it is written only on paper and parchment. It must be written into the hearts and minds of people. Where shall we find an equal or greater hope for the success of democracy in Germany than among those who will be the citizens of the Germany of tomorrow?

I would add one further observation to this program. In the Domesday Book of England which chronicles the survey caused to be made by William the Conqueror nearly 900 years ago, it is recorded that when a man was found guilty of homicide, the family of the deceased person could demand that the corpse of the victim be strapped upon the back of the guilty one and that he be compelled to carry the corpse about until infection and putrefaction encompassed his death.

A devastated Germany could in due time become as a corpse upon the back of the world and so infect the economic and political structure as to invite genuine disaster. Only by revitalizing her industry can economic health be restored and the world and us relieved of this burden.

A PROGRAM TO COMBAT COMMUNISM

It is not enough to have a program for the rehabilitation of a devastated country without a program to roll back this offensive plague of communism which menaces the world.

Communism is a conspiracy against freedom. At home, vigorous steps should be taken to stamp it out. This should include a broad and intensive educational program to show what it is and how it works. Too long have we generalized about the theories of communism. This is a time for action.

It is time to stop all pretense about freedom-loving countries which are in truth and in fact dictatorships in which freedom has been liquidated. Communists are enemies of freedom and they must be treated as such both at home and abroad.

Appeasement must stop. There must be a firm, tough policy. We must proceed with the business of freedom and the purposes for which the war was fought and won, with or without the Soviet Union and its satellites.

There must be an economic boycott on the materials and goods which strengthen the economic and military power of communism.

Immediate attention should be given to the development of a United States of western Europe as an answer to the united dictatorships of eastern Europe.

And finally, we must prepare. We must be strong. Anything can happen, anytime, anywhere.

POSTLUDE

A strange overtone has developed in our country in the last year.

It is not exactly fear. Call it alarm or concern, if you will.

Never in our history have we known it before. We were not alarmed about Germany in 1914 nor of Germany and Japan in 1941.

But today there is alarm.

Will communism engulf Europe? Will it expand to menacing proportions in the United States? How can we project the future of the United States with any degree of certainty? Will a "cold war" continue on and on to disturb the serenity and peace for which we so long hoped? Will the "cold war" at long last become a "hot war"? These are elements in this strange overtone that we have never known before.

What a strange thing it is that a free America, the greatest country in any generation in the history of mankind, with the highest living standards and the greatest achievements in every field, should be alarmed:

Perhaps we have been lukewarm too long toward this menace. Perhaps it is a good thing that our complacency has been disturbed. The menace to freedom and western culture today is the greatest since the Barbarian sacked civilization. This is a time to reassert the purpose for

which and out of which America was born. Our business is freedom.

In Revelations we can find this advice: "I know thy works that thou art neither cold nor hot: I would thou wert cold or hot. So because thou art lukewarm and neither cold nor hot, I will spue thee out of my mouth."

No longer can we be lukewarm toward this peril.

DETERMINED TO DESTROY US

Mr. HOFFMAN. Mr. Speaker, self-preservation is the first law of nature. It governs nations as well as individuals.

Necessity will teach a man, however slow he be, to be wise.

Our ancestors, because they desired to live, of necessity learned to grub for food, to carry a club or a rock, to destroy those who would kill them. The individual, if he be alert and intelligent, will always do that which is necessary for his continued existence.

Nations, made up of and controlled by a few individuals who substitute their own personal advancement for the welfare of the nation and its continued existence, do not have the continued power and ability to exist which they otherwise would possess.

"Dust thou art; to dust thou shalt return" is the fate of man's physical body. But there is no apparent reason why, if those who guide the destinies of a nation are wise, have courage and are willing to act, the nation should not continue on through eternity.

While the existence of man is limited, there is no such limitation upon the existence of a nation. Government, soundly conceived and properly operated, should continue indefinitely. Nations, like men, are born, grow to power and decline, but they decline, not because of the physical limitations imposed upon man, but because of the lack of judgment, desire, and determination to make them perpetual which exists on the part of those who guide their destiny.

History teaches us that nations have been born, have reached the zenith of their power, have decayed and passed out of existence because those who determined their policy were greedy, ambitious; sought to impose their will upon all others; carried on succeeding wars of aggression, until, exhausted, they were unable to defend themselves, much less conquer other peoples. Nations fall because those who fix their policy refuse to sacrifice their individual interests, put national welfare first.

From the time when the Father of our Country advised us to avoid foreign entanglements, down through the years and to the present moment, there have been those who have sincerely believed that the interests of our country should come first; that self-preservation should be our guiding principle.

Evidently, Washington had faith in his countrymen; in the form of government which he aided in establishing; in the soundness of the freedom won by the armies which he had commanded, and was thoroughly convinced that, if, in plain language, we would attend to our own business, refuse to be involved in the

quarrels of foreign nations, our future would be secure.

Because he believed that the interests of the United States of America were above and superior to those of any other nation, of individuals, Washington and those who followed his policies in the early days of the Republic were honored, were considered patriots.

Following the policies established by Washington and his associates, the United States of America became so strong that it was enabled to fight two world wars. Its fighting men and its productive capacity were the deciding factors in both of those wars. The Government established by our forefathers was so sound, so efficient, that even two wars and the disastrous policies of the New Deal were not able to wreck us.

At the end of the last war and on Thanksgiving Day, November 23, 1944, Winston Churchill, who should know, declared that—

Americans never had more justification for thanksgiving than today "when we see that in 3 or 4 years the United States has, in sober fact, become the greatest military, naval, and air power in the world."

More recently, those who believed that the interests and the preservation of the United States should determine our policy were denounced as being disloyal by those who are determined to promote and advance the interests of other nations, of other peoples, even though the acts and the procedure they advocate destroy our ability, not only to help others, but to defend and preserve our own institutions, our own Nation.

Today there are those in high places, who, whatever be their motive, are determined to give aid to other peoples, to other nations, although disaster may be the effect of that policy upon our own prosperity, happiness, and continued existence. They count not the cost. They profess that their purpose is good; that they want to feed the hungry, clothe the naked, provide shelter for those who may need it. They give no consideration to realities. They neither estimate the total need nor ascertain our ability to comply with their demands.

Notwithstanding their assertions that the "four freedoms" should be spread throughout the world and their willingness to conscript millions of young Americans to fight a war under that slogan, some are now determined, either through bribery by the payment of fabulous sums of money, the distribution of millions of tons of material things, or, if need be, by force of arms, to impose our form of government upon every other nation; to deny to other nations the right to determine their own form of government.

This procedure they now attempt to justify by asserting that Russia is attempting to impose communism upon these lesser nations; hence, we must save those nations from communism. Inconsistently, they insist that these lesser nations, which should be free from domination by Russia, shall adopt and follow our political philosophy; thus be deprived of the right to choose and follow the political philosophy they think best.

In short, the path they insist we take makes us an aggressor, imperialistic nation, imposing, either by the use of dollars or by force of arms and at whatever cost, even though it necessitate the sacrifice of the lives of a million or more of our youth, our form of government, our ideologies, upon people who insist they want none of us or our way of life.

At a tremendous sacrifice of our natural resources and of the youth of our land, our people have fought two world wars.

The first, we were told, was a war to end all wars. Although our armed forces were victorious, the objective of the war was not won.

The second war was fought, some said, to carry the "four freedoms" to the uttermost corners of the world. Others said it was fought to maintain our national integrity; that, if we did not fight and win it, Germany would overwhelm us. Through our efforts, Germany was defeated; but, by our efforts, Russia, the home of communism, was made, other than our own, the most powerful nation in the world.

Today we are told that, unless we extend aid to and assume control of all nations subject to influence by Russia,

Postwar foreign aid already authorized

communism, through her efforts, will overthrow us. It may be urged that those who adhere to that belief have little confidence in our form of government, in the courage, the endurance and the fighting ability of our youth.

We have abandoned the principles of self-determination and self-government for other nations—a right which we said every nation should have. We now assume that, if the people of other nations had a full, free opportunity to determine the form of government under which they would live, they would establish a republic.

That assumption may, or may not, be sound. Nevertheless, to induce them to adopt our form of government, we hold out the promise of financial aid and perhaps military force as well. We hint at dire consequences to them if they do not accept our political philosophy. Does that put us in the role of an aggressor or a dictatorial nation? You answer.

At the same time, here at home, where we have a constitution and a representative, republican form of government, we are drifting more and more toward a government by men rather than by law under the Constitution. The administration is asking, and all too often the Congress is granting, to the Executive the power to regiment us.

Today we are asked to extend aid to every nation which either is or might become a potential enemy of Russia—this, notwithstanding the fact that we have been extending aid to Russia, given her aggressive ability, and are today, while many consider her a potential enemy, aiding her in building up her military power.

No one yet has made an accurate estimate of our natural resources—of how much, when our resources are compared with those of other countries, we can give away without vitally weakening ourselves.

Few know what we have been doing in the way of aiding others, what we are now doing, and what we propose to do. Let us for a moment look at a few figures, which, to some, will be enlightening.

Our postwar assistance program for the relief, rehabilitation, and reconstruction of other countries authorized by Congress gives us these figures:

	Fiscal year 1946	Fiscal year 1947	Fiscal year 1948	After fiscal 1948	Total all aid
Direct assistance:					
Military civilian supply	\$722,000,000	\$98,000,000			\$820,000,000
Government and relief in occupied areas		515,000,000	\$807,000,000		1,322,000,000
British loan		2,050,000,000	1,700,000,000		3,750,000,000
Export-Import Bank loans	469,600,000	916,400,000	473,600,000	\$40,000,000	1,899,600,000
Office of Foreign Liquidation Commissioner, surplus property	192,000,000	727,000,000	100,000,000	70,000,000	1,089,000,000
Lend-lease aid	1,601,000,000	137,000,000			1,738,000,000
Maritime Commission (ships)		131,100,000			131,100,000
Philippine aid	12,000,000	155,500,000	103,700,000	426,100,000	697,300,000
Postwar UNRRA			317,000,000		317,000,000
Greek-Turkish aid (civilian)			150,000,000		
Through international organizations:					
UNRRA	1,184,000,000	1,433,000,000			2,617,000,000
International Bank	159,000,000	476,000,000			635,000,000
International Refugee Organization			71,100,000		
International Children's Emergency Fund			15,000,000		
Total					15,300,000,000

Excluded from the compilation were the following which called for an additional \$8,000,000,000:

- (1) Items transferred to China and Latin-American countries under military lend-lease.
- (2) Military portion of Greek-Turkish-aid program.
- (3) Payments by U. S. Government for procurement of strategic and other materials, including advances.
- (4) Short-term credits such as Export-Import Bank cotton credits.
- (5) Postwar payments in goods or cash for supplies, services, and currencies furnished by foreign countries to the United States as a phase of military operations during and after the war, such as payment for currencies acquired for pay of troops.
- (6) Postwar payments for supplies and services furnished to foreign countries during the war, such as bills for foreign relief furnished through the Red Cross and for wartime lend-lease.
- (7) Aid for currency stabilization, such as the 1946 advance to China and the United States subscription to the International Monetary Fund (\$2,750,000,000 of which \$687,500,000 was paid in gold and \$2,062,499,999.99 in United States dollars.)

Aid which has been authorized to eight countries in western Europe is as follows:

Authorized aid to 8 countries in western Europe

Country and instrument of aid	Fiscal year 1946	Fiscal year 1947	Fiscal year 1948	After-fiscal 1948	Total authorized aid
United Kingdom:					
Office of Foreign Liquidation Commissioner, surplus property.....	\$60,000,000				\$60,000,000
British loan.....		\$2,050,000,000	\$1,700,000,000		3,750,000,000
Lend-lease.....	896,000,000	20,000,000			916,000,000
Total.....					4,726,000,000
France:					
Office of Foreign Liquidation Commissioner.....		320,000,000	30,000,000		350,000,000
Maritime Commission (ships).....		40,100,000			40,100,000
Lend-lease.....	333,000,000	43,000,000			376,000,000
Export-Import Bank, loans.....	287,000,000	711,000,000	202,000,000		1,200,000,000
Total.....					1,966,100,000
Italy:					
Office of Foreign Liquidation Commissioner.....	74,000,000	86,000,000			160,000,000
Maritime Commission (ships).....		39,300,000			39,300,000
Occupied-area programs.....	199,700,000	6,000,000			205,700,000
UNRRA.....	140,700,000	334,500,000			475,200,000
Export-Import Bank loans.....			100,000,000		100,000,000
Total.....					980,200,000
Germany:					
Aid in occupied areas.....	153,800,000	208,000,000	319,000,000		680,800,000
UNRRA.....	3,100,000	10,200,000			13,300,000
Total.....					694,100,000
Austria (all sources):	58,200,000	102,700,000	22,000,000	\$8,500,000	191,400,000
Netherlands (all sources):	130,600,000	150,900,000	10,000,000	8,700,000	300,200,000
Belgium (all sources):	143,400,000	65,600,000			209,000,000
Greece:					
Office of Foreign Liquidation Commissioner.....	200,000	30,100,000	24,700,000		55,000,000
Maritime Commission (ships).....		41,300,000			41,300,000
Lend-lease aid.....	13,900,000				13,900,000
UNRRA.....	217,600,000	105,600,000			323,200,000
Export-Import Bank.....		4,900,000	8,000,000		12,900,000
Nonmilitary aid (Turkish-Greek).....			150,000,000		150,000,000
Total.....					596,300,000
Grand total.....					9,663,300,000

Aid furnished in fiscal year 1946.....

\$2,711,200,000

Aid being furnished fiscal year 1948.....

\$2,565,700,000

Aid furnished in fiscal year 1947.....

4,369,200,000

To be furnished after fiscal year 1948.....

17,200,000

NOTE.—With respect to property transferred to the 8 countries by the Office of Foreign Liquidation Commissioner, State Department, the figures quoted represent the sales value of surplus properties disposed of, which amounts are stated in the report to Congress dated July 31, 1947, to be as follows:

Country	Surplus property we sold the nations named, cost us—	They paid us but 14 million; promised to pay something more, sometime
United Kingdom.....	\$587,800,000	\$60,000,000
France.....	1,398,000,000	300,000,000
Italy.....	427,433,000	129,091,000
Belgium.....	380,000,000	53,800,000
Total.....	2,793,233,000	542,891,000

Examination of the records of the Treasury Department indicate that of all the foreign surplus disposals to June 30, 1947, but \$14,049,243.37 had been covered into the Treasury as miscellaneous receipts, and an additional \$305,314,665.16 was being held in special fund receipt account 6671.2 available for transfer to miscellaneous receipts not later than 6 months after the close of fiscal year 1947. This, however, is the receipts from surplus sales to all foreign governments throughout the world.

Mr. Speaker, few people realize what our aid to the eight countries of western

Europe means in dollars and cents to each individual of those countries; what it costs each individual and each family in the United States to extend that aid. Here are the figures, which you can check for yourself:

Postwar relief and rehabilitation aid authorized for 8 countries in western Europe, with populations and a per capita analysis

Country	Population	Authorized aid	Per capita
United Kingdom.....	49,700,000	\$4,726,000,000	\$95.09
France.....	41,100,000	1,966,100,000	47.84
Italy.....	46,000,000	980,200,000	21.30
Germany (occupied).....	45,417,000	694,100,000	15.28
Austria (occupied).....	4,150,000	191,400,000	46.12
Netherlands.....	9,500,000	300,200,000	30.18
Belgium.....	8,480,000	209,000,000	24.64
Greece.....	7,700,000	596,300,000	77.44
Total:			
Population.....	212,047,000		145.57
Postwar relief.....		9,663,300,000	

¹ Average.

On the basis of a United States population estimated to be 143,000,000 as of July 30, 1947, the contribution to the aid of the 8 European countries since VJ-day amounts to a per capita contribution on the part of United States citizens averaging \$67.57. On the basis of a family of 4 persons the contribution to the 8 countries would amount to \$270.28.

These figures show that we have extended enough aid to the eight countries named above to give to every man, woman, and child in those countries \$45.57, and that it has cost every man, woman, and child in these United States of ours \$67.57 to extend that aid.

Nor is that the whole story.

We are now told that we must extend aid to countries in eastern Europe so as to prevent those countries falling under the control and domination of Russia.

Nor has our program of aiding Russia been ended.

The following is a statement of our postwar relief and rehabilitation aid au,

thorized for seven countries in eastern Europe:

Postwar relief and rehabilitation aid authorized for 7 countries in eastern Europe

Country	Population	Authorized aid	Per capita
Russia.....	193,000,000	\$440,000,000	\$2.28
Poland.....	22,800,000	480,200,000	21.06
Czechoslovakia.....	12,300,000	231,500,000	18.82
Finland.....	3,870,000	92,100,000	23.80
Hungary.....	8,900,000	20,400,000	2.29
Albania.....	1,140,000	22,700,000	19.91
Yugoslavia.....	15,700,000	356,200,000	22.68
Total.....	257,710,000	1,643,900,000	16.38

¹ Average.

On the basis of a United States population of 143,000,000 the aid extended to the 7 countries shown in table III, amounts to a per capita contribution on the part of every United States citizen in the amount of \$11.49 or for a family of 4 persons, a contribution of \$45.96.

NOTE.—Aid to Russia consisted of \$161,000,000 lend-lease in 1946 and \$59,000,000 in 1947 and relief supplies through UNRRA in the amount of \$110,300,000 in 1946 and \$110,500,000 in 1947. Worthy of note is the fact that after Congress directed that lend-lease be ended by Dec. 31, 1946, it appears that \$16,300,000 of lend-lease supplies were shipped to Russia in the period from Jan. 1, 1947, to August 1947.

Because of its bearing upon our ability to give, we should know of the postwar relief and rehabilitation aid authorized for China, Korea, Japan, and the Philippines. We should also have the estimated population and per capita analysis of what it will cost us, what it will do for them. The figures are as follows:

Country	Population (estimated)	Authorized aid	Per capita
China.....	450,000,000	\$459,300,000	\$1.02
Korea (American zone).....	12,000,000	200,700,000	16.72
Japan.....	60,000,000	775,900,000	12.93
Philippines.....	12,250,000	712,800,000	58.19
Total.....	534,250,000	2,148,700,000	14.04

¹ Average.

The programs show that contributions of each citizen of the United States on a pro rata basis for foreign aid and relief impose a tax burden of \$94.08 on every person, or a burden of \$376.32 per American family of 4 persons. Not all Americans are taxpayers, so the burden will not fall on everyone. However, in 1946, the Bureau of Agricultural Economics and the Federal Reserve Bank Board, after a joint survey, reported that 1 out of every 5 families had incomes for 1945 under \$1,000. The report claims 9,300,000 families had incomes less than \$1,000, while 12,400,000 families had incomes less than \$2,000.

An additional 7,000,000 families had incomes less than \$4,000.

The per capita share of the national debt as of Sept. 30, 1947, was \$1,798.16.

The average American family of four will be required to pay, in order to liquidate the national debt, more than \$7,372.45.

No one would deny food to the hungry, clothing to the naked, or shelter to those exposed to the inclemencies of the weather. However, a population of some one-hundred-and-forty-odd million in these United States of ours just cannot support the rest of the world.

Especially is this true when we learn that in some of these countries, as in socialistic England and in France, many refuse to do an honest day's work or any work whatsoever.

An analysis of the food situation in the 16 European nations which are interested in the Marshall plan, compiled from volume II, Technical Reports of the Committee of European Economic Cooperation, Ernest Bevin, chairman, gives us the following:

Analysis of food situation in 16 European nations interested in the Marshall plan

[Compiled from Vol. II, Technical Reports of the Committee of European Economic Cooperation; Ernest Bevin, chairman]

	Average for 1934-38	Estimate, 1946-47	Estimate, 1950-51	Percent of 1934-38 average
16 countries.....	206,500,000	219,300,000	225,800,000	-----
Plantings (all countries):				
Hectares:				
Wheat and rye.....	19,702,500	18,858,800	20,987,000	0.95
Barley and oats.....	15,775,900	16,326,900	17,445,300	1.03
Sugar beets.....	839,000	750,000	916,000	.89
Potatoes.....	3,138,000	2,886,000	3,162,000	.92
Livestock:				
Cattle (including cows) ¹	62,694,000	63,639,000	69,550,000	1.01
Swine.....	28,759,300	19,525,200	28,883,000	.67
Sheep.....	104,206,900	98,348,400	107,223,000	.94
Horses.....	11,797,300	10,793,000	10,239,000	.91
Poultry.....	482,291,000	406,036,000	578,121,000	.84
Sugar production (raw basis) (metric tons).....	2,946,000	2,779,000	3,155,000	.94
Fats (metric tons).....	2,337,000	1,685,000	2,542,000	.72
Butter production (metric tons).....	963,000	683,000	975,000	.70
Production of fish (metric tons).....	3,325,000	3,331,000	4,497,000	1.00

¹ United States has 76,000,000 cattle at the end of 1947. We should have 97,000,000 head. We enter 1948 with 21,000,000 head of cattle short in the United States.

NOTES.—Nations included in the committee's report included in this study are: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom.

A hectare is equivalent to (in the United States system) 2.471 acres.

A metric ton is 1,000 kilograms by weight, equal to 2,204.6 pounds avoirdupois.

Figures for barley and oats also include maize and other rough grains.

European crops for 1947

[Compiled from Cargill Crop Bulletin, Oct. 30, 1947, by countries with averages, 1935-39]

Countries	Oats		Barley		Corn	
	Average	1947	Average	1947	Average	1947
Austria.....	28,865,000	17,000,000	13,338,000	6,200,000	6,732,000	-----
Belgium.....	40,946,000	44,500,000	3,570,000	8,000,000	-----	-----
Denmark.....	70,205,000	62,000,000	52,881,000	62,923,000	-----	-----
France.....	259,762,000	255,000,000	53,015,000	55,000,000	22,559,000	10,000,000
Greece.....	8,479,000	5,000,000	9,267,000	6,200,000	10,078,000	10,000,000
Luxembourg.....	2,910,000	2,400,000	-----	-----	-----	-----
Ireland.....	39,265,000	45,900,000	5,413,000	6,200,000	-----	-----
Italy.....	38,360,000	32,500,000	10,000,000	10,335,000	113,174,000	92,500,000
Netherlands.....	25,314,000	25,500,000	5,683,000	8,500,000	-----	-----
Norway.....	12,940,000	11,700,000	5,467,000	3,700,000	-----	-----
Portugal.....	6,555,000	7,019,000	1,783,000	3,700,000	13,083,000	15,700,000
Sweden.....	87,198,000	55,100,000	9,951,000	8,730,000	-----	-----
Switzerland.....	1,593,000	5,500,000	430,000	3,000,000	-----	-----
Turkey.....	16,900,000	13,800,000	96,129,000	68,700,000	22,971,000	22,036,000
United Kingdom.....	138,628,000	178,290,000	36,596,000	78,307,000	-----	-----
Total (averages).....	777,920,000	-----	303,523,000	-----	188,597,000	-----
1947 production.....	-----	760,309,000	-----	329,495,000	-----	150,236,000
Oats deficiency (bushels).....	-----	17,611,000	-----	-----	-----	-----
Corn deficiency (bushels).....	-----	-----	-----	-----	-----	38,361,000
Barley excess (bushels).....	-----	-----	-----	25,972,000	-----	-----

Mr. Speaker, the food situation in all Europe at the present time, as western Germany is perhaps the worst shown by the following table:

Analysis of food situation in western Germany

[A study compiled from Vol. II, Technical Reports of the Committee of European Economic Cooperation. Department of State Publication 2952]

	Average, 1934-38	1947	Estimate, 1951	Percent recovery, 1947
Bi-zone.....	36,400,000	43,300,000	45,500,000	-----
French zone.....	5,900,000	5,600,000	5,600,000	-----
Saar.....	800,000	900,000	900,000	-----
Total.....	43,100,000	49,800,000	52,000,000	-----
Planting (hectares):				
Wheat and rye.....	2,822,800	2,372,200	2,823,000	0.84
Barley, oats, maize, and others.....	2,385,300	2,027,900	2,128,500	.85
Sugar beets.....	133,000	141,000	193,000	1.06
Potatoes.....	1,177,000	1,063,000	1,525,000	.90
Livestock:				
Cattle (including milk cows).....	12,261,000	11,258,000	10,820,000	.91
Swine.....	12,322,000	6,526,000	8,726,000	.53
Sheep.....	2,101,000	2,265,000	2,326,000	1.03
Horses.....	1,576,000	1,566,000	1,614,000	.99
Poultry.....	55,788,000	26,818,000	33,332,000	.48
Sugar production (raw basis) (metric tons).....	551,000	509,000	779,000	.92
Fats (oil from oilseeds, animal fats) (metric tons).....	501,000	273,000	391,000	.54
Butter production (metric tons).....	231,000	188,000	248,000	.81
Production of fish.....	370,000	170,000	175,000	.46

Let us continue, as we always have in the past, to aid the needy and the unfortunate of whatever race, color, or

creed they may be, wherever they may live. Let us have common sense enough to insist that, while we feed the hungry,

clothe the naked, and shelter the cold, each and every one of them make an honest, earnest, and determined effort to help himself. Let us not encourage idleness and waste and extravagance by gifts not needed.

There is an old saying that the Devil finds work for idle hands to do. If some of those, who, in other lands, are idle, who will not work, are forced by hunger and by cold to earn their own livelihood, they will have less time to curse this Nation for what they term the inadequacy of the relief given them.

It is quite true that the Lord helps those who help themselves and well might we follow that thought and extend aid only to those who are willing to make an effort to relieve their own need. Let us insist that the people of these other countries go to work and stay at work until they have exerted their utmost efforts to help themselves.

Let us see to it that every ounce of food, of clothing, of building material, reach the one who is in need and that no one profit through the transaction.

Let us insist that the French and the British return to their homeland the German prisoners of war who are now held as labor slaves; not only permit but compel those prisoners to do a day's work in the factories or on the land of Germany.

Let us insist that Russia quit dismantling the factories of Germany, taking from its people their means of livelihood, the crops which they have planted, cultivated, and harvested. Let us insist that Russia get out of Germany and enable it to rehabilitate itself.

Let us then see to it that the war-mongers, the manufacturers of implements of war, the international financiers, who on previous occasions have grown enormously wealthy out of war and postwar activities, be prevented from making a profit out of war-torn Europe.

Yes; let us give to the extent of our ability to those who are in need. But let us at all times remember and act upon the theory we have so often advanced—that we are not an imperialistic nation; that we do not seek to impose our form or any other form of government upon any other people; that neither we as a nation nor any of our people are to make a profit out of the suffering of others.

Let us be on guard against those who would frighten us with the argument that we are about to be overwhelmed by Communists from without by Soviet Russia; that our only salvation lies in giving to them unlimited power over our national resources, over our domestic economy—giving them the power to regulate, regiment our domestic affairs as well as the authority to establish our national defense. Let us be sure that they do not, under the guise of national defense, establish a military dictatorship.

Let us be on guard that ambitious, military-minded individuals in this country do not establish themselves as little princelings in the conquered lands; that they do not impose upon us a militaristic form of government; that they do not destroy the civil liberties of our own people;

that they do not waste the resources of our Nation; that they do not again conscript the youth of our land to fight on foreign soil.

In short, let us follow the principle of thinking first of America. Let us disregard the name-calling of our political adversaries; hew to the line; think and act for and in the interests of the United States of America.

We who believe in America first, who give first consideration to her interests, who think first of the preservation of our own Government, are not disloyal. We are not traitors.

Let us ask those who so charge whether the disloyal are not those who would haul down the Stars and Stripes and for it substitute a world flag; whether the disloyal are not those who would surrender our sovereignty to an international organization.

Let us ask them whether the disloyal are not those who would conscript our young men and our young women, put them under the command of an international military staff, empowered to order them to fight whenever, wherever, and for whatever cause this international staff might wish.

Are not the disloyal those who would bleed this country and its people white in order to impose upon other peoples and other nations their theory of government; those who would give to the world a planned economy such as that which has brought us to national bankruptcy?

Let us prepare for our own national defense, and while doing it remember that the conservation of our own national resources, of our own manpower, is an integral part of that defense.

Let us not forget that the future of America is, indeed, dark if, either through gift or by war, we impoverish ourselves by the unnecessary waste of all that goes to make us strong; that if we send our young men, the prospective fathers of future generations, to die on foreign soil, we are not preparing a national defense. We are rather destroying the future ability of our Nation to defend itself.

Let us retain our faith in the soundness of our form of government, our confidence in the fighting ability, the courage, and the endurance of the youth of our land.

Let us above all remember and act upon the thought that we are not an aggressor nation. Let us keep ever in mind the lesson which history teaches—that the nation which insists on forever meddling in the affairs of other nations, of endeavoring to settle the quarrels between other nations in the end itself is destroyed.

Let us remember that we have nothing to fear from foreign aggression; that our danger lies here at home, grows out of the thoughts and the actions of those who consider that we have outgrown our Constitution and the principles therein laid down; who are now attempting here in America to establish a government by men rather than by law.

If we keep those principles in mind, adhere to them, our future is assured. If we forsake them, we, like those nations of old which sought to conquer the world, like the Kaiser and Hitler of yesterday, are on the way out.

EXTENSION OF REMARKS

Mr. CRAWFORD asked and was given permission to extend his remarks in the RECORD and include a press release and telegram sent by Mr. C. W. Harder, president, National Federation of Small Business, Inc.

Mr. CRAWFORD asked and was given permission to revise and extend his own remarks.

Mr. KNUTSON (at the request of Mr. WOODRUFF) was given permission to extend his remarks in the RECORD.

Mr. WEICHEL asked and was given permission to extend his remarks in the RECORD and include extraneous matter.

Mr. KNUTSON (at the request of Mr. H. CARL ANDERSEN) was given permission to extend the remarks he previously made today.

SPECIAL ORDER GRANTED

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent that on Thursday next, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore granted, I may be permitted to address the House for 1 hour.

The SPEAKER pro tempore (Mr. ARENDS). Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD and include an address he recently delivered in Boston.

Mr. MUNDT asked and was given permission to extend his remarks in the RECORD and include an article he wrote for the New York Times magazine on the subject of American information program.

SPECIAL ORDER GRANTED

Mr. MUNDT. Mr. Speaker, I ask unanimous consent that, on Thursday next, at the conclusion of the legislative program and following any special orders heretofore entered, I may address the House for 1 hour for the purpose of making a report to the Congress on the financial and economic conditions observed while serving overseas on a joint committee of the Senate and the House during the past 6 weeks.

The SPEAKER pro tempore. (Mr. ARENDS). Is there objection to the request of the gentleman from South Dakota?

There was no objection.

SPECIAL ORDER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Michigan [Mr. CRAWFORD] is recognized for 20 minutes.

CAUSES OF INFLATION

Mr. CRAWFORD. Mr. Speaker, I wish to direct my remarks primarily to item No. 1 on page 7 of the President's message of yesterday in which he points out that we should enact legislation to restore consumer credit controls and to restrain the creation of inflationary bank credit.

For 14 years this Government, including the administrations in power, and

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department Staff only)

Issued November 21, 1947
For actions of November 20, 1947
80th-1st, No. 150

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HIGHLIGHTS: Sens. Connally and Vandenberg introduced emergency European aid bill as approved by Foreign Relations Committee; committee has permission to report bill during adjournment.. Rep. Mundt reported on European trip. Sen. Morse introduced bill to include agricultural workers under Social Security Act.

SENATE

1. FOREIGN AID. Agreed to unanimous consent requests to allow the Foreign Relations Committee to file its report on the European Interim Aid bill (S. 1774) during recess and to have printed as S. Doc. 108 the background material and State Department's proposed legislation on European recovery (p. 10773).
Sen. Capper, Kans., inserted a Lawrence, Kans., businessman's letter of protest against appropriation of Government funds for European aid (p. 10774).
2. FOREIGN TRADE. Sen. Robertson, Wyo., criticized tariff reductions, particularly those made on wool and cattle (pp. 10780-1).
Sen. Butler, Nebr., criticized tariff reductions and said "...the policy followed by the State Department will be disastrous to our American system of free enterprise and high wages" (pp. 10791-2).
3. PRICE CONTROL; WAGES. Sen. Capper, Kans., inserted a Wichita, Kans., businessman's letter of protest against the President's price control and wage recommendations (p. 10774).
4. AUDITING. Received the GAO audit report of RFC for the fiscal year 1945 (pp. 10773-4).
5. ST. LAWRENCE SEAWAY. Received a Wis. Legislature resolution favoring this project (p. 10774).
6. ADJOURNED until Mon.; Nov. 24 (p. 10782).

HOUSE

7. FOREIGN AID. Rep. Mundt, S. Dak., gave a detailed report on his trip to Europe

and discussed the alternatives of pulling "out of Europe entirely" or resolving "to project our influence into Europe and the world now" (pp. 10794-801).

Rep. Smith, Ohio, claimed that "the Marshall plan is but a new name for Lend-lease" (p. 10783).

Rep. Stevenson, Wis., criticized the proposal to ship "other commodities" to Europe in addition to food and fuel and stated that there are many "Americans who also deserve the fruits of American largess" (p. 10783).

Rep. Rich, Pa., urged that the welfare of our own economy be considered in determining aid to Europe, and called attention to the assistance already rendered (pp. 10787-9).

Rep. St. George, N.Y., urged that Europe be made to put up security for assistance received and a sincere effort be made "to write a just peace" (p. 10802).

Rep. Kennedy, Mass., spoke in favor of aid to Italy (pp. 10802-3).

8. RESEARCH; MARKETING. It has been ascertained that the notice was erroneous which listed receipt by the House of a letter from this Department transmitting a "recommendation for the amending of the Research and Marketing Act of 1946" (Cong. Record for Nov. 17, 1947, p. 10717). Actually, the proposal was to amend the AAA Act of 1938 regarding cotton acreage allotments.

9. EXECUTIVE ORGANIZATION. The Expenditures in the Executive Departments reported with amendment H.R. 4469, to amend the act creating the Commission on Organization of the Executive Branch so as to authorize that Commission to procure the temporary or intermittent services of experts or consultants or organizations thereof (H.Rept. 1127) (p. 10803).

10. FOOD CONSERVATION. Rep. Murray, Wis., stated that the announcement that Mr. Luckman intended to resign as chairman of the Citizens Food Committee was "good news" (p. 10785).

11. REPORTS. Received from the President the first report on assistance to Greece and Turkey, for the period ended Sept. 30, 1947 (H.Doc. 440) (p. 10803).

Received from the Comptroller General the audit report of RFC for the fiscal year 1945 (H. Doc. 439) (p. 10803).

12. FOREIGN TRADE. Rep. Bryson, S.C., urged that trading with Russia be discontinued "until better understanding and a more cooperative spirit is shown" (p. 10786).

13. ADJOURNED until Mon., Nov. 24 (p. 10803).

BILLS INTRODUCED

14. FOREIGN AID. S. 1774, by Sens. Connally, Tex., and Vandenberg, Mich., to promote the general welfare, national interest, and foreign policy of the U.S. by providing supplies to certain European countries on an emergency basis. To Foreign Relations Committee. (p. 10775.) Sen. Connally stated that the bill is that "which the committee has adopted...so that it can be a clean bill, without necessity of considering amendments, unless...offered from the floor (p. 10776).

15. SOCIAL SECURITY; FARM LABOR. S. 1768, by Sen. Morse, Ore., to amend the Social Security Act so as to permit agricultural and domestic employees and employees of State and local governments to obtain coverage under title II of such act. To Finance Committee. (p. 10775.) Remarks of author (pp. 10775-6).

16. POSTAGE; FOREIGN RELIEF. S. 1760, by Sen. Thyne, Minn. (for himself and Sen. Butler, Nebr.), S. 1761, by Sen. Green, R.I., and S. 1772, by Sen. McMahon, Conn., to provide free postage for gift packages of food and clothing mailed to certain foreign countries. To Civil Service Committee. (pp. 10774-5) Remarks by

Sen. Butler on S. 1760 (p. 10776).

H.R. 4530, by Rep. Potts, N.Y., to provide free postage for gift packages of food and clothing mailed to certain foreign countries. To Post Office and Civil Service Committee. (p. 10804)

17. HOUSING. S. 1759, by Sen. Martin, Pa. (by request), to amend the Servicemen's Readjustment Act to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor. To Finance Committee. (p. 10774.)

H.R. 4529, by Rep. Miller, Conn., relating to the disposition of permanent housing acquired or constructed by the U.S. To Banking and Currency Committee. (p. 10804.) Remarks of author (p. A4603).

18. CONSUMER CREDIT. S.J.Res. 157, by Sen. Buck, Del., to provide for the regulation of consumer credit for a temporary period. To Banking and Currency Committee. (p. 10775.)

19. FLOOD RELIEF. S.J.Res. 159, by Sen. Holland, Fla. (for himself and Sen. Pepper, Fla.), to provide emergency relief for victims of floods in Florida, and for the restoration and reconstruction of the devastated areas. To Appropriations Committee. (p. 10775.)

20. VETERANS' PREFERENCE. H.R. 4536, by Rep. Wigglesworth, Mass., to grant certain veterans' preference benefits to certain persons who served in the armed forces of nations allied with the U.S. in World War II. To Post Office and Civil Service Committee. (p. 10804.)

21. PAYMENTS IN LIEU OF TAXES. H.R. 4537, by Rep. Auchinloss, N.J., to provide for certain payments to States and their political subdivisions as compensation for loss of revenues occasioned by the acquisition of real property by the U.S. To Public Lands Committee. (p. 10804.)

ITEMS IN APPENDIX

22. FOREIGN AID. Sen. Thomas, Okla., inserted an Oklahoma citizens' statement offering suggestions and recommendations for foreign aid (p. A4556).

Sen. Wherry, Nebr., inserted Sen. Taft's (Ohio) recent radio broadcast and his address before the Ohio Society in N.Y. on foreign aid (pp. A4559-61, A4577-81).

Sen. Myers, Pa., inserted several newspaper editorials on foreign aid and our own economy (pp. A4581-2).

Sen. O'Mahoney, Wyo., inserted his recent speech before the Cosmos Club of Washington, D.C., "The Impact of the Marshall Plan" (pp. A4570-2).

23. PRICE CONTROL. Sen. Myers, Pa., inserted Secretary of Labor Schwollenbach's N.Y. Times Article, "Do Higher Wages Account for High Prices" (pp. A4558-9).

Rep. Goodwin, Mass., inserted a Wakefield (Mass.) Daily Item editorial, "Price Control in Peacetime" (p. A4587).

24. RECLAMATION. Sen. Butler, Nebr., inserted his recent address before the National Reclamation Assn., "Reclamation—Insurance for our Food Supply" (pp. A4556-8).

Rep. Horan, Wash., inserted an article by Rufus Woods commenting on the policies worked out by the National Reclamation Assn. at its recent convention (p. A4593).

25. FARM PROGRAM. Rep. LeCompte, Iowa, inserted resolutions on farm problems adopted recently by the Wayne County (Iowa) Farm Bureau (pp. A4603-4).

26. NATURAL RESOURCES. Sen. McClellan, Ark., inserted his recent speech before the Ark. Wood Products Assn., in which he urged "the preservation and development of our Natural resources" (pp. A4561-2).
27. HOUSING. Rep. Javits, N.Y., inserted his recent address on the housing problem which he called our No. 1 domestic problem (p. A4598).
28. COST-OF-LIVING. Rep. Poulson, Calif., inserted a Los Angeles Daily News editorial urging compliance with the President's plea for voluntary saving in order to reduce the cost of living (pp. A4593-4).
29. LOYALTY PROGRAM. Rep. Crawford, Mich., inserted a Washington Post editorial expressing the opinion FBI Director Hoover has offered a convincing "refutation of the wild talk, stirred up by enemies of our Government" (p. A4614).
30. RESEARCH. Sen. McKellar, Tenn., inserted Dr. Raymond B. Seymour's article, "Industrial Research at University of Chattanooga" (pp. A4582-3).
31. FOOD CONSERVATION; PRICE SUPPORT. Extension of remarks of Rep. Murray, Wis., discussing the domestic agricultural situation and recommending the resignation of Mr. Luckman from the Citizens Food Committee, that the provisions of the Steagall and LaFollette-Taft amendments be followed before asking for any more laws or powers, and that this Department and the farm organizations have more voice in food programs (p. A4598).
32. LOYALTY PROGRAM. Extension of remarks of Rep. Crawford, Mich., "supporting the loyalty program and inserting Bert Andrews' (N.Y. Herald Tribune correspondent) editorial and correspondence with FBI Director Hoover explaining the role of the FBI in the loyalty program (pp. A4615-6).
33. INFORMATION; FOREIGN AFFAIRS. Sen. Smith, N.J., inserted his recent radio address favoring a "Voice of America" program in Europe (pp. A4553-4).
Rep. Mundt, S. Dak., inserted his recent New York Times magazine article, "We Are Losing the War of Words in Europe" (pp. A4562-4).

COMMITTEE HEARINGS Released by G.P.O.

34. SMALL BUSINESS. Pursuant to S.Res. 20. Pt. 13, steel supply and distribution problems affecting smaller manufacturers and users: VIII. Senate Small Business Committee.
35. HEALTH. S. 545 and S. 1320. National Health Program, Pt. 1. Senate Labor and Public Welfare Committee.
36. BOXCAR SHORTAGE. S.Res. 44 and S. res. 47. Railroad boxcar shortage. Senate Interstate and Foreign Commerce Committee.
37. PRICES; ECONOMIC STABILIZATION. Pt. 1, current price developments and the problems of economic stabilization. Joint Committee on Economic Report.
38. PERSONNEL. S. 984, antidiscrimination in employment. Senate Labor and Public Welfare Committee.

COMMITTEE HEARINGS ANNOUNCEMENTS for Nov. 21: Joint Committee on Economic Report, inflation control (Anderson to testify); S. Agriculture, long-range farm program; H. Foreign Affairs, foreign aid (ex.); H. Ways and Means, farm-cooperative tax revision; unofficial tobacco hearing in H. Agriculture Committee room.



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No. 150

Senate

Rev. John W. Rustin, D. D., minister of the Mount Vernon Methodist Church, Washington, D. C., offered the following prayer:

Eternal God, Father of us all, we come humbly before Thee, praying that Thou wilt forgive our blindness, stupidity, and selfishness. Open our eyes so that we may see the needs of our world. Clarify our thinking so that we shall know the truth. Purify our hearts so that the evil that is within us may be blotted out. Broaden our horizons so that we shall indeed know that all men everywhere are our brothers.

Help us, we pray Thee, as we approach our day of thanksgiving, to remember those men and women who, surrounded as they were by every danger, were not afraid because their trust was in Thee. May we hear a voice speaking to our hearts this day, saying, "The Eternal God is thy refuge, and underneath are the everlasting arms."

And now, even though we be unworthy to follow in their stead, guide our faltering feet so that we shall not wander from the pathway that leads to righteousness and peace. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Monday, November 17, 1947, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Theodore G. Bilbo, late a Senator from the State of Mississippi.

The message also communicated to the Senate the intelligence of the death of Hon. Charles L. Gifford, late a Representative from the State of Massachusetts, and transmitted the resolutions of the House thereon.

The message further communicated to the Senate the intelligence of the death of Hon. Raymond S. Springer, late a Representative from the State of Indiana, and transmitted the resolutions of the House thereon.

ORDER OF BUSINESS

Mr. WHITE. Mr. President, I ask unanimous consent that I may speak briefly before the Senate proceeds to the transaction of morning business.

The PRESIDENT pro tempore. Without objection, the Senator from Maine is recognized.

Mr. WHITE. Mr. President, I think most Senators, perhaps all Senators, have in mind that earlier in the week the Foreign Relations Committee unanimously authorized a report to the Senate of the emergency aid bill, so-called. I take it that it will be reported to the Senate today.

It seems to be the part of wisdom that the consideration of this emergency aid bill should be as consecutive as possible, and for that reason I understand the chairman of the committee is not to make an effort at this time to start consideration of it, but that he approves that it should go over until Monday, at which time the emergency aid bill will be proceeded with and we hope to a conclusion by Wednesday night. If the measure is disposed of by Wednesday night, we can then take a recess until Friday, and on Friday it had been our purpose to move a further recess until the Monday following. So that if this bill is out of the way by Wednesday night, we can have a full week-end recess beginning with Thanksgiving Day.

EUROPEAN RECOVERY PROGRAM—AUTHORITY TO REPORT BILL AND PRINT CERTAIN DOCUMENTS (S. DOC. NO. 108)

The PRESIDENT pro tempore. The Chair asks the indulgence of the Senate to submit two unanimous-consent requests in his capacity as chairman of the Foreign Relations Committee. The bill to which the Senator from Maine referred is not yet ready to be reported because the documentation is not complete. The unanimous-consent request, therefore, is submitted that the Committee on Foreign Relations be permitted to file the bill and the report thereon for the calendar during the recess following today's session. Is there objection? The Chair hears none, and the order is made.

In the same connection, it is very important that the draft of legislation and background information on the interim European-aid program submitted by the

Department of State to a joint session of the Senate Committee on Foreign Relations and the House of Representatives Foreign Affairs Committee should be printed as a Senate document for the use of the Senate. The Chair requests that that order be made. Is there objection? The Chair hears none, and it is so ordered.

Subsequently Mr. VANDENBERG submitted the following resolution (S. Res. 167), which, with the accompanying document, was referred to the Committee on Rules and Administration:

Resolved, That the compilation entitled "The European Recovery Program—Basic Documents and Background Information," prepared by the staffs of Senate Foreign Relations Committee and House Foreign Affairs Committee, be printed, with illustrations, as a Senate document and that 1,000 additional copies be printed for the use of the Committee on Foreign Relations of the Senate.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Attorney General, transmitting, pursuant to law, a report reciting the facts and pertinent provisions of law in the cases of 1,479 individuals whose deportation has been suspended for more than 6 months by the Commissioner of Immigration and Naturalization Service under the authority vested in the Attorney General, together with a statement of the reason for such suspension (with accompanying papers); to the Committee on the Judiciary.

REPORT ON COSTS OF LAND OR INTEREST IN LAND ACQUIRED BY THE NAVY

A letter from the Acting Secretary of the Navy, transmitting, pursuant to law, a consolidated report showing the costs as of June 30, 1947, of land or interest in land acquired by the Navy (with an accompanying report); to the Committee on Armed Services.

HERBERT L. HUNTER

A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation for the relief of Herbert L. Hunter (with an accompanying paper); to the Committee on the Judiciary.

AUDIT REPORT OF RECONSTRUCTION FINANCE CORPORATION AND AFFILIATED CORPORATIONS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, volume 5 of the report on the audit of the Reconstruction Finance Corporation and affiliated corporations for the fiscal year ended June 30, 1945, dealing exclusively with the activities of the subsidiary Defense Sup-

plies Corporation (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

REPORT OF PUBLIC PRINTER

A letter from the Public Printer, transmitting, pursuant to law, his report for the fiscal year ended June 30, 1947 (with an accompanying report); to the Committee on Rules and Administration.

REPORT OF NATIONAL SOCIETY, DAUGHTERS OF AMERICAN REVOLUTION

A letter from the Secretary of the Smithsonian Institution, transmitting, pursuant to law, the annual report of the National Society of the Daughters of the American Revolution for the year ended April 1, 1947 (with an accompanying report); to the Committee on Rules and Administration.

DISPOSITION OF EXECUTIVE PAPERS

The PRESIDENT pro tempore laid before the Senate a letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. LANGER and Mr. CHAVEZ members of the committee on the part of the Senate.

PETITION

Mr. WILEY presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Foreign Relations:

Assembly Joint Resolution 64

Joint resolution memorializing the President and Congress of the United States to take steps necessary to authorize immediate development of the Great Lakes-St. Lawrence waterway

Whereas the President has termed the proposed development of the Great Lakes-St. Lawrence waterway for travel by seagoing vessels more important to this Nation than any other comparable project; and

Whereas for 50 years outstanding Americans in official and civilian life, concerned with the economic welfare of the people of this country, have urged this undertaking as vital to the full development of the country's resources and inland transportation facilities; and for 20 years the Governors and Legislatures of the State of Wisconsin, regardless of political affiliation, have gone on record as favoring this great project; and

Whereas every effort in the past to make this seaway a reality has failed because of vigorous opposition from selfish and sectional interests; and

Whereas the urge for this seaway is today strong and virile and will continue so to be until the Great Lakes-St. Lawrence waterway is made adequate for navigation of seagoing vessels and furnishes Midwest farm, factory, mine, and shipyard products access to the markets of the world; and

Whereas a seaway from the Great Lakes to the tidewaters of the Atlantic will increase our national security in time of crisis, aid in the restoration of our foreign markets, stimulate development of the resources of the Midwest, will lower transportation costs, and will conserve our natural resources; and

Whereas if authorized and undertaken as an immediate postwar work program, this project will furnish a full measure of opportunity for employment to military veterans; and

Whereas legislation is now pending before both Houses of the National Congress to authorize construction of the St. Lawrence seaway project by agreement between the United States and Canada, Senators WILEY and MCCARTHY, of Wisconsin, being included among the distinguished sponsors of this legislation, reflecting Wisconsin's unalterable and continuing support of this great project: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Legislature of the State of Wisconsin memorializes the President and Congress of the United States to enact such legislation as may be necessary to authorize development of the Great Lakes-St. Lawrence waterway for navigation by seagoing vessels at the earliest practicable date; and be it further

Resolved, That properly attested copies of this resolution be sent to the President, to the clerks of both Houses of the Congress, and to each Wisconsin Member thereof

PRICE CONTROL AND WAGE RECOMMENDATIONS

Mr. CAPPER. Mr. President, I received a telegram from R. D. McKay, a leading businessman of Wichita, Kans., who expresses his disapproval of the message delivered by President Truman at the opening of the special session of the Congress. I ask unanimous consent to have this telegram printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WICHITA, KANS., November 18, 1947.

Senator ARTHUR CAPPER,
Senate Office Building,

Washington, D. C.:

Wichitans I have talked to last 24 hours are unbelievably shocked at Truman's proposals and are bitterly against his price controls and wage recommendations. Sentiment here definitely against his program and open fear of our spending program is apparent in every discussion of our national executive branch of government. Congress cannot afford to appropriate money so lavishly for either foreign or domestic proposals. The grass roots are talking louder and louder.

R. D. MCKAY.

PROTEST AGAINST APPROPRIATIONS FOR EUROPE

Mr. CAPPER. Mr. President, I ask to have printed in the RECORD an interesting letter I have received from Mr. J. R. LaMont, a prominent businessman, of Lawrence, Kans., who protests against the reckless appropriation of money by our Government for the benefit of people in western Europe who do not need it.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LAWRENCE, KANS., November 9, 1947.

Hon. ARTHUR CAPPER,
Senator for Kansas,

Washington, D. C.

DEAR SENATOR: Here is one man's opinion on some of the legislation you will be called upon to judge during the special session and later at the regular one.

No European relief. You have heard all the arguments pro and con and I shall not try to influence your conclusions, but my belief is that all the money we give and loan to Europe in the next few years will impoverish us by that amount, weaken us and strengthen our enemies. If there are needy, hungry people in Europe our churches and Red Cross, etc., can and should take care of them. It is not the business of Government. I resent being taxed for charity to anyone, least of all someone who is

probably as well off as I am myself, and a potential enemy. If we are trying to bribe someone to be a democrat instead of a Communist, I also object to that plan. To be sure our beloved President was raised up on the idea of buying votes under the Pendergast regime and sees no evil in the system. We do expect our Kansas Senators and Congressmen, however, who have breathed the free air of this State to object to this kind of ballot-box influence.

I further object to any appropriation whatever to the Voice of America program of the State Department. Common sense tells anyone who will listen that foreign propaganda shoved at anyone creates more ill than good will. How many converts would Russia make here with a high-powered radio program to tell us our business.

We do want a reduction in Government boards and bureaus by about 90 percent and a corresponding reduction in taxes. We would like to have the Federal Government reduced in scope and power on every hand. No rationing. No Federal controls of business. If you can be a leader in getting us some of the things we need and preventing a further expansion of the Federal bungling your 30 years in the Senate will be of some use to the average American.

Yours truly,

J. R. LAMONT.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. ELLENDER introduced Senate bill 1758, further amending Section 603 (a) of the National Housing Act, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. MARTIN (by request):

S. 1759. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Finance.

By Mr. THYE (for himself and Mr. BUTLER):

S. 1760. A bill to provide free postage for gift packages of food and clothing mailed to certain foreign countries; to the Committee on Civil Service.

By Mr. GREEN:

S. 1761. A bill to reduce postage rates on parcels containing food and clothing sent abroad by mail for relief purposes; to the Committee on Civil Service.

S. 1762. A bill authorizing the naturalization of Antoine Gasda and Leopoldine Gazda; to the Committee on the Judiciary.

By Mr. MYERS:

S. 1763. A bill for the relief of Mrs. Liba Eichenstein; to the Committee on the Judiciary.

(Mr. KNOWLAND introduced Senate bill 1764, to enable certain adopted children of United States citizens to enter the United States as nonquota immigrants and to become naturalized, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

By Mr. CORDON:

S. 1765. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Forest Lumber Co.;

S. 1766. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Algoma Lumber Co.; and

S. 1767. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Lamm Lumber Co.; to the Committee on the Judiciary.

(Mr. MORSE introduced Senate bill 1768, to amend the Social Security Act, as amended, so as to permit agricultural and domestic employees and employees of State and local governments to obtain coverage under title II of such act, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. HOLLAND:

S. 1769. A bill for the relief of Hedvig Abarrick Pocaterre; to the Committee on the Judiciary.

(Mr. TOBEY (for himself, Mr. BUCK, Mr. CAPEHART, Mr. FLANDERS, Mr. CAIN, Mr. BRICKER, Mr. MCCARTHY, Mr. WAGNER, Mr. MAYBANK, Mr. TAYLOR, Mr. FULBRIGHT, Mr. ROBERTSON of Virginia, and Mr. SPARKMAN) introduced Senate bill 1770, to amend the National Housing Act, as amended, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. ROBERTSON of Wyoming:

S. 1771. A bill authorizing the Secretary of the Interior to convey certain lands in Powell Townsite, Wyo., Shoshone reclamation project, Wyoming, to the James S. McDonald Post, No. 5954, Veterans of Foreign Wars, Powell, Wyo.; to the Committee on Public Lands.

By Mr. McMAHON:

S. 1772. A bill to provide free postage for gift packages of food and clothing mailed to certain foreign countries; to the Committee on Civil Service.

S. 1773 (by request). A bill for the relief of Ali Umit Kutsay; to the Committee on the Judiciary.

(Mr. CONNALLY (for himself and Mr. VANDENBERG) introduced Senate bill 1774, to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, which was referred to the Committee on Foreign Relations, and appears under a separate heading.)

By Mr. BUCK:

S. J. Res. 157. Joint resolution to provide for the regulation of consumer credit for a temporary period; to the Committee on Banking and Currency.

By Mr. MYERS:

S. J. Res. 158. Joint resolution to authorize the issuance of a special series of stamps commemorative of the eighty-fifth anniversary of Lincoln's Gettysburg Address; to the Committee on Civil Service.

By Mr. HOLLAND (for himself and Mr. PEPPER):

S. J. Res. 159. Joint resolution to provide emergency relief for victims of floods in Florida, and for the restoration and reconstruction of the devastated areas; to the Committee on Appropriations.

AMENDMENT OF NATIONAL HOUSING ACT

Mr. ELLENDER. Mr. President, I introduce for appropriate reference a bill to further amend the National Housing Act, and I ask unanimous consent that the bill, together with a short explanation in connection therewith, may be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill, together with the statement presented by the Senator from Louisiana, will be printed in the RECORD.

There being no objection, the bill (S. 1758) further amending section 603 (a) of the National Housing Act, introduced by Mr. ELLENDER, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 603 (a) of the National Housing Act, as amended, is

hereby amended by striking out "\$4,000,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed \$4,200,000,000" and inserting in lieu thereof "\$5,200,000,000."

The statement presented by Mr. ELLENDER was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ELLENDER

This bill would increase by \$1,000,000,000 the authority of the Federal Housing Administration to insure home mortgages under title VI of the National Housing Act.

Just prior to the recess of the Congress last August, when it appeared that the then existing title VI mortgage-insurance authorizations would be used up before the end of the year, we increased that authorization by \$400,000,000. We felt that this additional amount, along with the unused portion of the authorization, would be sufficient to continue this vital form of governmental assistance to the home-building industry until March 31, 1948, its present termination date.

However, the record volume of applications for Federal Housing Administration insurance has continued. The result has been that the present insurance authorization is almost exhausted and it was necessary for the Federal Housing Administration last week to discontinue receiving any more applications under title VI.

In order that the Government may continue this vital form of assistance to the home-building industry, this bill would make an additional insurance authorization of a billion dollars available to the Federal Housing Administration. With this increase in the insurance authorizations, the Federal Housing Administration would be in a position to continue without interruptions its operations under title VI of the National Housing Act until March 31, 1948, when, in the absence of further action by the Congress, the authority would expire.

ENTRANCE INTO THE UNITED STATES OF CERTAIN NONQUOTA IMMIGRANTS

Mr. KNOWLAND. Mr. President, during the recent trip that I made to Europe, there came to my notice a number of cases of people in the armed services, officers, enlisted men, and their wives, who themselves were childless couples, and who desired to adopt orphans, overseas. I found that the laws as they now exist present a barrier to those people, which prevents their bringing into this country orphans whom they desire to adopt. I introduce for appropriate reference a bill which would permit those who adopt children under 8 years of age to bring them in as non-quota immigrants.

The bill (S. 1764) to enable certain adopted children of United States citizens to enter the United States as non-quota immigrants and to become naturalized, introduced by Mr. KNOWLAND, was received, read twice by its title, and referred to the Committee on the Judiciary.

AMENDMENT OF SOCIAL SECURITY ACT

Mr. MORSE. Mr. President, I introduce for appropriate reference a bill to amend the Social Security Act, and I ask unanimous consent that the bill, together with a brief press statement by me in connection therewith, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred, and, without objection, the bill together with the statement of the Sen-

ator from Oregon will be printed in the RECORD.

There being no objection, the bill (S. 1768) to amend the Social Security Act, as amended, so as to permit agricultural and domestic employees and employees of State and local governments to obtain coverage under title II of such act, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That (a) subparagraphs (1) and (2) of section 209 (b) of the Social Security Act, as amended, are amended to read as follows:

"(1) Agricultural labor (as defined in subsection (1) of this section), unless the individual performing such labor shall have given notice with respect thereto as provided in section 211;

"(2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, unless the individual performing such service shall have given notice with respect thereto as provided in section 211;"

(b) Subparagraph (7) of such section is amended by adding, after the semicolon at the end thereof, the following: "unless (A) such service is performed in the employ of a State, or any political subdivision or instrumentality thereof, which has granted its consent to the imposition of such tax, and (B) the individual performing such service shall have given notice with respect thereto as provided in section 212;"

SEC. 2. Title II of such act is amended by adding the following new sections:

"OPTIONAL COVERAGE OF EMPLOYEES PERFORMING AGRICULTURAL LABOR OR DOMESTIC SERVICE

"SEC. 211. Any individual who performs for the person employing him any service described in subparagraph (1) or subparagraph (2) of section 209 (b), and who desires to secure the benefits of this title, may give notice of such desire to such person and to the Administrator in such form and at such time or times as the Administrator shall prescribe.

"OPTIONAL COVERAGE OF STATE AND LOCAL PUBLIC EMPLOYEES

"SEC. 212. Any individual who performs service in the employ of a State which shall have consented to the imposition of the tax imposed by section 1410 of the Internal Revenue Code, or in the employ of any political subdivision or instrumentality of such State, and who desires to secure the benefits of this title, may give notice of such desire to the State, political subdivision, or instrumentality, and to the Administrator, in such form and at such times or times as the Administrator shall prescribe."

SEC. 3. ((a) Subparagraphs (1) and (2) of section 1426 (b) of the Federal Insurance Contributions Act (section 1426 (b) of the Internal Revenue Code) are amended to read as follows:

"(1) Agricultural labor (as defined in subsection (h) of this section), unless the individual performing such labor shall have given notice with respect thereto as provided in section 211 of the Social Security Act, as amended.

"(2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, unless the individual performing such service shall have given notice with respect thereto as provided in section 211 of the Social Security Act, as amended."

(b) Subparagraph (7) of such section is amended by adding, after the semicolon at the end thereof, the following: "unless (A) such service is performed in the employ of a State, or any political subdivision or instrumentality thereof, which has granted its consent to the imposition of such tax, and

(B) the individual performing such service shall have given notice with respect thereto as provided in section 212 of the Social Security Act."

SEC. 4. The amendments made by this act shall take effect on the first day of the first calendar quarter following the date of its enactment.

The statement presented by Mr. MORSE was ordered to be printed in the RECORD, as follows:

The bill which I am introducing today will bring under the Social Security Act domestic and agricultural workers and employees of States and municipalities. In my opinion the present social-security set-up is very unfair in that it violates what I consider to be a basic American principle of justice, namely that of equality of treatment under the law. I think it is unjust in the field of social legislation to have American taxpayers' dollars used for the social benefit of some of our people and at the same time have the same benefits denied the other groups of citizens whose needs are identical.

In my legislation I have sought to apply the principle of making it optional on the part of those groups to be covered under social-security law by giving them the right to elect to come within the program. I think the principle of election provided for in my legislation is a complete answer to those who are opposed to compulsory advantages of the social-security coverage. Such opponents of social security cannot very well deny, at least fairly deny, the right to the various groups included in this legislation to equal protection under the social-security law or to the opportunity to elect to come under the benefits of the law if they so desire.

Further I believe that the amendments which I am offering can be considered only as a stopgap intended to correct some of the most glaring inadequacies of the present law pending a complete overhauling and revision of the law to eliminate all of its discriminatory features.

The amounts of money involved in my legislation are on a comparable rate with other benefits under the social-security law as it is presently written. In my opinion when the major revision of the social-security system is undertaken by the Congress there should be a general upward adjustment of the rates, because if we are to have a social-security system that really gives protection to people at the time of old age or disability, it should provide for benefits and amounts sufficient to maintain the beneficiaries in health and decency.

AMENDMENT OF NATIONAL HOUSING ACT

Mr. TOBEY. Mr. President, I introduce for appropriate reference a bill to amend the National Housing Act, as amended. I call attention to the rather unique fact that this bill is signed and endorsed by every member of the Banking and Currency Committee, of both political parties, which to my mind suggests the scriptural comment, "Behold, how good and how pleasant it is for brethren to dwell together in unity!"

The bill (S. 1770) to amend the National Housing Act, as amended, introduced by Mr. TOBEY (for himself, Mr. BUCK, Mr. CAPEHART, Mr. FLANDERS, Mr. CAIN, Mr. BRICKER, Mr. MCCARTHY, Mr. WAGNER, Mr. MAYBANK, Mr. TAYLOR, Mr. FULBRIGHT, Mr. ROBERTSON of Virginia, and Mr. SPARKMAN) was received, read twice by its title, and referred to the Committee on Banking and Currency.

FREE POSTAGE FOR CERTAIN PARCELS MAILED TO FOREIGN COUNTRIES

Mr. BUTLER. Mr. President, early today the Senator from Minnesota [Mr. THYE] introduced for himself and me, jointly, Senate bill 1760, to provide free postage for gift packages of food and clothing mailed to certain foreign countries. I should like to make the request that the bill together with a short statement in connection therewith prepared by me may be printed in the body of the RECORD.

There being no objection, the bill and statement were ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That, subject to such rules and regulations as the Postmaster General may prescribe, a package containing food or clothing, intended as a gift for relief purposes and not for resale, may be sent by parcel post free of postage for delivery in a foreign country if—

(a) such package is addressed to (1) an individual, or (2) an organization (not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual) which is engaged in the relief of economic distress in such foreign country;

(b) such foreign country has received or is eligible to receive, during the fiscal year in which such package is mailed, funds appropriated by act of Congress for the relief of economic distress in, or for the rehabilitation of, such country.

SEC. 2. The Postmaster General shall, at the close of each quarter of each fiscal year, submit to the department, agency, or instrumentality of the Government of the United States charged with the duty of administering relief in foreign countries the cost to the Post Office Department of transmitting during such quarter packages of food and clothing under the first section of this act. The Post Office Department shall thereupon be reimbursed by such department, agency, or instrumentality for such cost out of any funds available to such department, agency, or instrumentality for the relief of economic distress in, or for rehabilitation of, foreign countries.

STATEMENT BY SENATOR HUGH BUTLER, OF NEBRASKA, UPON INTRODUCTION OF A BILL TO PROVIDE FREE POSTAGE FOR GIFT PACKAGES OF FOOD AND CLOTHING MAILED TO CERTAIN FOREIGN COUNTRIES

Mr. President, the bill introduced today by the Senator from Minnesota [Mr. THYE], in his own and my behalf, is intended to stimulate the flow of private charity from this country to foreign countries to which our Government has been extending relief.

The bill is very simple, and simply provides that any gift packages to be sent to such countries may be sent by parcel post, free of postage.

For several years now, we have been appropriating gigantic sums to relieve starvation and distress in many countries all around the world. Right now, we are faced with the question of appropriating additional large sums for this same purpose.

Although I have voted for some of these appropriations in the past, I must confess that I have done so with profound misgivings. My experience with relief on a governmental level is that it is usually wasteful and overexpensive, and that in many cases the relief supplies do not go to those in greatest need but may be diverted to political purposes. UNRRA is the most notorious case of that—with which we are all familiar.

For that reason, I have always preferred that charity be handled by private individuals or organizations wherever possible. I

believe in charity where it is needed. Individual charity benefits the giver in a way that governmental charity does not.

For that reason, I hope that charity on an individual basis will be stimulated by this bill. Thousands of the good people of my State and other States, during recent years, have been active in securing supplies of old clothing, stocks of food, and the like, and sending them to relatives, acquaintances, or organizations in these foreign countries. In some cases, these good people cannot afford anything but the time and energy devoted to collecting and wrapping up the food and clothing they can secure from their neighbors, but there is always the item of postage to be paid by someone. For an individual who does a good deal of this work systematically, the postage can amount to a rather large expense. I believe that activities like this should be encouraged by relieving them of this expense. The value of the relief supplies shipped through these channels is, of course, many, many times the slight item of postage. As a matter of fact, the Post Office Department would not be put to any expense by this bill as drafted, since the bill provides that the Post Office shall be reimbursed out of the funds elsewhere appropriated for relief.

EUROPEAN AID PROGRAM

Mr. CONNALLY. Mr. President, on behalf of the Senator from Michigan [Mr. VANDENBERG] and myself, I reintroduce the interim-aid bill with the amendments, which the committee has adopted, incorporated in it, so that it can be a clean bill, without any necessity for considering amendments, unless amendments are offered from the floor.

The bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, introduced by Mr. CONNALLY (for himself and Mr. VANDENBERG), was received, read twice by its title, and referred to the Committee on Foreign Relations.

Mr. CONNALLY. Mr. President, as I understand; permission has already been granted to file the report on the emergency-relief bill.

The PRESIDENT pro tempore. Yes; permission has been granted.

Mr. CONNALLY. In the case of this particular measure would it be necessary to obtain such permission?

The PRESIDENT pro tempore. No, the Chair thinks the order is complete, and that the committee has the privilege of filing any bill and report during the adjournment that it wishes to.

Mr. CONNALLY. Very well. Otherwise, I would request unanimous consent for that purpose.

CERTAIN FUNERAL EXPENSES OF THE LATE SENATOR BILBO

Mr. EASTLAND submitted the following resolution (S. Res. 166), which was referred to the Committee on Rules and Administration:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the Committee appointed by the President pro tempore in arranging for and attending the funeral of Hon. Theodore G. Bilbo, late a Senator from the State of Mississippi, on vouchers to be approved by the Committee on Rules and Administration.

House of Representatives

THURSDAY, NOVEMBER 20, 1947

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou whose mercy flows in unresting silence, we pray Thee to direct us ere we undertake the duties of another day. Help our spirits to seek Thy guidance; keep us true because of those who love us; true because of those who trust us; and true because of those who care. Undaunted in the presence of these troubled times, let not Thy servants fail Thee; help us to be brave where courage is needed and strong when sacrifice is demanded. O lead us on into the adventure of compelling faith, that in Thee we may find the secret of peace and spiritual progress.

We pray in our Master's holy name. Amen.

THE JOURNAL

The Journal of the proceedings of Tuesday, November 18, 1947, was read and approved.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SPECIAL ORDERS VACATED

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that the special order I had for today be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent that the special order I had for today be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

THE MARSHALL PLAN

Mr. SMITH of Ohio. Mr. Speaker, the Marshall plan is but a new name for lend-lease.

Communist Russia converted lend-lease into a two-edged sword. She used one edge to defend herself—and herself alone—against the German war machine. The other she used to mangle liberty and freedom of contract in other

parts of the world, particularly in the United States.

Here, with the cooperation and encouragement of New Dealism, which is itself collectivistic, she was amazingly successful in utilizing the lend-lease program to honeycomb and infiltrate the economy and what we call government with the toxin of communism. Except for the favorable climate provided by New Dealism, Stalin's plants which lend-lease made possible could not have taken root in this country.

In the interest of fairness and understanding, it must be said that neither the starting nor developing of New Dealism is solely attributable to any particular political party.

EXTENSION OF REMARKS

Mr. COLE of New York asked and was granted permission to extend his remarks in the RECORD and include an address by Mr. Lilienthal.

Mr. BOGGS of Delaware asked and was granted permission to extend his remarks in the RECORD and include a radio broadcast.

Mr. MEYER asked and was granted permission to extend his remarks in the Appendix and include a report of a grassroots tour of his district which he recently made.

SPECIAL ORDER GRANTED

Mrs. ST. GEORGE. Mr. Speaker, I ask unanimous consent that after the other special orders today I may address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

EUROPEAN RELIEF

Mr. STEVENSON. Mr. Speaker, the Foreign Relations Committee of the other body has unanimously voted out the so-called stopgap aid bill for Europe to the tune of approximately \$600,000,000 with the window-dressing preamble that it is for the immediate shipment of food, fuel, and "other commodities" to Italy, France, and Austria.

Yes; "other commodities"—there is the rub. The bill provides that oil shall be shipped over there, and as much oil as possible must be purchased outside the United States. I wonder just how much oil the hungry people of Europe will be

able to digest. It is about time that the people on the inside of foreign relations should explain to Congress whether they really mean to feed the hungry or whether the "other commodities" mentioned in the bill will comprise the major portion of the \$600,000,000 in the form of heavy machinery, automobiles, locomotives, and steel in addition to oil.

There are a lot of hungry people in this country who need help. There are postal workers in Wisconsin whose wives have to take jobs as clerks to keep the wolf away from the door. Postal workers themselves have to seek outside employment, such as driving taxicabs, working in restaurants, setting up pins in bowling alleys. School teachers who educate our children are paid an average of less than \$40 a week. Men and women workers who are retired and are enjoying the fruits of social security are receiving an average of only \$4.60 per week. And the way we take care of our blind is nothing to be proud of.

Thousands of our elder citizens are looking through the portals of the poorhouse because they are paid less than an average of \$35 a month old-age assistance from the great Government of this country that now proposes to dish out billions of dollars for foreign relief. My colleagues, I appeal to you: When are you going to wake up to the fact that there are millions of Americans who also deserve the fruits of American largess, who are hungry, and who will be cold this winter?

The SPEAKER. The time of the gentleman from Wisconsin has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. REES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

DISMISSALS FROM WAR DEPARTMENT ON ACCOUNT OF DISLOYAL CONNECTIONS

Mr. REES. Mr. Speaker, my attention has just been directed to a statement issued by Kenneth D. Johnson, special assistant to Secretary of the Army Royall, wherein he states that since 1942 there have been 55 dismissals of employees because of disloyal connections. He says that 9 of these were dismissed since the adjournment of Congress last summer.

This is a far different story from the one given our committee last summer when we requested that all agencies of government furnish information as to the number of Federal employees who were removed from Federal service because of loyalty reasons. On July 15 our

committee was furnished with information by the War Department through the Civil Service Commission, wherein the War Department advised that 190 persons were removed from employment for loyalty reasons in one of four areas. The report further states that, based upon figures submitted by the War Department, there was a total of 793 persons removed from the Federal pay rolls during a 9-month period between July 1, 1946, and March 31, 1947.

This is another case where the right hand does not seem to know what the left hand is doing within one of the most important agencies in our Government.

It is a further reason why the loyalty bill that has passed the House and now pending before the other body should be passed. It is disappointing to say the least that there should be such a discrepancy in the information furnished by an important agency in our Government. The least we can do is to ask the War Department for an explanation.

The SPEAKER. The time of the gentleman from Kansas has expired.

EXTENSION OF REMARKS

Mr. GOODWIN asked and was granted permission to extend his remarks in the RECORD and include an editorial.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I have asked for this time after consultation with the Speaker and the minority leader to announce the plans for next week.

We will meet on Monday and Tuesday. Citations from the Committee on Un-American Activities, I understand, being privileged, are to be called up on Monday.

On Tuesday we hope to determine what may be ready for floor action, if anything, for the balance of the week. If there is nothing ready for floor action next week—and I might suggest, without making any definite commitment about it, that at the moment it seems fairly probable there will not be—it would be our purpose to adjourn from Tuesday until Friday, with the understanding there would be nothing of any controversial nature on Friday.

Of course the program for the latter part of the week, as I have stated, is dependent upon the progress made in the committees, and as to that I will be prepared to make an announcement on Tuesday next.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. HOFFMAN. I understood that there was to come up a resolution introduced by the gentleman from Ohio [Mr. BROWN]. Will that be taken up in the first part of the week?

Mr. HALLECK. I am not familiar with that resolution.

Mr. HOFFMAN. It has to do with the amendment of the act which created the Commission.

Mr. HALLECK. That has not been called to my attention. I know nothing about it.

The SPEAKER. The time of the gentleman from Indiana has expired.

EXTENSION OF REMARKS

Mr. JENNINGS asked and was given permission to extend his remarks in the Appendix of the RECORD.

SPECIAL ORDER GRANTED

Mr. BUFFETT. Mr. Speaker, I ask unanimous consent that on Friday of next week I may address the House for 30 minutes following the business for the day and any other special orders heretofore entered for that day.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

THE LATE HON. CARROLL LINWOOD BEEDY

Mr. HALE. Mr. Speaker, it is my sad duty to speak to the House at this time of the death on August 30 last of the Honorable Carroll Linwood Beedy, of Maine, who represented from the Sixty-seventh through the Seventy-third Congress—1921-34—the First Maine District, which I now have the honor to represent.

Carroll Beedy was born in Phillips, Maine, August 3, 1880, son of Clarence Edgar and Myra Mildred (Page) Beedy. He was graduated from Lewiston High School in 1899, from Bates College in 1902, and from Yale Law School in 1906. He practiced law in Portland from the time of his graduation from law school until his election to Congress, serving for 4 years as county attorney.

Beedy won his seat in the House in 1920 over four opponents, all of whom had had more political experience than he. He won because he made the most industrious and painstaking campaign. Industry distinguished him in his whole political and professional career. He was also known far and wide as a brilliant speaker. While in Congress his services as a speaker were sought all over the country.

Beedy served on the House Committees on Insular Affairs, Banking and Currency, and Expenditures in the Executive Departments. He was also chairman of one of the election committees.

In the Seventy-second Congress, when the House had fallen into the control of the Democrats, Beedy was frequently a leading spokesman for the Hoover administration. Some of his speeches at this time drew Nation-wide attention. He was fervent in his loyalty to his party, but he was not always fervent in support of the Tilson leadership.

Beedy was an ardent "dry." Nobody could doubt the sincerity of his conviction. He was a teetotaler who honestly believed that constitutional prohibition was the true solution of the liquor problem. He incurred considerable political unpopularity on this account and also by voting for the soldiers' bonus legislation. He survived this unpopularity but finally succumbed to the Democratic landslide in the New Deal election of 1934.

After his retirement from the House he entered the practice of law in Washington, but he always hoped that he could return to spend the closing years of his life in his native State. He won distinction at the District of Columbia bar, where he had a remunerative practice, appeared in many important cases, and won high esteem. In the course of his practice he served as counsel for a period in 1944 to a subcommittee of the Senate Committee on Agriculture. Two years later he served 6 months with the Veterans' Administration. It was as a lawyer rather than as a legislator that he would prefer to be remembered, but his quality was the same wherever it was exercised.

Two years or so before his death he was attacked by the malignant disease which finally overcame him. I saw him somewhat frequently in these years when he was constantly undergoing surgical operations which must have been profoundly discouraging to him, besides causing him great physical pain and distress. I have never seen anything more remarkable than Beedy's courage and determination. As one friend of his said about him in these last days, "Death was in his face, but he still talked gaily about getting well."

Mr. Beedy represented the First Maine District longer than it had been represented by any single man since the days of Speaker Thomas B. Reed. He will certainly have a very high place in the long roster of the Members of this House from Maine. Although he did not spend his last days in Maine, his death deprived the State of one of its most gifted citizens and ablest public servants. I cannot forbear to express my personal sorrow at this parting with a warm friend and a very gallant personality.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. HALE. I am glad to yield to the distinguished gentleman from Mississippi.

Mr. RANKIN. Members on this side of the House who served with Mr. Beedy certainly join the gentleman from Maine in these expressions of regrets at his untimely passing away.

Carroll Beedy and I came to the House at the same time. We served through the stormy years that followed; and I want to say that in my opinion I have never seen a more honest, a more courageous, or a more patriotic American than Carroll Beedy, of Maine.

Mr. HALE. I thank the gentleman from Mississippi.

Mr. COX. Mr. Speaker, will the gentleman yield?

around him with awe and give him the force and authority of a prophet.

He is beloved by the majority of the citizens of Louisiana; he has the respect and esteem of all who know him, and his honesty, character, and honor are above reproach.

Mr. Speaker, I could write volumes about the distinguished gentleman from Louisiana, but I know that he is too well known to require any expressions from me in respect to his veracity, character, wisdom, and love for his State and his country, and I hope that he will have many more years of life and service to his people, who love and respect him so much.

EXTENSION OF REMARKS

Mr. BONNER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article by I. Beverly Lake. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$177.50, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. RAMEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article from the American Bar Association of August. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$236.67, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. LARCADE asked and was given permission to extend his remarks in the RECORD immediately following the remarks of the gentleman from Louisiana [Mr. DOMENGEAUX].

PERMISSION TO ADDRESS THE HOUSE

Mr. BOGGS of Louisiana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

INSERTIONS IN THE CONGRESSIONAL RECORD

Mr. BOGGS of Louisiana. Mr. Speaker, I concur wholeheartedly in the remarks made a moment ago by my distinguished friends and colleagues from Louisiana [Mr. DOMENGEAUX and Mr. LARCADE]. The insertion placed in the CONGRESSIONAL RECORD of November 18 by my colleague [Mr. MORRISON] was intemperate, in bad taste, and uncalled for. The reflections contained therein upon one of the ablest citizens of the State of Louisiana do not represent the sentiment of the people of Louisiana, as has been attested time and time again by the large majorities by which they have elected

him. He is most able. He is greatly respected. He is extremely effective. His honor and good name are known throughout America. I am proud to number him among my friends.

EXTENSION OF REMARKS

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD and insert a speech.

Mr. DEANE asked and was given permission to extend his remarks in the RECORD and include a speech by Secretary Marshall.

PERMISSION TO ADDRESS THE HOUSE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

[Mr. PASSMAN addressed the House. His remarks will appear hereafter in the Appendix.]

SPECIAL ORDER GRANTED

Mr. LODGE. Mr. Speaker, I ask unanimous consent that on Tuesday next after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may address the House for 1 hour.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ALLEN of Louisiana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

INSERTIONS IN CONGRESSIONAL RECORD

Mr. ALLEN of Louisiana. Mr. Speaker, the gentleman who was attacked in the RECORD by one of my colleagues from Louisiana was an able Member of this House some years ago and hailed from the district which I now have the honor to represent. He is my constituent. He is honored in the State of Louisiana and is now an able Member of another body. If the resolution just referred to is offered on Monday, as I understand it will be, I will support it.

SPECIAL ORDER GRANTED

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on Friday next after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

INSERTIONS IN THE CONGRESSIONAL RECORD

Mr. RANKIN. Mr. Speaker, I want it distinctly understood that I am not running for office in Louisiana, and I do not propose to get mixed up in any Louisiana contest, but my attention has been called to both of these articles—one inserted at the other end of the Capitol attacking the gentleman from Louisiana [Mr. MORRISON], and the reply of the gentleman from Louisiana [Mr. MORRISON]—which has been referred to here several times.

Both of these articles violate the rules of comity between the two Houses.

I would suggest that the best thing to do would be to ask these two gentlemen to withdraw these untimely remarks from the RECORD and let the two Houses proceed with legislative matters.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. RICH] is recognized for 15 minutes.

(Mr. RICH asked and was given permission to revise and extend his remarks and include some excerpts.)

Mr. RICH. Mr. Speaker, to pass laws that will be of great benefit to our Nation is commendable.

To pass a law in a hurry unless we know it is good legislation is unwise.

Class legislation certainly is deplorable. Moral legislation by force is unthinkable.

Legislation that will break down our private initiative is foolish.

For us to pass legislation that is for the good of all our people and others is laudable.

To pay as we go from now on is absolutely necessary.

To pass laws requiring great sums of money on top of our already overburdened national debt of \$260,000,000,000 and the great annual national budget, without knowing where you are going to get the money, spells bankruptcy and disaster.

So I make the plea to Congress to stop, look, and listen before enacting legislation at this special session.

First, what are the conditions in our own country?

Second, after giving our own country prior consideration, we will take up the second consideration of looking after the rest of the world.

Are all people in America nourished and happy? Well, after 5 weeks with our eastern price subcommittee, trying to find an answer to why we have high prices, I would say many people are worried because of low incomes and their inability to purchase the necessities of life because of existing high prices. Agriculture commodities are at an all-time high in production and in price. Manufactured production is at an all-time high, with many high prices. In the foodstuff class, the chief resistance to increased prices is shown in canned goods, such as orange and grapefruit juice, canned corn, beans, peas, tomatoes, and so forth. Meats, eggs, butter, milk, and so forth, are all too high, as well as clothing and coal, steel, lumber, wheat, corn, and machinery. Why? Because the demand is so great. And where is this greatest

demand for our products? Why, outside our own country, of course. The demand abroad is swamping our supply at home. Production is high in this country, but the domestic and foreign demand is even greater, and the more the supply falls short of the demand in Europe the higher prices will rise in the United States.

In this country we have found out in the past 15 years that the more you do for some people the more they expect—yes, the more they request; yes, the more they demand. The way to spoil people is to do for them what they should do for themselves. Therefore, our own country having been plunged into a gigantic debt without any rhyme or reason, to the tune of over \$260,000,000,000 and more, must now engage itself in trying to pay off this monster and free ourselves of its burden. The interest charge alone on this debt amounts to about \$5,000,000,000 annually. It will require at least 80 good years to pay off the ruthless spending of the past 15 years.

To aid foreign countries our country gave over \$58,000,000,000 in UNRRA, lend-lease, and outright gifts. Since the termination of World War II we have given over \$15,300,000, or a per capita debt to our people of \$376.32 for every family of four people. Therefore, as of September 30, 1947, we have a per capita debt of \$1,798.16 on every man and woman, boy and girl in the United States. Does that not make you shudder to think of it? Are you ready to pay your share now? How many of our people could? Now, in addition, are we as a nation able to take on the responsibilities of the whole world? How far can we go in extending aid financially to other nations? Where is our breaking point? Do you want our country to go into bankruptcy?

These questions are serious and call for our every consideration. I think the United States of America is in a very, very critical condition. It will require the best brains and business ability to pull us out of our plight. Therefore it is most essential that we be careful of our commitments to others until we get our own house in order. We cannot afford to commit ourselves for more than 1 year in advance to any nation or nations.

Here is what Sam Pettengill, former Democratic Member of Congress, says about our aid to foreign countries, and I quote:

How much help has Uncle Sam given to foreign countries?

Since the beginning of the war it has amounted, net, to \$58,206,741,335.

But as no one knows what a billion dollars is, much less fifty-eight billion, let's measure this by yardsticks we know something about.

At \$8,000 per house this gigantic sum would build over 7,000,000 homes.

It is \$3,000,000,000 more than the total purchases in all our retail stores in the year we entered the war.

It is \$10,000,000,000 more than the total assets of all our life insurance companies—the backlog of security for 65,000,000 insurance policyholders.

It is \$6,000,000,000 more than the net worth of all our business companies. These assets are the backlog for jobs for nearly all of us—manufacturing, mining, railroading, merchandising, shipping, etc.

It is 23 times as much as we spend on the education of all children in our public schools.

It is almost three times as much as all our farmers and cattlemen received for their cattle, crops, poultry, etc., in our biggest farm income year.

It is five times the value of all farm buildings, houses and barns in the United States. Hence, if all our farm buildings were completely destroyed by five successive fires, it would rebuild them five times.

It is two and one-half times the value of all our farm lands.

It is \$15,000,000,000 more than the total national income of all our people in 1933.

It is 29 times as much as all our old and sick people received in social security payments the year we entered the war.

It is \$10,000,000,000 more than the total wages and salaries paid in America the year the war broke out in Europe.

It is 14 times the amount of all business profits that same year.

It is 11 times the value of all United States exports to foreign countries in 1929, the peak export year before the war.

It is \$6,000,000,000 more than the total spent to run the Federal Government during the first 7 years of Mr. Roosevelt's administration.

Consider these facts, Mr. Vishinsky, Deputy Foreign Secretary of the Soviets, and then tell us that we entered this war to make money.

Of this huge total, how much went to Russia in lend-lease, direct loans, and UNRRA relief?

The answer is \$11,681,393,782.

How much is that by some yardstick we can understand?

Well, it is almost 11 times the value of our cotton crop in 1945; 10 times the value of our wheat crop; almost 8 times the value of all hard and soft coal dug in 1945; and 6 times the value of all gold, silver, iron, copper, lead, zinc, and other metals mined that year.

Mr. Vishinsky, you can tell your people, behind your iron curtain of censorship, that we went into the war to make money. But you can't make our taxpayers believe your story.

They still have to pay all those eleven billions of American aid to your country.

It is part of their debt.

And, besides, don't you forget this. We depleted our coal, petroleum, iron and timber reserves in this process.

In the wheat we sent abroad were millions of tons of our fertile soil.

We sent your country \$11,297,883,000 of the real wealth of the United States.

Comparative statement of the public debt, as of Oct. 31, 1947

Public debt, Oct. 31, 1947	\$259,071,042,154
Interest rate on public debt:	
Average on total debt	2.129
Average on short-term securities	.932
Average on long-term securities	2.474
Reduction of public debt since high of Feb. 28, 1946	20,693,327,194

Period	Amount	Per capita	Interest paid on public debt	
			Fiscal year	Amount
WORLD WAR I				
Prewar (Mar. 31, 1917)-----	\$1,282,044,346	\$12.36	1917	\$23,232,376
War debt, highest (Aug. 31, 1919)-----	26,596,701,648	250.18	1920	1,020,251,623
Postwar, lowest (Dec. 31, 1930)-----	16,026,087,087	129.66	1931	611,559,705
WORLD WAR II				
Debt before defense program (June 30, 1940)-----	48,499,935,184	367.73	1940	1,040,935,697
Pre-Pearl Harbor (Nov. 30, 1941)-----	61,363,867,932	459.69	1942	1,260,085,336
War debt, highest (Feb. 28, 1946)-----	279,764,369,348	1,989.76	1946	4,721,957,683
Public debt (June 30, 1946)-----	269,898,484,032	1,911.14	1946	4,721,957,683
Public debt (June 30, 1947)-----	258,375,903,293	1,795.62	1947	4,957,922,484

In reverse lend-lease you gave us back \$2,219,000. Or \$1 for every \$5,310 we sent you.

While we were doing this, your country has seized 274,000 square miles of other people's land—eight times the size of Indiana—with 24,355,000 people.

Stop calling us greedy.

The President knows this country is in precarious shape, so with the aid of Congress he has had the following investigations made this year:

We have had the so-called Anderson report—by a Cabinet Committee on Food Problems—made public on September 26, when the Citizens Food Committee was appointed.

We have had the so-called Krug report on World Needs and United States Capacities, made public on October 19.

We have had the so-called Nourse report—by the President's Council of Economic Advisers—published on November 9.

Other reports submitted to Mr. Truman or to Congress have been the Wedemeyer Report on China—for some mysterious reason never made public—the Additional Report of the Joint Committee on Reduction of Nonessential Federal Expenditures, Congress of the United States; the report of the Emergency Economic Commission for Europe; the report on the Luckman operation; and now at last, the voluminous Harriman report.

Besides the above, Congress authorized the so-called Herter committee composed of 19 Members of the House, who traveled over Europe studying conditions and have made seven reports for us to digest. In addition, the Foreign Affairs Committee had at least five subcommittees traveling in Europe this summer; the Appropriations Committees of the House and Senate sent subcommittees to Europe; also the Interstate and Foreign Commerce Committee; and others. We will hear many reasons why we should do varied things for other countries, but in doing so let us not overlook our own country and the help our own people need.

At this point permit me to insert in the RECORD a comparative statement of the public debt as of October 31, 1947, issued by the Senate Committee on Expenditures in the Executive Departments:

Now how many of you Members of Congress want to obligate your constituents for billions more to foreign countries? How many feel that you can saddle a greater debt around their necks? How many think we owe others a greater responsibility than we owe our own people? Think, think, think before we plunge this country deeper into debt; think of the consequences. There is not one of us who is not willing to aid the starving, but why cannot we do it through our church organizations, the Red Cross, Salvation Army, Friendship Trains, and through our gifts of food and clothing. One dollar spent that way will do the work of 20 Government dollars, where there is a 30-percent overhead, besides great inefficiency and extravagance—and, yes, graft.

The foreign diplomats have and are even now outdiplomatizing us. They manage to get things for themselves at our expense.

Why must the United States do it all? Where is the United Nations? Where is the World Bank, set up by the Bretton Woods Agreements at the greatest expense to this country? Why does it not function?

We were told that all the world's difficulties would be solved if we would get behind the Bretton Woods agreement and set up new instruments to provide the various nations with facilities to stabilize their currencies and provide sound credits. So we went into the proposition wholeheartedly. We subscribed and paid \$2,750,000,000 to the International Monetary Fund.

Our subscription to the International Bank for Reconstruction and Development was in the amount of \$3,175,000,000. We have not actually paid in the full amount of our subscription, but as of September 30, 1947, we had paid in \$635,000,000. The monetary fund has not operated to halt inflation, and the bank has operated at a loss for the period ending June 30, 1947, of \$1,063,805.37.

When neither the fund nor the bank cured the ills of the United Kingdom, we were then told that a loan of \$3,750,000,000 to Great Britain would solve all her problems, increase our trade, and help halt the disintegration of western Europe.

All of these remedies apparently have failed, and now we are about to continue our international enterprises by putting international charity on a compulsory basis for the millions of overtaxed Americans who already have the burden of liquidating a \$260,000,000,000 national debt upon their shoulders. Mr. Speaker, it is only fair to ask how long can we continue on the road to ruin? Where are we going to get the money?

We are not the only people who can help rehabilitate Europe. It is not our job alone. Let the other nations of the world have a part. According to Dunn's Review for October 1947, industrial production in the listed countries is at the following production:

	Percent
Norway.....	123
Denmark.....	100
Belgium.....	99

	Percent
Poland.....	97
France.....	93
Netherlands.....	90
Germany:	
American zone.....	46
British zone.....	33
Japan.....	41

Give these and other countries a little more time and they will all be 100 percent or better. Then watch them send their merchandise to America, at their low-wage scale and a State Department reduced tariff. I give you 5 years in which to see them with their low-wage scale undermine our own economy, disrupt our markets, and sell goods for less in America to get dollars; and our mills will slow down, our employees will be out of work. Then, with our great national debt, what will happen to us? Do you think Europe will come to our aid?

America, wake up. Look after our own people. Do not be outdiplomatized. Do not let hysteria about communism abroad dull us to the danger in our own midst. Keep America strong; keep America solvent; else we will be no good to ourselves or to anybody else. Weaken ourselves and we are gone.

Why make loans or gifts to foreign countries without some obligation to repay in future years? We did not do business that way before the New Deal came into being, and it worked out and we were sound. It is time now to return to a sound business basis with all peoples and nations. Do it now before it is too late.

Why try to tell foreign peoples what kind of a government they should have, and whom they should elect. Look at Britain with her Labor government. How well have they succeeded working coal mines 27 hours a week, and also striking. The result—no coal; industries down; the country in bad shape. Now it is proposed that our miners work 40 hours or more and furnish coal to Britain. Nonsense I say. Why should we furnish a ton of coal or the money to buy coal or the money to buy coal mines for socializing Britain? I am not for that in America and why should we be for it in Britain?

Did you read the article in the Washington Sunday Star, November 16, by Raymond P. Brandt, chief of the St. Louis Post-Dispatch? Brandt was a Rhodes scholar. Recently he spent several weeks in Europe. He says: "Britain does not regard the United States as indispensable." I think he is right. So why should we do our utmost to socialize her. Nor do I consider that Britain is indispensable to America. She will do business with us only when she can do it to her advantage, or else "pull our leg" for a billion or four. The United States should do business with any and all nations when it is a mutually agreed business deal. If we think any foreign government is going to turn to us just because we are the United States, we are dreaming. We can be fair, honest, and just to all people, just as we should be to our own people.

So wake up, America. Wake up, Members of Congress, before it is too late. Wake up before we sell ourselves down

the river. A strong America is an inspiration to the world and to ourselves. A weak America is a disaster to the world and ourselves.

—Be wise and economize.

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Ohio.

Mr. BENDER. The gentleman knows that in Britain the miners are working approximately 27 hours a week.

Mr. RICH. And we are shipping 2,000,000 tons of coal over there to keep them from getting cold and starving to death when they do not know enough to try to help themselves. I say shame on the English coal miners. We are giving the British money to socialize their Government in billions of dollars. I would not give them a penny to socialize their Government any more than I would give a penny to socialize our own Government. I would do everything in my power to keep that from being done, yet we do the things for them we would not think of doing over here. Why, I ask?

Mr. ROBSION. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Kentucky.

Mr. ROBSION. Of course, the gentleman spoke about the miners over there working only 27 hours a week. One of the troubles has been that they have not been working at all. A great many of them went on strike. In France they quit work at 11:30 on Saturday and began work again on the following Tuesday. Now they are on strike all over the country.

Mr. RICH. That is what I am complaining about. In our own country we need to work more hours; we need to produce more to take care of ourselves. We will send the surplus over there to take care of the starving and we can take care of the starving over there, but we cannot set about running all the countries of the world and financing them to the tune of billions of dollars and expect the taxpayers of America to pay the bill. Oh, let the American people and the American Congress wake up ere it is too late. A bankrupt America is no good to anybody, let alone ourselves.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

SPECIAL ORDER GRANTED

Mr. SHORT. Mr. Speaker, I ask unanimous consent that on Tuesday next, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 75 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

EXTENSION OF REMARKS

Mr. POULSON asked and was given permission to extend his remarks in the RECORD and include two editorials.

Mr. HORAN asked and was given permission to extend his remarks in the RECORD in two instances and to include in each editorials.

SPECIAL ORDER GRANTED

Mr. BENDER. Mr. Speaker, I ask unanimous consent that on Tuesday next, at the conclusion of the address delivered by the gentleman from Missouri [Mr. SHORT], I may be permitted to address the House for 75 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. BENNETT of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BENNETT of Missouri. Mr. Speaker, I read in the paper this morning where some general had denounced "sinister forces" who were trying to undermine public faith in Army officers. I do not know what forces he referred to. He did not identify them. However, in all due respect, I venture to suggest that the Army itself is not doing all it can to improve the odor surrounding the Pentagon Building.

Maj. Gen. B. E. Meyers is charged by a Senate committee with astonishing irregularities in letting of Air Force contracts during the war. Some of these he let to himself at vast profit. This dollar patriot is today drawing \$550 per month from the American taxpayers, including an allotment of \$88.20, as retirement benefits. No man who has so obviously betrayed the public trust and cast discredit on the armed forces, and Truman administration, should continue to fatten his coffers from the public treasury. If the Army does not soon take action to court-martial that scoundrel I shall introduce legislation to require it.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 10 minutes.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

DESTROYING THE PEOPLE'S CONFIDENCE IN THEIR CONGRESS—SMEARING CONGRESS

Mr. HOFFMAN. Mr. Speaker, the very first amendment to the Constitution provided, among other things, that the Congress shall make no law abridging the freedom of speech or of the press.

The right to speak freely and to write freely is exercised to its fullest extent only by the people of the United States of America. Because the right is so precious, is so necessary in a people's government, it should be jealously guarded, fairly and intelligently used.

With the right goes the corresponding duty imposed alike upon individual and the press to be honest, to be truthful, for it is axiomatic that a right given by the people through a constitutional provision can be by the people, by a constitutional amendment, taken away.

It is unfortunate that some individuals and some of those who control publications apparently believe that the right

of free speech and the right to a free press automatically carries with it a denial of the right of others to freely and, so long as the truth is told, unreservedly criticize the use of the right to free speech and a free press.

The right of the publisher, of the editorial writer or the radio commentator or of a Senator or Congressman or even of the President to freely and without restraint express an opinion carries with it the right of the hearers or the readers to call attention to the inaccuracies of the so-called statements of fact, the error in the conclusion reached.

All too often, whenever an editorial is criticized, the publisher and the editor, ignoring the critic's right to free speech and a free press, seek to shut him up by an unfair, smearing attack.

My right to free speech is not to be lightly restricted. Equally true is it that your right to criticize what I may say is equally broad.

That a public official, especially a Congressman who must periodically be re-elected if he would continue in public service, invites disaster by entering into a controversy with a reporter, editor, publisher, newspaper columnist, or radio commentator is a well-recognized truism.

"Fools rush in where angels fear to tread."

When a principle has been involved caution has never been my watchword, avoidance of opposition my guardian angel. When, in my opinion, duty calls for a course of action the easy road will be passed by, and that which runs between vilification and falsehood, on the one side, and intimidation and coercion on the other, will be followed in the hope that those who listen or read may know the truth.

A CONGRESSIONAL INVESTIGATION AND A CHARGE OF CONGRESSIONAL DISLOYALTY

Recently a local paper, the Washington Star, captioned an editorial referring to a congressional investigation with the words "Disloyal Congressmen."

Inasmuch as the editorial was a comment upon the action of a congressional committee, the House is entitled to know what the committee was doing, the basis for its authority, and the truth or falsity of the Star's charge. Hence these remarks.

The House Committee on Expenditures in the Executive Departments was established on December 5, 1927. A brief statement of its duties and its powers will be given, marked "Exhibit A."

At this time it is sufficient to quote from a subsection of rule XI, found on page 13 of Public Law 601 of the Seventy-ninth Congress, which declares that—

Such committee shall have the duty of (b) studying the operation of Government activities at all levels with a view to determining its economy and efficiency.

House Resolution 118 of the Eightieth Congress further authorizes the committee, as a whole or by subcommittee—

to conduct studies and investigations of any action, rule, procedure, regulation, order, or directive taken or promulgated by any department or independent agency of the Federal Government where complaint is made to the committee, or subcommittee thereof, that such action, rule, regulation, procedure, order, or directive—

(1) is beyond the scope of the power or authority granted to such department or independent agency by Congress or by Executive order;

(2) invades the constitutional rights, privileges, or immunities of citizens of the United States;

(3) inflicts penalties for failure to comply with such rules, regulations, or directives, without affording those accused of violation an opportunity to present their defense before a fair and impartial tribunal.

Early in October complaint was made to the proper subcommittee of the Committee on Expenditures in the Executive Departments, in substance and to the effect that the Civil Service Commission had without authority expended public funds to compile and maintain a "lead" file which contained facts, gossip, rumors, falsehoods and untruths, bearing upon the views, opinions, and activities of Senators, the wives of Senators, of Congressmen, of individuals in public life who neither held nor sought an official position, who were not applicants for Federal jobs, as well as information about applicants for Federal jobs, and Federal employees.

Your humble servant, acting as chairman of the full committee and as chairman of a subcommittee, was of the opinion that the Civil Service Commission not only had the right and the power, but that it was its duty, to inquire into the background of every Federal employee, of every applicant for a Federal job.

The chairman did not believe that the Civil Service Commission had any authority to expend public funds in collecting information having to do with the views, opinions, or actions of Senators, the wives of Senators, of Congressmen, or of individuals in public life who were not Federal employees and who would not, in the ordinary course of events, become applicants for a position with the Federal Government.

It was the opinion of the chairman that it was, in the first instance, the duty of the people of the respective States to determine the fitness and the responsibility of the individuals selected as Senators; that it was the duty of the respective congressional districts to pass upon the qualifications of those who became candidates for Congress; that if after Senators and Congressmen were elected to office their qualifications were questioned, it then became the duty of the respective Houses to pass upon that issue.

The chairman recognized the fact that it is not only the right, but the duty, of the press—which should serve the public interest as well as the interests of the owners—to, when it so desires, at all times comment freely and without restraint upon the views and the actions, not only of Senators and of Congressmen, but of all public officials.

Your humble servant has no knowledge of any individual Member of either House who has ever questioned the right or the duty of the Federal Bureau of Investigation, of the Department of Justice, of State police or constabulary, of a sheriff or his deputies, or of the police of a city or village, to inquire into the conduct of a Senator or a Congressman.

has somewhere in its office information regarding Members of Congress. As a Member, I do not see why any Member of a legislative body of the Nation should mind being investigated. Without exception, each one of us campaigns vigorously for our seats, and it has become traditional in American politics that if your background cannot stand investigation, it would be very unwise to enter the political arena.

I do not know of any Congressman who is objecting to what may be in the files of the Commission, and I am inclined to doubt that any would make an objection. Most certainly, if the United States Congress has among its membership any individual who may be disloyal to his country in its traditions and its ideals, America should know about it. May I remind you, sir, that all Members of Congress take an oath to preserve, protect, and defend the Constitution of the United States, and if there are any who withhold any mental reservation to that historic oath, they should not be here in the Capitol.

I commend you for your good editorial.

Yours very truly,

JOHN McDOWELL,
Member of Congress.

My comment is that the casual reader, the average individual, reading that caption and that editorial, would be justified in assuming that the writer intended to convey the impression that there were disloyal Members in Congress, and that the Member of Congress who wrote the letter approving of the editorial was wholly unaware of the authority of the Committee, of the charge which it was investigating, and of the duty of the Civil Service Commission.

The record shows, and there is no dispute, that Federal funds were expended by the Commission for a purpose which was unauthorized; that it had collected, compiled, and indexed, and had the custody of, a file containing information which it had no authority to collect, compile or keep.

The action of the committee put a stop to an illegal expenditure of public funds; to an improper and illegal practice. To characterize such actions as being an effort on the part of those conducting the hearings to claim for themselves and their colleagues special privileges and immunities, is, in the opinion of the speaker, most unjust and unfair.

To use the caption "Disloyal Congressmen" at the top of an editorial criticizing the activities of those holding the hearings, is an indirect, if not a direct, charge that they are disloyal. The subsequent statement of the editorial writer that he had no such intention does not remedy the situation. We have heard of the place that is paved with good intentions.

To state, as does the first paragraph of the article, and I again repeat it, that "Very few people will share the reported indignation of certain Members of the House at the discovery that the names of disloyal Congressmen may have been filed away by the Civil Service Commission," is again a charge, whatever the writer may have meant or written, that there were disloyal Congressmen in Congress.

In my humble judgment, that is not only inaccurate, unfair, but tends to create a lack of confidence in the Congress; to impair its authority.

I express no criticism of the gentleman from Pennsylvania [Mr. McDOWELL] who, commenting on the editorial, wrote:

Your editorial is very good and very logical, and states the case exactly.

The right of free speech is his. The justness of his conclusion can be determined by those who read the editorial and have a knowledge of the committee's action, its authority and the results of the hearing.

A SUGGESTION TO THE CIVIL SERVICE COMMISSION

Why not, in fairness to the American public, withdraw from the file all cards carrying the names of individuals who are not either employees or applicants for positions coming under the jurisdiction of the Civil Service Commission and who, in all probability, never will apply for a Federal job?

For the information of the Congress and as bearing upon the broad, general subject of the right of congressional committees to ascertain the manner in which the funds appropriated by the Congress are being expended and the manner in which the various departments, commissions, and agencies are performing their duties, it should be stated that the members of the Commission, although admitting the Commission had no authority to spend the taxpayers' money to collect, compile, and classify information relating to Senators and Congressmen, did insist upon the Commission's right to collect such information about individuals who were not Federal employees, who had not made applications for Federal jobs. This authority, the chairman of the committee denies.

Another difference of opinion grew out of the fact that the Commission, after stating that all cards carrying information about Senators and Congressmen would be destroyed, refused to permit a representative of the Congress to examine the file to ascertain whether that promise had been carried out.

The chairman of the committee insists that, inasmuch as the Commission frankly admitted it had no knowledge as to who authorized the making of the file in the first instance, had no knowledge that it existed, had no knowledge of its contents, someone more vigilant than the Commission should supervise the removal and destruction of the objectionable information contained in it.

Put in a different way, the Chairman's position was and is this: If a file of that magnitude could be, as it was, compiled through the use of Federal funds and without the knowledge of the members of the Commission, the members of the Commission should not be trusted to see that the admittedly objectionable material is removed.

Mr. McDOWELL. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. McDOWELL. I think the gentleman should read all of the letter that I sent to the Washington Star.

Mr. HOFFMAN. I am placing it all in the RECORD.

Mr. McDOWELL. The gentleman just made the point that I made in my letter. I said nothing at all, of course, about Senators or Senators' wives or anything

of the kind. I was speaking about Congressmen. The effect of the letter was exactly this: There are 435 Members of this body, and I cannot see how any one of them would object to any sort of an investigation into his character or his loyalty. Without any reference at all to any of the present Members of either this House or the other body I would like to remind the gentleman that there have been disloyal Members of Congress in the history of the United States. I can still see no reason why any Member of Congress should object to any sort of an investigation into his own loyalty.

Mr. HOFFMAN. Will the gentleman answer me this: Does the gentleman approve of the exercise by the Civil Service Commission of investigatory powers which are not granted it?

Mr. McDOWELL. I do not.

Mr. HOFFMAN. Does the gentleman approve of the expenditure of public funds by that Commission, when it has no authority to spend them?

Mr. McDOWELL. I do not. I do not think the Civil Service Commission has any business investigating any person except those having to do with the Civil Service Commission. If I recall my letter to the Star, that point was made also. I believe I said in that letter that if they had incidentally run across something about a Member of Congress, there was no harm in that. If they are investigating Congress, I am right with the gentleman.

Mr. HOFFMAN. The point is this, that Commission has no authority to investigate Members of the Senate, Senators' wives, or Congressmen.

Mr. McDOWELL. I agree.

Mr. HOFFMAN. Or individuals who are not applicants for Federal office, and they so stated. Then, why should they spend public money in violation of the law, and when the Star came out with an editorial captioned, "Disloyal Congressmen," does the gentleman believe that the whole Congress, 435 Members, should rest silent under that sort of a charge? If there are disloyal Congressmen, then we owe it to ourselves and we owe it to our constituents to forthwith, either through the Committee on Un-American Activities, or some other committee, to investigate that charge and find out who is disloyal, and expel that individual from the House. That is my point.

What the gentleman by his letter did was to express his approval of the editorial. That editorial on its face charges that there are disloyal Congressmen. It refers not to some previous Congress, but to the present Congress.

If the gentleman desires to let his approval of that editorial stand, that is his business—not mine.

Mr. McDOWELL. If the gentleman will yield further, I do not believe the gentleman has made the point he is trying to make against the Star. The gentleman says 435 Members should say nothing. Four hundred and thirty-four Members, apparently, were not offended by it.

The answer to that statement is that it is more than probable that many of the Members of the House neither had

nor have any knowledge of the editorial nor of what the subcommittee was doing.

Moreover, many Members of the House do not care to risk the retaliation of a publisher or an editor by challenging the accuracy of his statements.

The assumption that the Members of the House who have not protested to the Star agree with the editor's statement is not only unjustified, but, in my humble opinion, absurd.

The SPEAKER. The time of the gentleman from Michigan has again expired.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended one additional minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HOFFMAN. Have you finished?

Mr. McDOWELL. Yes; I have finished.

Mr. ROBSION. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. ROBSION. If that policy was carried to its logical conclusion, they could go out and investigate not only a few hundred or a few thousand but they could investigate millions.

Mr. HOFFMAN. One hundred and forty million.

Mr. ROBSION. And the policy is wrong.

Mr. HOFFMAN. The policy is wrong.

EXHIBIT A

THE COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS—ITS POWERS UNDER THE STATUTE AND THE REORGANIZATION ACT

The Committee on Expenditures in the Executive Departments was established December 5, 1927 (70th Cong., 1st sess.). It superseded 11 separate committees on expenditures in the several executive departments.

On March 17, 1928, the rule was amended to include:

"Independent establishments and commissions of the Government and the manner of keeping the same; the economy, justness, and correctness of such expenditures; their conformity with appropriation laws; the proper application of public moneys; the security of the Government against unjust and extravagant demands; retrenchment; the enforcement of the payment of moneys due to the United States; the economy and accountability of public officers; the abolishment of useless offices, shall all be subjects within the jurisdiction of the Committee on Expenditures in the Executive Departments." (Rule 11, subsec. 34.)

Section 105-A of title V of the United States Code, adopted May 29, 1928, reads as follows:

"Every executive department and independent establishment of the Government shall, upon request of the Committee on Expenditures in the Executive Departments of the House of Representatives, or of any seven members thereof, or upon request of the Committee on Expenditures in the Executive Departments of the Senate, or any five members thereof, furnish any information requested of it relating to any matter within the jurisdiction of said committee."

Section 101 of the Reorganization Act (Public Law 601, 79th Cong.), page 3, reads: "The following sections of this title are enacted by the Congress:

"(a) As an exercise of the rule-making power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to

which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(b) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House."

Section 121 (a) of the Reorganization Act, page 12, provides: "For a Committee on Expenditures in the Executive Departments, to consist of 25 members."

The applicable words of rule XI, section 121, of the Reorganization Act are:

"All proposed legislation, messages, petitions, memorials, and other matters relating to the subjects listed under the standing committees named below shall be referred to such committees, respectively: *Provided*, That unless otherwise provided herein, any matter within the jurisdiction of a standing committee prior to January 2, 1947, shall remain subject to the jurisdiction of that committee or of the consolidated committee succeeding generally to the jurisdiction of that committee."

Subsequent pertinent provisions of rule XI, page 15, of the act are as follows:

"(h) (1) Committee on Expenditures in the Executive Departments.

"(A) Budget and accounting measures, other than appropriations.

"(B) Reorganizations in the executive branch of the Government.

"(2) Such committee shall have the duty of—

"(A) Receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the House as it deems necessary or desirable in connection with the subject matter of such reports;

"(B) Studying the operation of Government activities at all levels with a view to determining its economy and efficiency;

"(C) Evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government;

"(D) Studying intergovernmental relationships between the United States and the States and municipalities, and between the United States and international organizations of which the United States is a member."

Precedents bearing upon previous activities of Committee on Expenditures in the Executive Departments will be found in Cannon's Precedents, sections 2041-2042.

[80th Cong., 1st sess. H. Res. 118 (Rept. No. 73). In the House of Representatives, February 26, 1947. Mr. HARNES of Indiana, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed]

Resolution

Resolved, That the Committee on Expenditures in the Executive Departments, acting as a whole or by subcommittee, is authorized to conduct studies and investigations of any action, rule, procedure, regulation, order, or directive taken or promulgated by any department or independent agency of the Federal Government where complaint is made to the committee, or subcommittee thereof, that such action, rule, regulation, procedure, order, or directive—

(1) is beyond the scope of the power or authority granted to such department or independent agency by Congress or by Executive order;

(2) invades the constitutional rights, privileges, or immunities of citizens of the United States;

(3) inflicts penalties for failure to comply with such rules, regulations, or directives,

without affording those accused of violation an opportunity to present their defense before a fair and impartial tribunal.

For such purposes the said committee or any subcommittee thereof is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require by subpoena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deems necessary. Subpenas may be issued over the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

That the said committee shall report to the House of Representatives during the present Congress the results of their studies and investigations with such recommendations for legislation or otherwise as the committee deems desirable.

The SPEAKER. The time of the gentleman from Michigan has again expired.

EXTENSION OF REMARKS

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD and include a letter from Mr. Lawrence Trainor, chairman, hospital construction committee, Duquesne, Pa.

Mr. DONOHUE asked and was given permission to extend his remarks in the RECORD.

Mr. FORAND asked and was given permission to extend his remarks in the RECORD and include an article entitled "Whose Liberty?" written by Thomas L. Stokes.

Mr. MUNDT asked and was given permission to extend his remarks in the Appendix of the RECORD and include therein correspondence received from the gentleman from Illinois [Mr. GORDON] and a copy of his very excellent report on current conditions in Poland.

Mr. VURSELL asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

SPECIAL ORDER

The SPEAKER. Under the previous order of the House the gentleman from South Dakota [Mr. MUNDT] is recognized for 1 hour.

(Mr. MUNDT asked and was given permission to revise and extend his remarks.)

REPORT ON TRIP TO EUROPE

Mr. MUNDT. Mr. Speaker, in conformity with established custom which seems to require that after a Member of Congress has spent some time on a congressional mission overseas he make a report back to the Members of Congress concerning his findings and observations, I have asked for this hour today to use this time for that purpose. Since it was my privilege and honor to head a committee composed of Members of the Senate and the House which spent some 6 weeks in studying economic and political conditions in 22 countries of Europe this summer, I want to report back some of my personal observations and conclusions. In doing so I speak not as chairman of

the committee or for the other members of my committee, but I speak for myself alone.

The members of the committee were Senator SMITH, of New Jersey, who served as chairman of the Senate group during the part of the trip that he was able to accompany us; Senator HICKENLOOPER, of Iowa; Senator BARKLEY, of Kentucky; and Senator HATCH, of New Mexico. On the House side my associates on the committee were the following Members: Mr. JUDD, of Minnesota; Mr. SMITH, of Wisconsin; Mr. LODGE, of Connecticut; Mr. JARMAN, of Alabama; Mr. GORDON, of Illinois; and Mr. MANSFIELD, of Montana.

During our travels we visited all of the countries of Europe except Russia, Yugoslavia, and Albania. I am not just sure whether Albania is entitled to be listed as an autonomous country any more, it is so completely under the domination of Russia; and, as you know, we have withdrawn our diplomatic mission from Albania, so we maintain no relations with that country at this time.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MUNDT. I yield to my distinguished friend from Massachusetts but serve notice that until I have completed my statement I cannot yield further.

Mr. McCORMACK. The gentleman is making a very important speech. I think there ought to be more Members on the floor to hear him. I am going to make a point of order that a quorum is not present unless the gentleman asks me to withdraw it.

The SPEAKER pro tempore (Mr. McDowell). Evidently no quorum is present.

CALL OF THE HOUSE

Mr. MICHENER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 136]

Allen, Ill.	Elliott	Lea
Andrews, N. Y.	Elsaesser	Lesinski
Barden	Elston	Lewis
Bates, Ky.	Flannagan	Lichtenwalter
Bland	Fogarty	Ludlow
Blatnik	Foot	McCulloch
Bloom	Fulton	McMillen, Ill.
Boggs, La.	Gallagher	Macy
Bolton	Gamble	Mahon
Brooks	Gary	Mansfield
Buchanan	Gillie	Marcantonio
Buckley	Gorski	Mathews
Bulwinkle	Gross	Meade, Ky.
Busbey	Hagen	Miller, Md.
Byrne, N. Y.	Hall	Morrison
Canfield	Leonard W.	Morton
Cannon	Hartley	Multer
Celler	Heffernan	Murray, Tenn.
Chadwick	Hendricks	Norblad
Clements	Herter	O'Brien
Clippinger	Hess	O'Konski
Cooley	Hinshaw	Owens
Cooper	Hobbs	Pfeifer
Corbett	Hope	Philbin
Cotton	Jones, N. C.	Ploeser
Coudert	Kean	Powell
Courtney	Kearns	Preston
Dague	Kee	Rabin
Dawson, Ill.	Keogh	Reed, N. Y.
Delaney	Kersten, Wis.	Riehlman
Dingell	Kilburn	Sabath
Dirksen	King	Scott, Hardie
Domengeaux	Kirwan	Scott,
Dondero	Klein	Hugh D., Jr.
Dorn	Landis	Seely-Brown
Douglas	Lane	Sikes
Eaton	Lanham	Simpson, Pa.

Smith, Ohio	Stratton	Wilson, Ind.
Smith, Va.	Taylor	Wilson, Tex.
Smith, Wis.	Thomas, N. J.	Wolcott
Snyder	Thomas, Tex.	Worley
Spence	Trimble	Zimmerman
Stigler	Wadsworth	

The SPEAKER. On this roll call, 306 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. WELCH. Mr. Speaker, will the gentleman yield?

Mr. MUNDT. I yield.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include an editorial published in the San Francisco Call-Bulletin with reference to the necessity of an adequate American merchant marine.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[The matter referred to appears in the Appendix.]

REPORT ON TRIP TO EUROPE

Mr. MUNDT. May I say, Mr. Speaker, I think I shall not yield again now until I have completed my report, because I want to do this in a consecutive fashion. However, I am happy to yield to the distinguished former majority leader. The gentleman from Massachusetts [Mr. McCORMACK] makes a point of order a quorum is not present.

I was saying at the time the quorum call was made that our committee visited all of the countries of Europe with the exception of Russia, Yugoslavia, and Albania; and I explained our reasons for excluding Albania. We did not ask permission to go to either Yugoslavia or Russia for several reasons. In the first place, we were studying the impact of the Russian-Yugoslav Communist movement in countries outside of Russia and Yugoslavia rather than making a further analysis of what is occurring in those unhappy countries. Many members of the committee had been in those countries in 1945 and 1946. I myself had been in Russia and Yugoslavia somewhat extensively 2 years before. So we did not get our invitation turned down, but we had the uneasy feeling that had we tried to go to Russia or Yugoslavia, our experience would have been very similar to that of the Members of the other body, who this year were denied visas to Russia.

As a backdrop for what I want to say, let me give it as my opinion in the first place that Europe today has become a gigantic battlefield, a great flaming battlefield of clashing ideologies, of conflicting political camps; and a shouting war is taking place over there which can easily turn into a shooting war unless things are done which I think must be done to hold the line for peace.

I feel that this is of intimate concern to every American primarily at this moment, because we have an army of occupation in Europe of some fine, gallant, able soldiers and officers doing a splendid job with the resources available to

them to keep aflame a little spark of freedom in that area of the world. I call attention to the fact also that the major peace treaties have not yet been signed. So we are faced with the stark, naked fact that while we have won a military victory we are very far from having won or even having concluded a peace in Europe.

As I see the picture, therefore, we face two major alternatives which you and I as Members of this body and every American during the next 2 months is going to have to confront and answer to the satisfaction of his own conscience and his own convictions.

One alternative is to pull out of Europe entirely. We can withdraw our occupation troops, we can pull out our economic aid and advisory missions; we can turn Europe over entirely to this new totalitarian tyrant which is rushing in from the east. Having done that we can begin the slow and expensive job of trying to arm this country to the teeth, beyond the imagination of anybody who ever has conceived of making America impregnable. We can try our best through collections of atom bombs, the development of bacterial weapons, the utilization of supersonic military devices of every type to make ourselves impregnable, and hope and pray that when war then comes and communism comes knocking at our own front door that we can win the conflict when it is brought to us.

The second alternative it seems to me is to resolve to project our influence into Europe and the world now in such way that we can help to hold the lines established between the free peoples of Europe and those who have been compelled to come under the domination of the red masters of Moscow. We can exercise that leadership in hopes, in other words, that if it succeeds it may make it unnecessary ever again for America to exercise a leadership in war such as that which we have just concluded victoriously in the battles of the past but only after a cruel and tragic sacrifice of life, of limb, and of our resources and usual liberties.

Neither of these alternatives is very desirable in my opinion nor very attractive, nor very economical, nor easy to contemplate. But I have searched my mind as carefully as I can for a third possible alternative, for some happy middle ground to which we could all repair and say, "This is the easy, inexpensive, comfortable way to meet these challenges which are rushing in upon us." I cannot find that happy middle ground. I can find variations and modifications of the two general broad avenues of approach which I have set before you, but I cannot find a third alternative or any other course or any other program of action which does not have to follow in large part one or the other of these two major alternatives.

If we select the first alternative and succeed, it means we win another shooting war. It means that when this great movement looms up from the east and challenges us directly in a military manner as indicated in its printed documents, its own accounts, its own Mein Kampf, by some 33,000,000 copies of the Inter-

pretations of Leninism, written by one Joe Stalin now being circulated in Europe, which says in so many specific words that communism and capitalism cannot live at peace together in the same world, we will be prepared. If we choose the alternative of pulling out and withdrawing our occupation troops and turn our back on the situation and say we are not going to look over our shoulder in that direction again; if we choose that alternative and win with our gigantic armament program, we have won another war. However, we then confront the problems that now confront us as what to do with the victory which is ours. We shall even then still have to win a peace to be secure.

If we select the second alternative and succeed, it means that by exercising positive leadership in a period of peace, we have averted the necessity of becoming involved in another war. It means that without fighting and without shooting we have taken steps to maintain a portion of the world strong enough to stop military attacks from starting by a portion of the world which is weaker than we are and which, while it is weaker than we are, will never attack us.

May I point out that we do not have to make our decision on this matter today or tomorrow. We are going to have before us shortly a program calling for interim European aid. It is a sort of a stopgap aid program, for which most people in America manifest their support in one form or another. This gives us several months in which to look for other alternatives. It gives us several months in which to get down to the facts of life so that all of us can understand them, assemble, assimilate, and carry them back to the people in our various districts and States. It gives us several months before we determine finally what our long-term course of action is to be.

But when that determination is made, it seems to me then we confront this wicked fact. Unless we can do something through positive American leadership to help prevent this outward moving flow of red fascism or communism from Moscow, we face this inevitable situation: Either we must withdraw our occupation forces now in Germany and in Japan which are trying to maintain order and restore peace and develop an environment in which victory can pay dividends to those who sacrificed so much for it, or else witness the possibility or the probability, if you please, that our occupation troops will simply be there on little isolated islands of freedom, surrounded by the swirling seas of red communism on every side. Unless we can build dikes or help build dikes to hold back these outward rushing red waters from Moscow, we face the very serious possibility that our boys will be there unprotected, alone, on isolated hilltops with the Stars and Stripes above them, but surrounded by an area occupied, controlled, and dominated by men who have avowed themselves to be the enemies of Christianity, of freedom, of democracy, and specifically, of America.

In the days and weeks ahead, therefore, we must all seriously ponder the proposition—which course is best for

American self-interest? For peace? For security? For the safeguarding of our cherished American institutions? Do we evacuate Europe completely now, surrender our victory to a red dictator after having defeated a black and a brown one or do we exercise positive, prudent, prompt leadership now so as to win the peace and put an end to future war?

Let us take a look now at the map of Europe as we found it this summer and see whether it portrays an exaggerated situation or whether in this unhappy hour you and I are promptly up against a mighty significant decision to which there is no easy and no certain and no clear-cut answer.

If we were to take Europe and look at its countries as a group of actors on a stage, I think that the stage of Europe today would appear like this. On the bright side of the curtain, on the free side, where the footlights can illuminate the movements of the actors, we find the following countries: Norway, Sweden, Denmark, Holland, Luxemburg, Belgium, Switzerland, and England. Off in the wings of the stage in an indeterminate position, with nobody being just sure whether they should march on and take their places with those upon whom the lights shine or whether they should march back and take their places in the dark recesses of the stage or whether they should be called upon at all, we find two countries, Portugal and Spain, in a rather anomalous position.

Then, in the dark places on the stage behind the curtain, away from the footlights, moving darkly, we find the 12 members of the Red parade. We tried successfully in wartime to work with Red Moscow and with Russia as an ally. Russia made mighty good use of the supplies we made available to her, and I sort of think that as members of a free-enterprise country we ought to always keep in mind, too, that those lend-lease shipments were American supplies, produced by the private-enterprise system, made by capitalism, management, and labor working together, under the private-profit system, and providing the weapons which helped turn the tide of war. But our hats were off and are off to the heroism of the Red soldier. We tried to continue cooperating in peace as we had in war. In my opinion, we tried too long and we tried too hard and we tried improperly, but we tried. We conceded at Cairo, we yielded at Yalta, and we appeased at Tehran. We signed our name ignominiously to the document at Potsdam, trying as hard as any nation ever did or ever could, even though our efforts were clumsy and improperly conceived, to work cooperatively in peace with the Russians. But we failed. Perhaps our appeasement policies made failure inevitable and contributed to its magnitude and seriousness.

While we were making concessions to Russia she was picking up pieces of real estate all over Europe, and the evidence in the geography of Europe today proves that to be a fact. While we with the dove of peace were cooing to ourselves, with our head pretty much tucked under our wings, the Russian Bear was moving

out pulling into its bosom a swarm of little countries, little independent areas, making them part of its domain.

Let us look at these 12 actors back behind the curtain now where there is no light. We have, first of all, the fact that the one country, great Communist Russia, with whom we cooperated so successfully during the war, today has become 12.

Witness, first, the hard core of communism, the 6 countries most completely controlled and dominated by Russia. Russia, of course, despite the fact that the vast majority of her people are not Communists, despite the fact that the vast majority of her people have the yearning to worship God and the desire to be free, is completely dominated by the Communists. Russia, Lithuania, Albania, Estonia, Latvia, and Yugoslavia represent the hard core, the 6 countries which have gone most completely and totally Communist. Add to that in almost the same identical category, Bulgaria and Rumania, countries that are completely controlled today, not alone by Communists, but by Communists who were trained in Russia, who spent most of their lives in Russia. In the case of Rumania, Anna Paulker even is a citizen of Russia, and is controlling the destinies and the lives of numerous peoples in the Balkans who have great histories and notable achievements and cultural ambitions to their credit but she and Bulgaria's Russian-trained Dimitrov control them as completely as Russia controls Leningrad or White Russia or Baku.

Countries 9 and 10 in the Red parade, only a slight degree less completely dominated than the other eight, are Poland and Hungary. These countries tried valiantly in elections and through resistance movements to throw off the yoke of communism as it was being attached upon them, but today they are hopelessly lost because of their inability to extricate themselves with their own devices from the iron clutch of the Communists. Now Mikolajczyk, with whom we conferred in Warsaw, has had to leave the field of contest and come out into the free world with the hope of organizing perhaps a "Green International" or some other movement among the peasants and their people to keep alive the hope of eventual freedom, and he no longer operates in his native land to help the people organize as best they can to recapture the freedom they have lost. Poland is gone, controlled completely by the Communists, and Hungary, too, despite the fact that in the last free election 70 percent of the people of Hungary, voting in Budapest 2 years ago, about the time that I was there, voted against the Communist regime. By the Communists getting control of the ministry of the interior, by establishing a secret police, by pressure, by persecution, by pillorying the people who tried to be free, Hungary is gone, and you can read the whole sad story in detail in the current issue of the Reader's Digest. I know that many of you have already done so.

Countries 11 and 12 in this parade are pathetic cases, two little soulmates of freedom, with whose leaders and people

we conferred at some length. They would like to be on the free side of the curtain, but because of their geographic location and the exigencies of world politics and war they are controlled and dominated in their international affairs completely and almost completely in internal affairs as well by the same Communists at Moscow. I refer to Czechoslovakia and Finland. Geopolitics in Europe today has become a matter in large part where it is only 5 percent politics and 95 percent geography. Czechoslovakia and Finland, against their will and against the desires of their people, but because of their size and their location, comprise members 11 and 12 of this Red parade.

So there they are, and nobody can deny the facts. There they stand out as acquisitions of this great Communist power conquest of Russia occurring since World War II began. The 195,000,000 people of Russia have become over 320,000,000 people in Europe alone, whose every effort can be harnessed and directed and controlled and dominated by the men of the politburo sitting in the Kremlin in Moscow. All their farms and factories, their mines, all their fabricating plants, all their armaments, all their guns, and all their uranium answer to the direction of a single group of Communists in Moscow.

So I say as we look at this map we realize on the stage of Europe that some of the actors are free and move in the light, and some of the actors move only in the dark and are controlled from beyond their own borders. You know and I know who they are. The record is clear.

Can we afford to turn our back upon the situation? Have we reason to hope that the growth from the one to the twelve will stop before it grows to include all countries of Europe? And after it gets the countries of Europe, is there any reason to hope it will stop then, when even now, in these early stages, in our own country, even in some of our own Government offices, the Communists have been able, through intrigue and indoctrination, to implant certain of their members in important positions? There is small cause to hope that the Communists want all of Europe and nothing which lies beyond.

In this line of march there are other countries, too, sort of standing out there with the floodlights and the spotlights from all over the world turning their brightest beams upon them. Nobody is just sure as yet when the curtain comes finally down whether these countries will be found on the bright side, on the free side, or the black side and the controlled side of the curtain. Greece and Turkey are two of those countries, and Italy and France and Germany and Austria are the rest, thus concluding the roll call of the countries of Europe.

You and I are meeting now in extra session to determine what, if anything, we can or should do to help in some way to have these six significant countries when the curtain is finally rung down to be standing out on the free side of the curtain. Up to now, in my opinion, the money which we have expended in Greece

and Turkey has been a good investment. It has not been spent perfectly. Mistakes have been made. Things have been done which might better not have been done. But at least it has maintained in that area a firm resistance to those floodtides of communism and they have not, as they anticipated, been able to include among the nations that they now have the thirteenth and fourteenth countries of Turkey and Greece. I am sure the Communists anticipated when they had the coup d'état in Hungary 120 days or so ago and took Hungary over that they anticipated at that time taking in Greece and Turkey as well, because each of them is a more important acquisition than Hungary is standing there alone. So at least in Turkey and in Greece the decision is still to be made.

And in Italy and in France, despite shortages, and serious shortages, of fuel and of food, the governments have been able to resist up to now not only the outside pressure, but the inside intrigues of communism. De Gasperi's government in Italy has removed from office all Communists and has refused to form a coalition with them. So, too, has the government in France, which unfortunately, however, is having many difficulties. But at least it has not yet agreed to compromise its position by forming a coalition with the Communists, even though, through general strikes and riots, they are making life almost unbearable for Ramadier or Blum, or any other non-Communist who tries to establish order and speed recovery in France.

In Austria and Germany we find, too, good cause for hope. In Austria some very able young men have gotten control of the government. Their eyes are turned definitely toward the West. Their biggest plea is that we can have a peace treaty with Austria so that they can ask the armies of occupation to remove themselves, because they want to get rid of the many thousands of Red soldiers who now are depriving them of their liberties in Austria—not because they want us to leave but because all have to leave or none will leave.

A little assistance, perhaps, may help the Austrians to move over definitely on the American side—on the right side—on God's side of the curtain which is being rung down in Europe.

In Germany the situation is pretty pathetic. We have not operated at all wisely in Germany up to now. The ill-fated Morgenthau plan has proved itself to be a colossal calamity and a terrific costly mistake. It was based on the idea that the Germans should not be able to produce industrially the things which they would export in order to bring in food to feed themselves. The plan was that they should have a pastoral state or a farming economy. A large part of their equipment was removed to Poland, which means Russia, under agreements which we accepted and many acres of German farm land also went to communized Poland. We found idle people in Germany and hungry people there as well. We found a lack of food supplies, all of which puts your country and mine in the incongruous position of having to

tax our people seriously and grievously to purchase food to feed the former enemies whom we have just defeated.

But that is one of the incongruities of war. You and I at least are proud of the fact that Old Glory never has, and we hope never will, fly over a country in which we have well-fed American soldiers and diplomatic machines moving around through cities at a time when the people living there are dying of starvation. That is not the Christian, that is not the humanitarian thing to do. So we have been feeding them and taxing our people, because our ill-fated policy has stalemated recovery not only in Germany but throughout Europe, since most of Europe relies on the products of the German mines for fuel.

Now, happily, I believe, that program will be abandoned. I feel Congress will compel its abandonment if necessary. Today we face more dispassionately the problems of the peace, and now we know better the economic principles which govern Europe. We shall probably soon operate on the principle that instead of saying to the Germans, "You cannot work here; you cannot work there," we say to them, "You must go to work; you must produce coal, you must produce steel, you must produce the products of your mills and your mines and make them available to other European countries to start the whole European stream of recovery to moving. You cannot use them to build another military establishment in Germany to threaten another war in Europe, because our armies of occupation will stop that. There must be a quickening of the stream of prosperity at its source, however, and your steel and coal must help supply the impetus for European recovery."

So we shall say, "If we feed you, we feed you for the purpose of putting you to work, and you work for the purpose so that you can begin to feed yourselves and to help Europe recover and feed itself"; and the money that Americans are now paying to feed the hungry people in occupied countries can then be used to better purpose to help to insure and hold the peace throughout the world.

FOUR BIG COMMUNIST GAMBLERS

By and large, the Russians are making four big gambles in Europe today with the hope that if any one throw of the dice comes up right, they can win. The first big bet is they gamble that there will be an American depression. They have advertised that American depression through Europe now for 20 months. We are away behind schedule in the Russian record books on our depression. We should now have over 10,000,000 people unemployed, according to their predictions and prophesies. They are more concerned than we are about the high level of prices which prevails in this country and the inflationary tendencies, because with over 60,000,000 people employed in America their propaganda about an American depression is wearing rather thin. But they have been telling Europe, "Don't tie your kite to these capitalistic countries. There will be a depression pretty soon, and when it comes all the capitalistic world

will fold up and you will have to turn to a controlled economy, you have to turn to totalitarianism. You cannot have common cause with a 'decadent democracy.' Capitalistic depression is inevitable."

There is a certain amount of truth in the fact that an American depression can go far toward giving the Communists victory for their plans in Europe and in the world. We must do nothing ill-advisedly which will contribute to a depression. We have to take every legitimate precaution to safeguard ourselves against such economic chaos. We must continue to make freedom work here at home.

The second bet the Communists make is that they can retard western European recovery, whether or not there is any economic aid from America. They are doing the best they can to stop recovery. The headlines of every newspaper bear testimony to that. At least, the Russians are not very subtle about the techniques in which they engage. You can see them with the naked eye in Europe today. We know what the problem is. We know what the Communist plan is. Our difficulty is to decide on the wise course of action for us to take to meet the challenge which we can define and describe on the spot today. The Communists know that chaos is the mother of communism. They know that hunger contributes to chaos; that unemployment contributes to hunger. So, if they can destroy or retard any semblance of western European recovery they have good cause to hope that communism can step in as the only organized receiver in bankruptcy ready to take over, with a plan and program to project and a career of conquest to pursue.

Hence we read about these strikes at Marseille, we read about these slowdowns all over Europe, we read about the Communist efforts to disrupt transportation and upset orderly government. We read about these devices, some obvious and some not so clear, by which they destroy as much as they can of any sustained march toward recovery in western Europe.

The third gamble the Russian Communists—these Red Fascists—make is that they can drive the United States and Great Britain out of Europe altogether. Suppose we chose that first alternative I spoke about, pulling out of Europe; and if we do pull out, Mr. Speaker, let us not leave a group of unprotected American soldiers of occupation there alone. We cannot do that. If we pull out we have got to bring home the boys. But suppose we choose that alternative and pull out, and the British pull out, who moves into all the empty chairs? Why, they even have an old legend I heard about while I was in Moscow in 1945, brought down through the historic pages of Russian histories which says, "The Russians always occupy all the empty chairs." Certainly they would move in where we have been if we pull out, and are gone, and away. Where and when we leave, they move in. So their device is obviously to drive us out if they can. How? By making our experience there distasteful, unpleasant, expensive, humiliating, embarrassing, disagreeable,

unworkable. They are doing all those things. We know they are doing them and we know why, but it is a bet they make, and if they win we lose. And if we lose, peace is lost, and victory is lost, and this time perhaps all is lost.

There is a fourth bet they make, that they can continue to block the United Nations from doing anything significant in a constructive way to preserve the peace. And they are doing a pretty effective job of that by castigating our American leaders, by dilatory tactics, by absenting themselves from meetings, by using the veto where they must. They have pretty well now since the very beginning of the United Nations succeeded in blocking it from doing the major things that every thinking man and woman in the world knows need to be done if we are going to have peace; and while they block the United Nations they build their domain in Europe and Asia. It is an old football tactic, there is nothing very complicated or subtle about it. You block and you build.

So while they block the United Nations from getting in and doing something effective, for example, to control atomic energy internationally to know who is making bombs, and how many, and why; while they block us from establishing an effective police force big enough even to settle a little neighborhood brawl in the Balkans, they build up their domain from 1 to 12 and they have been building the strength of their Red Fascist movement throughout the world and throughout Asia with alarming speed. There then is the tactic, there is the gamble they make. They hope to win, because they hope they can keep on blocking the decent nations of the world long enough to enable them to complete the program they are building abroad. While blocking the United Nations they hope to build their Red bastions so strong and so large that they can defeat us in a military struggle should that eventuate.

What weapons did we find the Communists using in this cold war? Because you have got to have weapons with which to fight a war. There are many, but I want to suggest just a few so we have them in mind. The first is propaganda. What a job they are doing to us with propaganda in Europe. Why, the things that Vishinsky says about Truman, Vandenberg, and Marshall in his vile utterances at Lake Success sound like the cooing of a lovesick dove on a moonlight night in June compared to what the Communists are saying about Americans all over Europe. They are maligning us and slandering us and lying about us, and in large part we are mute and helpless people lacking facilities to give the lie to the things they are saying about us. Thus they are using propaganda against us as a weapon in what we have come to call a cold war.

Next, they are using the police state because they do not care how they win an election. Any way they can get control they take it. Steal it like they stole the election in Poland, or they can get it through dismay and despair and confusion as they hope to do in France where

far less than half of the people conceivably believe in communism. But once they are in, once they have control, they use the pistol in the back, they use the bayonet, they use the police state and they use the concentration camp to maintain control. That is a weapon they use.

The third weapon they use is pressure from within. I think we Americans have got to realize one significant fact that seems somehow it is impossible to get the general public to accept and to appreciate fully. Today communism, better described, in my opinion, by J. Edgar Hoover when he calls it red fascism, is the only internationally organized political party in the world. That is one of the reasons for our difficulty. We do not have any great world-wide, globe-encircling program or party or union, or battalion, or group that can uniformly fight this closely knit international Communist party, which has its mouthpieces in Washington, in New York, and other places in America, as well as in every other civilized country of the world, all speaking, thinking, acting, and planning communism in accordance with directions coming from Moscow. That has been demonstrated. There is no question about that. We just are not going to be able to protect America now unless we recognize directly the kind of ism and the kind of force we are up against and recognize it both at home and abroad. It is a terrific weapon that they have in this internationally organized and directed combat team they so deceptively call the Communist Party.

On our side of this cold war, of this great struggle, we have some weapons too. Some of them are in moth balls, some of them we are not using, but we have them. I think one of our most important weapons is the productive capacity of the free world, especially America. We still have all the production units that we had when we were called upon to furnish and so successfully supplied the arms for most of the people fighting against nazism in the recent war. We have that productive capacity today. We have a productive capacity which, once it has determined upon a goal and set its mind on a project, so excels so completely the productive capacity of the slave world that no comparisons are logical at all. That is an important weapon, in my opinion, on our side of this cold war.

The second weapon we have is publicity. The one place, it would seem, that America should not lose ground to the Communist is in the field of publicity and advertising, or call it propaganda if you will. A country that has been able to sell Bayer aspirin and Buick automobiles in every area of the world, a country which specializes in techniques of publicity, advertising, and information, a country with the greatest school system under the canopy of heaven, a country with public relation officials who can build a rambling circus into the greatest show on earth, a country that can use the radio, the press, the pen, and the platform to the extent that a man dying of pneumonia in a pneumonia ward will get up in a hospital and ask

his nurse for an Old Gold cigarette because he thinks it will cure a cough, a country like that should certainly not lose in a contest on publicity. We just lose that aspect of the war because we are not working at it, because we have not established an adequate, a respectable, and an effective program of United States information abroad.

If we concentrate long enough on the policy of taxing our people to feed the unfortunates of Europe while the Communists spend their time feeding the minds of Europe, at the end of the trail we will have nations who will have avoided starvation but whose minds are poisoned against us and who look at us as enemies instead of friends, and you and I and America will be to blame because we have not given them the facts.

A large part of Europe is hungry for food, but Europe, by and large, today is hungrier for American facts than it is for American food. I think we should get busy on a program of supplying those facts and that information and that publicity not only to answer the villainous propaganda of the Communists, but to explain the American message and the American concept and the American ideal around the world where people can use it and take advantage of it and help use it in assisting to maintain peace.

We have another weapon. It is a unique weapon. It really fell into our laps. Several of our committee members remarked about it as we went around about Europe. There is a great revival of national patriotism taking place all over Europe today, and it is a great Achilles heel in the armament of the Communists, because a Communist in any country, including ours, who pays a greater loyalty to his own flag than he does to the hammer and the sickle, is of no use to the men in the Kremlin. They say, "You have to stamp out patriotism, you have to eliminate national pride, you have to subjugate your own national interest and your own national destinies for the interest of the whole," or as they say over there, "for the interest of the Soviet," or on occasion, "for the interests of the Center," meaning the Kremlin.

Well, GI Pole and GI Bulgar who went off to war were a good deal like GI Joe and GI Jane. They came back better citizens and better patriots. They sacrificed something of their lives, of their limbs, of their opportunities, for their loved ones, for the cause of their country, and they came back inspired and more patriotic as our veterans have come back. But, when GI Pole and GI Bulgar came back to the city square in front of the post office and looked at the flag mast, they saw not the national flag for which they fought, but the hammer and the sickle, and a queer feeling came over them, and one day they went home to eat with the folks at noon or at night, and they said, "Ma, what happened to the flag back home? I cannot understand that red piece of bunting." His folks then say, "Look, son, after the meal we will go out in the garden, because you do not even talk to your own family behind the iron curtain in this home. Since even the walls have ears and dictaphones now, we will go out in the gar-

den." Then the father or mother says, "Son, while you were off to war fighting for Poland, or Bulgaria, or any other country behind the iron curtain, the Russians have come over now and they are our allies; the Communists are in control of the Government. Their leader is Stalin, and they have other leaders like Dimitrov, Tito, and Anna Paulker. We have to salute them, respect their flag, we have to revere the Communists and the Russians. That is why you see the strange faces and the hammer and the sickle in our public places." And the foreign GI says, "That is not the flag for which I fought. Those were not part of my regimental colors. I fought for the flag of Poland or I fought for Bulgaria," and he goes upstairs and he gets out his little national flag from his battered trunk and puts it in his bedroom window. He is proud of it, and the Communists have not dared to take those national flags out of the bedroom windows. They lack the courage and the confidence to meet this new rising tide of national patriotism in Europe.

All over Europe there is a revival of patriotism and an upsurge of love of country, which is a great threat to this encircling Communist movement which tries to stamp patriotism out of the hearts of the people of all these countries. This is a weapon we can use, and it is one we can augment and supply and feed with a proper information program overseas.

Then, of course, we have the weapon of our superior military strength—something we must maintain in a superior status, something which we must maintain strong and effective. We cannot afford to be weak in this wicked old world because we have become the choicest apple on the tree. While we are strong, we are safe. The question is, Can we become strong enough to offset a whole continent and perhaps several continents enlisted against us?

I want to say something now of a more hopeful nature. Apparently, when I came back and told the press which assembled at my office that morning that I was somewhat encouraged about the possibility of maintaining peace in Europe, it made much greater news than I anticipated. So many people apparently have thrown up their hands in despair and accepted war with communism or with Russia as inevitable that talk of peace is news. I do not agree with that. I think that it would certainly be a colossal calamity to follow our recent victory by another war. Yet we hear so much talk about war that when a man says he is hopeful there can be peace it makes news of an importance which I did not even contemplate. Still I am hopeful.

I am hopeful partially because communism, which has made this mad march through Europe, which I have described to you country by country, from the 1 to the 12, has been brought down to an insidious crawl today. The rapid movement has subsided to a slower pace. There are reasons for that that you and I should know about and think about.

The first reason is that the end of the American era of appeasement has made the going rougher and more dangerous

and less predictable for the Communists. That is one reason why the fast march has become a slow crawl.

During the era of appeasement certainly there were reasons to have a false sense of security since we were conceding to a former ally things which we should never have conceded because they have brought us to this unhappy pass. With the end of that period of appeasement, the countries of Europe which before then had thrown up their hands and said, "In our spot in the world, small as we are, what can we do?" began to take on new courage and new hope and to take steps of their own to curtail communism within and to resist Communist pressure from without. Italy is a case in point.

The second reason is the experience of the satellite countries. Try as they can, the Russians cannot put an iron curtain so completely around their domain that nobody can ever get out, so that nobody can ever send out a message and so that no news from the outside can get in. Without exception, the experience of all the 11 satellite countries has been that they have suffered a reduction in their living standards under the Communists instead of having an advance. Consequently their people are sending out to the free world a message, "Do not be tricked by the promises of communism. They do not deliver. Do not be lured into a feeling that you may acquire more for yourselves, be you laboring men or peasants or poverty-stricken individuals, by adopting the concept of communism, because in our experience we have lost what we had, plus freedom, plus hope, plus the right to worship God." Yes, friends, these messages are getting out into Europe and they have tended to stiffen the backs of those who are still able to resist communism.

The third reason: Our interest in Turkey and Greece. Our presence there and the availability of our supplies over there and the counsel and leadership we have given through men like Griswold and Cochran of Nebraska, and our able Ambassador, Lincoln MacVeagh. The efforts that we are making is a tangible indication that America has been trying to help two countries that are trying to remain free and has tended to bring back new hope and new faith to the other countries of Europe, and to give them the resistance and confidence to hold off against the efforts of the Communists to increase the number of their captive countries beyond the figure 12.

The fourth reason is the revival of patriotism. If further evidence is needed that this unchallenged and apparently unchallengeable mad rush of Communism across Europe can be slowed down and can be stopped—if further evidence is needed, we can get it from the books. Take the election in Rome—De Gasperi's recent municipal election. Remember in Italy as in America, communism does not thrive on the sun-lit prairies of the country or on the farms but it thrives in the dark alleys of the cities. It thrives in the great centers of population. Rome is a great city in Italy, and in that municipal election instead of increasing their strength, the Communists barely held their own while the strength of the forces opposing the Com-

munists the hardest made the greatest gains. So we see there a clear-cut indication that with new hope and with a new chance in a municipal election the people of Italy cast their votes against communism. Had the peasants voted, the conservative sane-thinking peasants and farm population, who are always the basis of good citizenship in any country, had they voted in that election, Italy would have thrown out the Communists to a much greater extent than they did in that municipal election.

The same thing happened in France. In the municipal elections, if you please, de Gaulle, running almost solely on the theory that he was the rallying point against communism, made one of the most spectacular percentage gains in French history from the standpoint of any political party. It was in a municipal election and it is an indication of a slow-down, an indication of a chance, an indication that the Communists also have their difficulties when they go up against situations such as they now confront in Europe.

Communism is far from stopped in Europe but its mad rush of aggression has been slowed down. I believe it can be stopped. I believe it must be stopped short of war and short of its complete conquest of Europe.

You can add to this evidence the recent election in Norway and the recent election in Denmark. The same thing happened in both of those countries, communism lost ground. In my book you can add to that also the "tough talk" by Vishinsky at Lake Success. I think he is talking tough, because his satellites are beginning to be suspicious about the fulfillment of his promises. They see signs of Soviet weakness. My worry about the atomic bomb is not going to stem from the fact that in a theater in Moscow Molotov says, "We have got it. Look out for us." I am going to start worrying when they quit talking about it. When they quit whistling in the dark to keep up their courage, that is the time to be disturbed. The Communists are having difficulties. This movement which has gone on so terrifically fast has reached a point where I think we have an opportunity to do something to help bring it to a stop. What should we do?

May I make a few suggestions on that?

The SPEAKER pro tempore. The time of the gentleman from South Dakota [Mr. MUNDT] has expired.

Mr. BENDER. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended another 60 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. BENDER]?

There was no objection.

Mr. MUNDT. I assure you all I shall require only a few minutes more. In the first place, to answer my question, I think that now we have an opportunity—it is no certainty, but I think we have an opportunity now—of containing communism to its present conquests. Those are serious enough. My heart bleeds for unhappy Poland, Hungary, Finland, and Czechoslovakia, but there is very little immediate chance of extricating them without war. I do not want to have us

go to war with Russia to liberate any of these countries. Much though I sympathize with them, I do not want us to be forced into a war with Russia even to protect our own national security. I want that security safeguarded and perpetuated without war. I want to avoid war, so I would like to contain the Communists to at least their present conquests. I think we have an opportunity to do that if America acts positively, prudently, and promptly at this time.

If in addition to doing that we will cleanse Communists completely from places of authority in America, which in my opinion is equally important, so that we know that here at home we are being safeguarded through having only good Americans in positions of responsibility in public office, so we know our policies will not be sabotaged from within, and not be destroyed because of the insane desire of alien-minded men to destroy the country which we all hold dear. So if we contain communism abroad, where it is, if we can do that, and if we cleanse Communists out of positions of authority in our own country, which we can do, then we may be able to compel the Communists to remain at peace with us, because they are not going to fight at a time when we are superior in strength. We must not give them an opportunity to attain that superiority.

If we can compel Communists to remain at peace I think that communism will decay of its present iniquities, intolerances, and inefficiency in less than a quarter of a century. The satellite countries will begin getting out, people will begin setting up resistance movements, the disappointments will begin to pyramid; and we shall find that because of its incompetency and unholiness, once contained to its present area, communism will begin to collapse.

I think communism is like a man on a bicycle, it has to keep moving along rapidly to maintain momentum and keep control; it has to move rapidly and steadily ahead to have efficiency. When you slow it down it begins to wobble.

My thesis is that communism today is beginning to wobble in Europe as demonstrated by the elections, as demonstrated by its present activities, as demonstrated by the fact that where it is brought out into the open once it is slowed down it begins to wobble. When you stop it, like a man on a bicycle it falls over; and, like a man on a bicycle, it cannot back up or retreat either gracefully or effectively.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MUNDT. No; I must decline to yield now until I have finished my statement; I have already taken longer than anticipated.

Communism has one other similarity to a man on a bicycle and it is this: If it falls over at a time when it is moving slowly or standing still it does damage only to its rider, but if you are compelled to stop it, like a man on a bicycle dashing downhill, frequently the man who does the stopping gets as much injury as the fellow on the "bike." I believe we should think about that as we look at the situation now and whether we agree that

its advance has been reduced to a slower movement than it once had or not, we can all agree that it can at least gain more momentum if we are not careful and that the faster it moves the harder and more costly it is to stop.

Unfortunately we face this dilemma at a serious time in American history with a great national debt, with serious inflationary spirals, with problems of great consequence at home; and so we are bound to make our dollars wherever possible do double duty at this time if we make them available for aid abroad, as I think we should and as I think we must if we are going to prevent a resurgence and a revival of a great new outward movement of fast-stepping, peace-threatening communism in Europe.

I think we should look to these expenditures and insist that if they are spent that they must help to develop an economy overseas which will form a sound basis for a good, stable, political economy, which must result if they are going to do the job successfully. In the second place they must be used in such a way as to support political stability in areas where instability will mean insecurity for all of us. In the third place they should be used in the direction of getting dividends in good will and peace for the world, or our efforts overseas will be futile and wasted.

OUR DOLLARS MUST DO DOUBLE DUTY

I have six suggestions I am going to list without discussing in detail how I think perhaps our dollars can be made to do this double duty. I think we should approach this problem as realists in the interest of American self-interest with a tough-minded attitude to see what these dollars and supplies are going to do in this very perilous world before appropriating them or releasing them. Here are my six suggestions:

No. 1: We have available in this country millions of tons of Liberty ships now idle which can be used to transport supplies overseas to foreign countries. Foreign countries have the men to pilot the ships and the capacity to use them. If we lend these ships to foreign countries without cost, it means that an American dollar instead of producing perhaps 60 cents or 70 cents of food will supply a full dollar's worth of food over there. It means that we do not have to deduct the cost of shipping overseas. I think it is better to lend these Liberty ships in peacetime than to lend warships to foreigners in time of war. I think we ought to do this in order to make our dollars do double duty. The ships should be returned to us when the aid program is completed.

Second. We should insist on the maximum amount of self-help from the people of Europe, both to themselves and to their neighbors, to help themselves and make available the food and supplies which are there, and to share these with their neighbors to the extent they can.

Third. We should give some thought to local currencies. It is not only dollars with which you can buy food. Many of the countries over there that lack dollars have an abundance of local currency. Some of our supplies and some

of our food can be sold for local currency. We can make good use of that local currency as Americans spending it over there for purposes which will help restore peace and prosperity. Let us not think in terms of "dollars or nothing." There are "dollars or nothing" and also possible payments in local currency. Some of this local currency we can spend in building an adequate information program abroad.

Fourth. Every state over there, every country except Luxemburg, owns its own radio. It is owned by the government. Certainly the least we can ask them in exchange for the economic aid we make available to them is to compensate us with time on their radios, at the best spot on the dial, so that we can broadcast in their own language, over their own wave lengths, and over their own radio the true story about American aid and the true story about American ideals and the American peace program.

Fifth. If we send money and supplies, we must send men to monitor and chaperone the money and the supplies. I do not think that all the printing presses in America can manufacture money fast enough to buy peace in Europe today. But I do think that the judicious use of American methods, American leadership, and American counsel, combined with American supplies, has better than a fighting chance of building peace for the world in Europe today. I think we should keep that in mind. We cannot simply dump a shipload of hamburger sandwiches at Le Havre and expect the French to defeat communism. It is going to require something a little more comprehensive than that.

Sixth. We need a United States information program abroad, a big one, bigger than any of us realized when we were debating that matter back last summer, one which carries the message of America to people who are eagerly seeking it throughout the world today.

I wonder if we cannot ask ourselves some searching questions as we approach these economic-aid problems, especially the longer and more comprehensive program, because the one which comes up involving only emergency aid will be over very soon. This emergency aid program involves a short period of time. But certainly in considering the longer, larger program, if not before, we should apply some tests to determine the desirability and efficacy of such a program.

SEVEN TESTS TO APPLY TO AN AID PROGRAM

There are some questions I would like to ask and have answered directly if we engage in a program of extended aid.

First. Is it in America's self interest? Is it better for America to use some supplies and some money in helping to keep alive the forces of freedom over there now, or is it better to pull out and come home with our men and our interests and wait for the inevitable to happen here? Is it in our national interest? Can we afford it? Are we cutting the cloth according to our own pattern?

Here is the second question: Is it accompanied by an adequate information program? Without that I think it is certain to fail regardless of how much we

send, how hard we try, or how generously we spend.

Third. How much use is being made of all the food available in the non-Communist areas? We have a big American bread basket by comparison, but other countries too have a few loaves of bread tucked away under the shelves. Are we making the maximum use of all the available supplies in the noncommunist world? Are other free countries aiding in the program?

Fourth. Is the problem flexible and adaptable enough to meet changing circumstances? Have we reposed its administration in men or in an agency in whom we have confidence enough so it can have the flexibility to meet this ever-changing picture? Or are we getting ourselves in the position of a clumsy boxer who telegraphs his blows so far in advance that they never have any effectiveness?

We need flexibility. We need adaptability. I do not think we should commit ourselves 4 years in advance or 5 years in advance or 3 years in advance to any definite program, strung out so far in advance that the Communists have ample time and opportunity in which to figure out its weaknesses and map out their strategy for defeating it. We should maintain some of the elements of surprise on the side of freedom in a contest of this type instead of rolling the whole pattern out so that the eye of man can see it down the whole corridor of time.

Fifth. Does it provide for American counsel and leadership to go with those supplies so that the program will produce benefits which will go beyond the period when our aid continues to become available? Unless we produce that kind of benefit and that kind of gain the program cannot succeed. We must project the benefits beyond the time when we are able to provide assistance. It is going to require American counsel and American leadership and American methods to achieve that.

No. 6. Does it contain communism both at home and abroad? Does it contain it abroad wherever it is dangerous, or does it simply deal with isolated centers of communism in specific areas of attack, leaving loopholes at home and setting up a three-sided fence abroad through which the Red rampagers can run without obstruction in an equally dangerous and devastating direction? We should ask ourselves that question before we spend the people's money in a program of such magnitude. Surely it is clear there could come no real benefit from resisting communism abroad while appeasing or ignoring it at home.

Finally, the seventh question I would like to apply as the test to any aid program is this: Does it include concurrently with the economic approach, efforts on our part in the United Nations to make that organization a workable and effective instrumentality for peace? Do we concurrently attack the blocking tactics which have made of the United Nations pretty much of a name-calling debating club? Do we concurrently do something so that gradually the United Nations themselves as an organization can assume these responsibilities which

we are now being asked to undertake and underwrite? I think that is a fair question which should be met and answered in these uncertain times.

Mr. Speaker, I give you this report for whatever assistance it may be to Congress and the country from the viewpoint of one Member of this body who spent some 6 weeks in 22 countries of Europe this summer looking at the situation and studying its implications.

The task ahead of us is neither easy nor pleasant. These are prodigious problems. We must proceed with calm deliberation and with open minds. There are no easy answers and no sure cures. In all humility I have offered some specific suggestions and detailed recommendations for your consideration with the hope they will stimulate thinking, provoke discussion, and perhaps lead to better and wiser policies. I have offered them not as the final answers but with the desire that when in our collective judgment we reach the final answers they will preserve our peace, project prosperity, and protect the cherished institutions of freedom and liberty which mean so much to all of us.

SPECIAL ORDER

The SPEAKER pro tempore (Mr. SCHWABE of Missouri). Under previous order of the House, the gentlewoman from New York [Mrs. ST. GEORGE] is recognized for 20 minutes.

FOREIGN AID

Mrs. ST. GEORGE. Mr. Speaker, it was a great pleasure and a matter of instruction to listen to the recent speech of the gentleman from Illinois [Mr. DIRKSEN] and again today to listen to the very full and very complete report of the gentleman from South Dakota [Mr. MUNDT]. But, after hearing this—and I am only sorry that the entire Membership did not hear both reports—it seems to me that we ourselves stimulated by all this, must give careful thought and try to make our contribution, however small and however poor.

First of all, may I say that as far as I am concerned we must go back and look upon our responsibilities, and they are many. We must look at the facts like adults, and then we must bow our heads over conditions in Europe and say sincerely, "Mea culpa."

Yes, Germany is indeed the industrial heart of Europe, we know that. Lenin knew it. The world knows it. If the heart is diseased, the whole continent is dying and sick. When we advocated and carried out the carving of Germany, when we put all the food portions of Europe under the Soviet Union—and make no mistake, we did that as much as anybody else; we did it under the infamous Morgenthau plan, and at that time we laid up for ourselves woes beyond repair.

Yes, we can propose now that they get together and form a United States of western Europe, but there are big ifs in any such suggestion. There are the hates, there are the rivalries of generations, and they are still smoldering in ruins. But even if we do accomplish that, we will still be face to face with this giant that we have built ourselves, and to whom

we have given the bread basket of Europe. That is why we indeed have to say, "Mea culpa."

Then we are told that all we have to do is turn around and feed all these people. That is some of the old optimistic American boy spirit, saying, "My pop is so all-fired rich." To be perfectly frank, we produce only 12 percent of the food of the world. We cannot feed the world. Even if we want to do it, it is not a possible thing.

No, we have a great many obstacles in the way of this program. So what can we do? What can we try to do because I do not believe we are going to succeed in all this.

First of all, we can try to form a bloc, a United States of Western Europe, and in order to do that we must insist upon and ask these people to pool all their resources, military and economic, and also destroy their tariff barriers. That will be a great step forward. Then, after feeding the hungry, we must do everything to restore solvency and, above all, self-respect, to these people. These are proud people, these European nations. They do not want to be objects of charity forever.

The saddest thing I heard in the speech of the gentleman from Illinois was when he quoted the remark of the German workman who was describing his living conditions and said that it was too little to live on and too much to die on. That is the epitome of despair, and that is the cry of western Europe and perhaps of western civilization.

Our work has to be undertaken by men outside of and above politics. The woes of Europe must not be used to reelect this or any other administration in the United States. Some outstanding American of national stature should be sent to Europe as administrator, and all government services should be distributed by world-acknowledged American agencies such as the Quakers, the Salvation Army, or the International Red Cross.

It is significant that the gentleman from Illinois [Mr. DIRKSEN] told us that the German children called the food that is given them by America "Hooverspeisen"—"Hoover food." They do not call it UNRRA food. They do not give it any of those new names. Ah, no, because they know and we know that the name of Herbert Hoover is associated in everyone's mind all over the world with true relief and with true charity, but not with electioneering and not with politics. So much for relief.

What about a solvent, reasonably prosperous western Europe? Because it will only be reasonably prosperous as long as the iron curtain hangs between Europe and its natural food supply. Until that condition is changed, Europe will always be the amputee of the five continents. She can only be reasonably prosperous if we insist on putting her back to work, and if we supply the tools and the seed. We must try by every means to make the peoples of western Europe pool their resources and destroy anything that stands between them and unity and even then they will not be strong enough. Then why should not

we insist that they take the fourteen or eighteen billion dollars worth of American securities held by foreign nationals in these United States and have their government put them up as collateral against future loans of this country? You would not think much of a banker who, when he was asked by one of his stockholders for a loan, said, "Do not give me any collateral—pay me back when you are able." That is exactly what this country of ours is doing today.

Here again the peoples of Europe would be better off and happier if they could be made to feel that they are assuming their responsibilities and that they are pulling their own weight in the boat. Last and most important, let us try—all, every one of us here with all the strength and spiritual fortitude that is within us—to write a just peace. Ah, but that is the rub—we are facing the next war. What is a just peace? A just peace is a peace that does not hold in itself the seeds of the next war. Let us all remember that. We must have a just peace now. By God's help and only with God's help can we have it. Then let us remember that eternal truth, that great verity, in all our dealings with our enemies, past and present, at home and abroad, a truth that we have ignored and because of which the whole world today is suffering—that "Vengeance is Mine," saith the Lord.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. KENNEDY] is recognized for 15 minutes.

AID TO ITALY

Mr. KENNEDY. Mr. Speaker, I rise to speak on the need and wisdom of aiding Italy immediately. As we talk here today, riots and strikes are now ravaging the Italian Peninsula. Today the press reports violent outbreaks in 20 cities. If Italy is to be saved, we must act immediately. If we do not act immediately, Italy may soon fall before the onslaught of the Communist minority.

As we gather here in a special session of Congress to do what we can to meet the aftermath of the second great World War, I am reminded of a scene which took place on August 10 of last year in the Luxemburg palace at the plenary session on the conference of Paris. That was the day on which Premier Alcide de Gasperi spoke for Italy and the Italian people.

The aims of the Government which this distinguished statesman so nobly and ably leads, were set forth in glowing language:

I lift my voice as the representative of a new republic which blends the humanity of Mazzini's vision with the universal aims of Christianity and the international hopes of the working class, a republic striving toward that lasting and constructive peace which you are also seeking, and toward that cooperation between nations which it is your task to establish.

The delegates listened to de Gasperi in silence. When he finished his speech, the greatest of the conference, there was no applause but only the same cold

silence. Herbert L. Matthews, of the New York Times, reports the rest of the scene:

As the Italian Premier walked slowly and dejectedly up the main aisle to the back of the auditorium where his delegation was sitting Mr. Byrnes leaned forward as Signor De Gasperi approached, smiled, held out his hand, and shook Signor De Gasperi's warmly, with a little friendly pat on the back of the Italian's hand for good measure. * * * Curiously enough, a few minutes later Soviet Foreign Minister Vyacheslav M. Molotov walked back along the same central aisle toward where the 10 Italians were sitting. Premier De Gasperi seemed to think the Soviet Foreign Minister also was going to shake hands and he sat up expectantly, but Mr. Molotov went by stolidly without even looking at him.

This scene is indicative of the problems we face in this special session of Congress and the approach we must take in solving them. Premier De Gasperi asked for the assistance of the world in establishing a democratic government in Italy and called for the creation of "a more just, a more human world." He met with silence on the part of the delegates. He met with cold contempt on the part of the Soviet Foreign Minister. This cold contempt has continued to be the attitude of the Soviet Government, which seeks to destroy the freedoms of all peoples everywhere. This is the challenge which this Congress must meet.

Peace will not be found in the unrelenting bitterness and hostility of the Soviet Union and her satellites, but in mutual understanding and good will. The only great hope for world recovery and peace at the Paris Conference was the handshake of the United States Secretary of State with the Italian Premier. In that moment of despair the one hand of friendship extended to the Italian people was the hand of the United States.

Mr. Byrnes did not forget the words of the Potsdam declaration:

Italy was the first of the Axis Powers to break with Germany, to whose defeat she had made a material contribution.

Mr. Byrnes did not forget the Italian contribution to the Allied victory. He knew that 100,000 Italian men had fallen in resisting Germany and that the Italian people had suffered ruin and devastation from the bitter war that raged from Sicily to the Po Valley.

Mr. Byrnes' action symbolizes the approach which this Congress must take if we are to meet successfully the challenge of Russian aggression and Russian dictatorship. The United States must extend the hand of friendship to democratic governments everywhere. To the goal of a peaceful and democratic world we must pledge our material resources as we so recently pledged the lives of our manhood.

Today I speak particularly of Italy, for I feel that Italy stands in the most perilous position of any country in Western Europe. Italy, along with France, has been chosen by the Russians as the initial battleground in the Communist drive to capture western Europe.

The bitter struggle with the Communist Party of Italy is now reaching the crucial stage. Luigi Longo and Eugenio

Reale attended the recent conference of Communist Parties setting up the Cominform, which is apparently the successor of the Communist International. A few days after the conference Palmiro Togliatti, leader of the Italian Communist Party, announced:

A great new battle for progressive democracy is about to begin.

As the first step in this plan Italy is now being ravaged by Communist storm-troopers.

What are Togliatti's weapons in his battle for Italy? His weapons are hunger and depression.

HUNGER

Italy uses 8,000,000 tons of wheat annually. Her normal production is 6,000,000 tons. This year, with an Italian crop of only 4,500,000 tons, the situation is appalling. Unless the Italian shortage of 3,500,000 tons of wheat is made up by imports from abroad, Italy, already reduced to a state of poverty by the war's devastation, will starve.

DEPRESSION

The key to a peaceful, democratic Italy is industrial production. Despite the shortage of food, Italy's workers already have taken real strides in restoring production. The worth of the Italian effort is shown by the fact that she has now achieved an industrial production which is 61 percent of her 1938 volume. For a continued increase in production and to avert depression the northern industrial cities of Milan, Turin, and Bologna, need coal. Prior to the war, Italy produced some coal from the Istrian mines but, with the award of Istria to Yugoslavia, these mines are now under Yugoslavian control. Most of her coal, however, Italy received from Germany and England, paying for it in fruits and vegetables. Today, Germany and England themselves face a coal shortage. If Italy's industry is to survive, she must receive coal from the United States.

Through the action of this Congress we can wrest Togliatti's weapons from his hands. We can help the Italian people achieve democracy and peace.

The Secretary of State has asked the Congress to grant \$227,000,000 in interim aid to Italy. Interim aid now is most important for it will enable Italy to take a real step forward in the solution of her problems.

The Italian spirit, too, is most heartening. Italy has offered France and England 2,000,000 men to meet their manpower shortage. To France and Austria she wishes to make available her water-power resources.

The outlook for Italy will be hopeful if we give her funds and goods now. With food to carry the Italian people through the winter, and with coal to keep her factories in operation, Italy can begin the establishment of a self-sustaining economy.

Italy can become a bastion of democracy in Europe. Italy must receive assistance from the United States.

I must strongly endorse Secretary Marshall's request for aid to Italy.

(Mr. KENNEDY asked and was given permission to revise and extend his remarks.)

SPECIAL ORDERS GRANTED

Mr. GAVIN. Mr. Speaker, I ask unanimous consent that on Friday next, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered, I may address the House for 35 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. JAVITS. Mr. Speaker, I ask unanimous consent that on Tuesday next, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ADJOURNMENT

Mr. MICHENER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 6 minutes p. m.), under its previous order, the House adjourned until Monday, November 24, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1116. A letter from the Comptroller General of the United States, transmitting a report on the audit of Reconstruction Finance Corporation and affiliated corporations for the fiscal year ended June 30, 1945 (H. Doc. No. 439); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

1117. A letter from the Archivist of the United States, transmitting lists or schedules covering records proposed for disposal by various Government agencies; to the Committee on House Administration.

1118. A letter from the Attorney General, transmitting a report reciting facts and pertinent provisions of law in the cases of 1,479 individuals whose deportation has been suspended for more than 6 months, together with a statement of the reason for such suspension; to the Committee on the Judiciary.

1119. A letter from the Acting Secretary of the Navy, transmitting a report showing the costs as of June 30, 1947, of land or interest in land acquired by the Navy; to the Committee on Armed Services.

[Omitted from the Record of November 17, 1947]

1120. A communication from the President of the United States, transmitting First Report to Congress on Assistance to Greece and Turkey, for the period ended September 30, 1947 (H. Doc. No. 440); to the Committee on Foreign Affairs and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOFFMAN: Committee on Expenditures in the Executive Departments. H. R. 4469. A bill to amend the act of July 7, 1947, so as to authorize the Commission on Organization of the Executive Branch of the Gov-

ernment to procure the temporary or intermittent services of experts or consultants or organizations thereof; with an amendment (Rept. No. 1127). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FELLOWS: Committee on the Judiciary. H. R. 387. A bill for the relief of Hayato Harris Ozawa; without amendment (Rept. No. 1116). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 560. A bill to record the lawful admission to the United States for permanent residence of Wilhemina Piper Enz; without amendment (Rept. No. 1117). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 899. A bill for the relief of Mrs. Keum Nyu Park; with an amendment (Rept. No. 1118). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 1139. A bill for the relief of Dr. Gisela Perl (Krausz); with an amendment (Rept. No. 1119). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 1298. A bill for the relief of Anastasios Panage Ioannatos (known as Anastasios Panage Ionnatos or Tom Panage Yanatos); without amendment (Rept. No. 1120). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 2303. A bill for the relief of Mitsu M. Kobayashi, who is the wife of Edward T. Kobayashi, a citizen of the United States; without amendment (Rept. No. 1121). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 2218. A bill for the relief of Lawrence Edgar Edwards; with amendments (Rept. No. 1122). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 2250. A bill for the relief of Mrs. Daisy A. T. Jaegers; with an amendment (Rept. No. 1123). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 2425. A bill for the relief of August Dane Tetuæaro; without amendment (Rept. No. 1124). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 3061. A bill for the relief of Victor C. Kaminski (also known as Victor Kaminski); with an amendment (Rept. No. 1125). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 3263. A bill for the relief of Tech. Sgt. Tsuyoshi Matsumoto; without amendment (Rept. No. 1126). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GOFF:

H. R. 4527. A bill to insure the safety of the United States, to authorize the construction of certain aircraft, and for other purposes; to the Committee on Armed Services.

By Mr. KEATING:

H. R. 4528. A bill to provide for the application and enforcement of provisions of the fourteenth amendment to the Constitution of the United States and article 55 of the

Charter of the United Nations and to assure the protection of citizens of the United States and other persons within the several States from mob violence and lynching, and for other purposes; to the Committee on the Judiciary.

By Mr. MILLER of Connecticut:

H. R. 4529. A bill relating to the disposition of permanent housing acquired or constructed by the United States; to the Committee on Banking and Currency.

By Mr. POTTS:

H. R. 4530. A bill to provide free postage for gift packages of food and clothing mailed to certain foreign countries; to the Committee on Post Office and Civil Service.

By Mr. WELCH:

H. R. 4531. A bill for the relief of the city and county of San Francisco; to the Committee on the Judiciary.

By Mr. BUCK:

H. R. 4532. A bill to amend the Social Security Act with reference to deductions to be made from old-age and survivors insurance benefit payments; to the Committee on Ways and Means.

H. R. 4533. A bill to amend the Social Security Act with reference to the time in which claims for lump-sum death payments may be filed; to the Committee on Ways and Means.

By Mr. KNUTSON:

H. R. 4534. A bill for expenditure of funds for cooperation with independent school district No. 3, Cass County, Minn., at Cass Lake, Minn., for the construction and equipment at Cass Lake, Minn., of public-school facilities to be available to Indian children in the district; to the Committee on Public Lands.

By Mr. POTTER:

H. R. 4535. A bill to amend the Armed Forces Leave Act of 1946 so as to permit certain payments to be made to the estates of former members of the armed forces; to the Committee on Armed Services.

By Mr. WIGGLESWORTH:

H. R. 4536. A bill to grant certain veterans' preference benefits to certain persons who served in the armed forces of nations allied with the United States in World War II; to the Committee on Post Office and Civil Service.

By Mr. AUCHINCLOSS:

H. R. 4537. A bill to provide for certain payments to States and their political subdivisions as compensation for loss of revenues

occasioned by the acquisition of real property by the United States for military purposes; to the Committee on Public Lands.

By Mr. SUNDSTROM:

H. Res. 360. Resolution providing for the payment of salaries of pages, Doorkeeper's department, from November 12 to December 31, 1947, inclusive; to the Committee on House Administration.

By Mr. SIMPSON of Illinois:

H. Res. 331. Resolution to authorize the Speaker to appoint two of the membership of the House to consult personally with the head of the Russian Government; to the Committee on Rules.

H. Res. 362. Resolution to authorize the Speaker and minority leader of the House to consult personally with Premier Joseph Stalin; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H. R. 4538. A bill for the relief of the Bank of Kodiak, Kodiak, Alaska; to the Committee on the Judiciary.

H. R. 4539. A bill for the relief of John Picco, of Kimsan Cove, Alaska; to the Committee on the Judiciary.

By Mr. COLE of Kansas:

H. R. 4540. A bill for the relief of Sae Sun Kim; to the Committee on the Judiciary.

By Mr. DAWSON of Utah:

H. R. 4541. A bill for the relief of Jesse E. Cannon, Jackson Jones, and the estate of John Halstadt; to the Committee on the Judiciary.

By Mr. JOHNSON of Indiana:

H. R. 4542. A bill for the relief of Mrs. Hattie Truax; to the Committee on the Judiciary.

By Mr. KING:

H. R. 4543. A bill for the relief of Lt. (jg) Svend J. Skou; to the Committee on Armed Services.

By Mr. LATHAM:

H. R. 4544. A bill for the relief of Robert W. Macrae; to the Committee on the Judiciary.

By Mr. MILLER of California:

H. R. 4545. A bill for the relief of the General Engineering & Dry Dock Corp., of San

Francisco, Calif.; to the Committee on the Judiciary.

By Mr. WALTER:

H. R. 4546. A bill for the relief of Michele Francesco Fasolo; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

795. By Mr. GRAHAM: Petition of 27 residents of Slippery Rock, Pa., opposing the world calendar bill, H. R. 1345; to the Committee on Foreign Affairs.

796. By Mr. SMITH of Wisconsin: Petition of residents of Racine, Wis., urging passage of the Stratton bill, H. R. 2910; to the Committee on the Judiciary.

797. Also, resolution adopted by the Three Hundred and Tenth Engineers Last Man's Club, a World War I veterans' association, at its annual meeting on November 8, 1947, at Milwaukee, Wis., urging Congress to pass legislation granting pensions to veterans of World War I similar to those granted veterans of the Spanish-American War; to the Committee on Veterans' Affairs.

798. By the SPEAKER: Petition of members of the Townsend Club of Greater Tampa, Tampa, Fla., petitioning consideration of their resolution with reference to signing of Discharge Petition No. 7, endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

799. Also, petition of H. C. Curtis, secretary, West Palm Beach Townsend Club, No. 1, West Palm Beach, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

800. Also, petition of H. C. Curtis, secretary, West Palm Beach Townsend Club, No. 1, petitioning consideration of their resolution with reference to signing of Discharge Petition No. 7, relative to Townsend plan; to the Committee on Ways and Means.

801. Also, petition of H. J. Gramlich, Winter Garden, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

which could frighten anyone who might fear an inflationary threat. Therefore I think that the important figures are those which involve the postwar period. During this time we have heard and read the argument that postwar price increases have been caused by postwar wage increases. The facts are that between VJ-day and August, 1947, wages of factory workers have increased 21 percent, while prices have increased 24 percent. Of that 24 percent, 20 percent occurred after the lapse of OPA in June, 1946, and 15 percent of the 21 percent increases in wages came after that date. These facts prove my point that wage increases did not exclusively cause price increases.

But that is not the complete answer to our question. The fact that since VJ-day wages have lagged behind prices by 3 percent is not sufficient to satisfy the American people. There are other factors which enter our increased price structure. Clearly everyone has a responsibility to attempt to protect our economic structure against inflation.

One factor which has undoubtedly reflected itself in our price structure is corporate profits.

I do not approach the question of corporate profits with any scalpel in my hand to try to disembowel either the corporations, their officers, or stockholders. Our economic system is based upon profits. Without them it could not function. On the other hand, I do not think there is anything so sacred about them that, when anyone in Government mentions profits, businessmen should want to go underground with whatever they have and become frightened about what they call their risk capital.

The plain fact is that corporation profits have risen tremendously in the last 2 years. During the third quarter of 1945 (when VJ-day occurred) corporate profits were low. I do not think it would be fair to use that figure because of contract cancellations by the Government. It seems to me fairer to those who oppose my contention to take the full year of 1945. During the first half the profits were higher, and during the last half they were lower.

This shows profits after taxes of \$8,900,000,000. These increased \$12,500,000,000 for 1946. During the first half of 1947 the "annual reported profits of all corporations" totaled \$17,000,000,000 after taxes. I do not know, and nobody knows, how much each corporation or each industry shared in these profits. Such figures are not available to anyone. However, it seems to me that no fair-minded person could help concluding that a reasonable part of those profits could have been used to keep prices down during this period when the inflation threat hangs over our head.

The chief argument used by those who ask us to close our eyes to these profits concerns inventories. It is asserted, and I assume it to be true, that included in this 1947 profit figure is an inventory which cost \$4,100,000,000. It is contended that, because the future value of the inventory is uncertain, the whole amount of it should be disregarded. Everyone knows that it is unreasonable to ask the consumer to disregard this entire item. While the whole \$4,100,000,000 may not be received for it, a substantial part of it will.

The other argument used to support the position that no part of this profit can be used to protect our price structure is that the corporations must set up reserves. Of course, they must do so. Good business requires it. But at the same time the workers of the country need a nest egg to protect their futures. According to the Federal Reserve Board, more than two-fifths of our families decreased their savings in 1946. The Board estimates that 40 percent of the money represented by the decrease was spent for essential living expenses, 20 percent for durable goods, 20 percent for rent, and 20

percent for transfer to other investments. In other words, 80 percent was for necessities.

I do not pretend to know just how much of these profits could and should have been used to protect the consumers against excessive price increases, or how much represented necessary reserves. Anyone who attempts to say that is either divinely endowed or should be in an institution. But I do know that a part of it could or should be used in an effort to keep prices down. I also know that those who rested on their oars, satisfied that they could pin the entire blame on labor unions, were doing a distinct disservice to the companies they ran and to the American public which wants to keep our free-enterprise system and the democracy under which we live.

There are other factors in this problem of price increases. One of the favorites for discussion right now is our foreign-aid program. Undoubtedly this factor cannot be disregarded. But as was pointed out by the Council of Economic Advisers on November 1, this is largely psychological because actually our exportable surplus is larger than the amount so exported. Using the language of the Council, "the effect of the foreign-aid program upon the domestic economy to date has been substantially less than that of the total export surplus."

Another argument made by at least one prominent citizen is that the failure of the two tax bills this year to obtain Presidential approval is to blame. This is on the theory that if people had more money to spend they would not complain about high prices. When one considers that for the great mass of the people the tax savings would not exceed \$30 per year this argument needs no further pursuit.

Another factor was pointed out in the Council's report. That is the increase in domestic consumption. For example, it points out that the per capita consumption of meat has increased from a prewar level of 125 pounds per year to an estimated 155 pounds a year in 1947. Compared with the total the increase is not important enough to account for the marked rise in prices.

It has been contended that I had no right to use the figures from VJ-day or from June 1946 as starting points in reaching my conclusion.

This is certainly a reasonable argument worthy of consideration. I call attention to the fact that I have not abandoned the 1939 base. I have simply made use of that part of the statistics so based which I think pertinent to the discussion. I would call attention to the fact that the Council of Economic Advisers which consists of three of the Nation's outstanding economists and statisticians, used the same periods in the last two reports.

The issue in which we are interested is prices. They have risen abruptly since VJ-day and since June 1946. Our question is the extent to which the rises were caused by wage increases and other material factors. I believe I have proved that wage increases are not the exclusive cause of higher prices.

over the NBC network. I ask unanimous consent that it be inserted in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Today, the President of the United States demanded that Congress and the people turn the clock backward. He advocates a return to the days of war, of the OPA, the War Labor Board, and the War Production Board. He demands power in his individual discretion to fix prices or not fix prices, to fix wages or not fix wages, to prevent purchases by the housewife unless she gets ration stamps from some new Federal board, to dictate to every farmer where he shall sell the products of his farm and at what prices and to regulate the details of every business, control its inventories, regulate its acquisition of raw materials and direct the disposition of its finished products.

He wants price control against the producer, wage control against the workingman, rationing against the housewife and the restaurant, every kind of control over the businessman. It means the setting up of a Federal bureau with literally hundreds of thousands of employees, and agents prying into the daily lives of millions of people. We know this is what it would mean because we saw it happen here. Such a proposal is not progress, nor is it liberalism. It is reaction and a step toward a completely totalitarian nation.

Evidently under this administration we can never return to a state of peace. We still have war taxes. We have a war budget. Now we are to have war controls. Most of our Presidents have regarded war and its incidents as the worst calamity a people could suffer, except a loss of its liberty. But the present administration is so eager to retain the incidents of war that one can only doubt whether there is a real will to peace.

The President represents that these powers will be sparingly used only with relation to vital commodities in short supply which basically affect the cost of living, or basically affect industrial production. Everything, he says, is to be done on a highly selective basis. If there is one thing which the OPA certainly learned, it is that you can't do price control partially. The President ended controls himself partially on the ground that you could not control some prices unless you controlled all. All important commodities are interrelated. If you ration and fix the price of meat, everybody rushes out to buy chickens and eggs. Controls immediately must be established over them. Who is to determine what are vital commodities and whether they affect the cost of living? The definition itself is so broad that it includes 90 percent of all commodities. No; the President is only trying to sugar coat the pill. This is the OPA. This is the police-state condemned by the President himself only a month ago. This is the end of economic freedom.

Certainly prices are too high. Certainly unreasonable increases in wages may be requested. Certainly more food is being consumed in this country than necessary. But if we can't meet problems of this kind within our system of free competition and incentive, then we must regiment prices, wages, and rationing forever.

Apart from theory, there are three practical objections to adopting a police state. First, it chokes production instead of increasing it, and what we want is more production to give people what they need at reasonable prices. We saw under the OPA controls how many important products disappeared from the market. The housewife couldn't buy any butter, any meat, any soap, or canned goods. No man could find a white shirt or a new suit. There was no leather because of the black market, slaughtering of beef, and no

Foreign Aid and Domestic Economy

EXTENSION OF REMARKS

OF

HON. KENNETH S. WHERRY

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. WHERRY. Mr. President, the able senior Senator from Ohio [Mr. TAFT] made an excellent address on November 17, 1947, which was broadcast

shoes. There wasn't any lumber or building materials. And none of them came back until we got rid of OPA. The English have complete price control and rationing, and they haven't got enough to live on. They have no incentive to get production. Men don't work longer hours because there isn't anything to buy with the money they could earn. Surely with that example before us we don't want to socialize and regiment America.

In the second place, nobody knows enough to do the job of control as well as it is done by natural economic law. There are probably a billion transactions a day in this country, and no one knows how to fix the prices and conditions to govern those sales. I saw the little men who struggled with the problem in the OPA bureaus. They created books and books of regulations, and had to amend them daily. If their rules fitted the East, they didn't fit the West or the South. And there was no relief from bungling and injustice.

Certainly this administration has shown no evidence of ability to do the job. Look at the mess made of the voluntary food-saving program to carry out a highly desirable purpose. Meatless Tuesdays and chickenless and eggless Thursdays never did make any sense, because everyone ate chickens and eggs on Tuesdays and meat on Thursdays, leaving them just where they were. Last Thursday morning on the dining car the steward told us that while he could not serve eggs, he would substitute wheat cakes on every order. So to save wheat for Europe the travelers at wheat cakes in America. What difference would it have made if the Government had had legal power to enforce its decree? The compulsory plan would have been the same fool plan, and just as ineffective.

Third, price controls won't work in peacetime as I shall develop later.

The reason this country has a surplus of food to ship in such tremendous amount is that we have pursued a system based on liberty. If we go back to Government restrictions, there won't be any surplus to ship abroad, and we will be subject to the same paralysis of initiative which exists in Europe and England today.

Bad as the price situation is, this is no emergency like war. According to the President's own statement, the average income of individuals after taxes has risen 30 percent since 1929 in terms of actual purchasing power. The average man is therefore 30 percent better off than he was at the high point of prosperity 18 years ago.

The average workman is better off today than he was in 1939 just before the war in spite of the high prices, because his wages have gone up 110 percent while the cost of living has only gone up about 65 percent. Nearly half the families in the country have two workers in the family, and those families are better off than they were before the war. Unfortunately, there are still a large number of families whose wages or fixed income has lagged behind the increase in prices. We have to do everything we can to get prices down or increase their income, but we don't need to surrender liberty to meet every economic problem. What emergency except a political emergency justifies making the President an economic dictator with power to run the lives of each businessman, farmer, workingman, and housewife?

This high price condition is no accident. It has obviously resulted from the policies of the administration which has controlled this Government for the last 15 years and throughout the war. Prices are high because demand is greater than the supply. Although the supply is tremendously increased over prewar, the money available for spending has increased still more. The war was

financed on inflation with a deficit of \$50,000,000,000 a year for 3 or 4 years. The money created then and saved by the people is coming into the market to buy goods. Under lend-lease we distributed dollars around the world, and now those dollars are coming back from South America and elsewhere to buy goods that are insufficient for our own needs. Through the Bretton Woods fund and bank and the British loan we have distributed more dollars to be spent here. At the same time we have kept Government expenses and taxes many times higher than they were before the war. The administration has resisted any attempt to cut expenses, or cut taxes. Every cent the Government spends puts more money into the buyer's side of the market.

The huge tax burden from this expense amounting to about \$40,000,000,000 a year—plus twelve billion of State and local taxes—30 percent of the national income—is a burden on millions of taxpayers. A lot of the taxes, however, are passed on into the cost of manufactured products. When you buy a pair of shoes you help pay the taxes of the farmer who raises the cattle, the livestock dealer, the packer, the leather processor, the shoe manufacturer, and the retailer. Probably 25 percent of what you pay on most articles is made up of taxes.

Probably the most important cause of high prices is the tremendous volume of export buying. True, we have an exceptional income here at home in the United States but the income of our people is practically balanced by our production. When we impose on top of this balance \$20,000,000,000 of foreign purchases, we can hardly be surprised that a great increase in demand outruns our supply and forces prices up. This year we are exporting at the rate of twenty billion, and importing at the rate of nine billion. That means that \$11,000,000,000 of market demand are coming from abroad with no goods to balance them. About half of it is balanced by taxes, but the other half is pure inflation.

The President recommends that we extend and strengthen export controls. Why, he has had power to control exports right along, only he hasn't exercised it in any effective way. He has permitted the world to come in with the dollars we gave them, and bid up the price of our goods.

Of course we have to export to Europe to prevent starvation and chaos. Everybody agrees on that. There isn't any substantial difference about the necessity of doing something at once to carry Italy and France through the winter, through a short range emergency program. From the point of view of checking communism, this program is essential. But it is more or less useless unless we change our policy in Germany and our policy in China. Secretary Marshall is apparently uninterested in saving China from the Communists at a very reasonable cost, while advocating billions for western Europe.

It is most unfortunate that there is not a word of encouragement in this message for those fighting against communism in China without ammunition and with their backs to the wall. His effort to reestablish the economy of western Europe with American dollars is completely hopeless as long as he continues in Germany to destroy the industrial plants which alone can make Germany self-supporting.

People seem to feel that we cannot check exports without causing hardship and starvation, but as a matter of fact of some \$20,000,000,000 of exports in 1947, only about 40 percent go to Europe—12 billion go to every other section of the world, North America, South America, Asia, and Africa. Surely we should ration the rest of the world on steel, grain, and oil before we even consider rationing our own people. Today the Russian Government has an active commission

here buying American goods and paying gold for them which is better than credit, but just as inflationary. Much of what Russia is buying is heavy machinery, good for the manufacture of munitions. Why does the President grant export licenses for goods of this kind when steel and various types of machinery are insufficient for our own needs?

I have pointed out that the tremendous exports are one of the main causes of high prices here today. They can be cut down. In fact, if they continue at the present volume they present a threat to the whole economy, because they cannot possibly be maintained indefinitely when the world returns to normal. In 1929 we built up a false export trade based on private credit. When it became apparent that the loans were not to be repaid, all lending stopped, and the sudden unemployment which resulted here contributed heavily to the depression of 1932. Now we are repeating the experiment with government funds instead of private funds.

We have been aiding Europe at the rate of about \$5,000,000,000 a year of Government grants, loans, and other aid. I think we can maintain that rate without further serious effect on prices, if we cut down on other exports and other Government expense, certainly without any need for setting up police state controls. But I cannot see any reason for increasing the rate of the very generous contributions we have been making. No nation has ever been so generous or made such tremendous effort to export as we have during the past 2 years. We cannot endanger our whole economy and our whole liberty by trying to increase that \$5,000,000,000 rate to the \$8,000,000,000 a year requested by the foreign nations at Paris.

The European Socialists do not seem to realize that if we are to continue our \$5,000,000,000 program for any length of time, it must be based on a continuation of that liberty; that while temporarily we might increase our output by Government restrictions, in the end we would soon be subject to the same paralysis of initiative which exists in England and Europe today. In other words, Europe has to take the limitations which are inherent in a free system if they want the benefits produced by it.

We have shipped more food and other assistance out of this country than any other nation has ever before accomplished for the world. We cannot stretch that liberality too far or there will be nothing to ship. We cannot ship so much that under a free system it will lead to a period of "boom and bust."

In short, the way to hold prices down is for the Government to spend less money and reduce taxes, to limit exports and to hold the Marshall plan within a reasonable figure, and to control the growth of private credit. The Marshall plan is not primarily to relieve hardship and starvation. Our whole contribution for food, fuel, and fertilizer under this plan will probably not be more than \$2,500,000,000. The rest of the assistance requested is desirable, but much of it is not essential, certainly not worth another OPA in this country. Apparently the President thinks that we cannot adopt his version of the Marshall plan without police state controls and another OPA. I said last week in New York that the President was asking for two completely inconsistent policies at the same time. I said that if he wanted the \$8,000,000,000 European form of the Marshall plan we cannot have lower prices, if we want lower prices, we have to give up that Marshall plan. If the Marshall plan is essential for the preservation of Europe and the world, then we can better stand higher prices than we can stand a complete relapse to a Fascist regimentation of every individual in the United States. But I believe very strongly that we can adopt a modified Marshall plan probably with more benefit to the countries concerned than if we are too lavish, and I

believe that we can hold prices at reasonable amounts with such a modified plan, if we cut other expenses and taxes, control credit, and limit exports.

"Surely, the American people do not desire a return to the days of OPA. They know that the controls won't work. They remember the shortages and the black markets. In time of war a morale develops which makes it possible to maintain some control, but in time of peace those controls are certain to fail. They will not hold real prices down, if we permit other conditions to go on forcing prices up. The American people don't like to be regimented, and they don't like to be ordered around by Federal officials. Our experience with prohibition and with OPA both prove that vast black-market operations develop which the Federal Government itself is unable to control. Morals are broken down because it pays to be a criminal.

Surely, the President's memory must be short. It was the President's own Decontrol Board which took off the controls on dairy products and grains in 1946. It was the President himself who took off controls on meat just before the 1946 election. It was the President himself who took off almost all other controls in December 1946 before the first Republican Congress in 14 years even convened. Can he sincerely believe that the Government could now enforce the controls he is asking for without a vast army of enforcement agents? Or even with such an army?

The President's adoption of this police-state program represents the final surrender to the left wing. The President himself indicated clearly within a month his disapproval of price control. What has happened since? The growing importance of the Marshall plan? But three committees of eminent men examined the plan and found that we could safely undertake it, or the essential part of it, without serious danger to this country. While some mild forms of allocations were suggested none of the committees thought a complete price control, wage control, rationing system was necessary. Only Leon Henderson and his crowd, and the Political Action Committee of the CIO advocated this program. There has been no change in conditions except the conditions of political strategy.

From a Republican political standpoint it might be better for the Congress to give the President the power which he demands. It could only result in failure and a revolt of public opinion against any man who is trying to enforce the law. I have had Republicans say to me that we should swallow our prejudices and pass these measures for political advantage, so that chaos and confusion will rebound to our advantage in November 1948. But it seems to me that the issue is far deeper than any political issue. We stand at the cross-roads today between a free America and a planned economy. This is the last stand of the planners who think they know how to run the people's affairs better than the people can know themselves. If this effort succeeds in time of peace, there will never be a time when an emergency cannot be summoned up to justify the continuation of these powers. It was only a month ago that the President himself said that consumer rationing and price controls were police-state methods. That is the issue today, not only in America, but throughout the world. This country is the great bulwark of a free life, and from that freedom has developed the greatest and most productive country in the world and the country where the people are better off than any other country in the world. Shall we abandon that philosophy for the police-state methods which have brought the rest of the world as seekers for charity at our door?

**Address of Hon. John L. McClellan, of
Arkansas, Before the Arkansas Wood
Products Association**

EXTENSION OF REMARKS

OF

HON. JOHN L. McCLELLAN

OF ARKANSAS

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. McCLELLAN. Mr. President, I ask unanimous consent to insert in the Appendix of the RECORD an address delivered by me on the 28th of October, before the second annual convention of the Arkansas Wood Products Association.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, members of the Arkansas Wood Products Association, and friends, one of the principal benefits of a recess period of Congress is that it affords to Members the opportunity of conferring with their constituency and the citizenship of the Nation which they represent. The importance of such contact and consultation between Members of Congress and the individuals, groups, and different organizations can hardly be overemphasized. From such associations, there is developed a closer relationship between the people and their lawmakers, and this results in a better understanding of all common problems—local, national, and international in scope—that are directly related to Government and the affairs of state.

These considerations, along with others, and the genuine pleasure of greeting and having this delightful association with you, have motivated my presence here today.

I congratulate your officers and entire membership for having developed and perfected this splendid organization. Because of the great importance of the timber and wood works industry to our national economy and welfare, the establishment and services in this State of an association like yours have long been needed, and it is a source of personal gratification to me that it is now in existence and functioning. I have no hesitancy whatsoever in predicting its future growth in power and useful service to the industry and to our State and to the Nation.

Your association gives to us who are representing you in the National Congress a source to which we can turn for accurate information, and for counsel and advice on issues vitally affecting the industry itself and, in many instances, on problems of general concern. Your officers in the past have freely exercised the privilege of making suggestions and submitting to me the recommendations of your group. These have been welcome and helpful to me in the discharge of my official duties. I believe almost without exception, after due deliberation, my opinion has generally coincided with those entertained and expressed by you. I hope, and I am sure, this cooperation and pleasant relationship will be continued in the future in the spirit and for the purpose of mutual helpfulness.

It would be highly presumptuous for me to attempt a thorough discussion of any subject peculiarly related to the industry that you represent. Your knowledge and experience in this field of enterprise surpass, I am sure, any information of which I am possessed. But as a member of our national lawmaking body, I must be and am con-

cerned about the welfare of all our principal industries and about the usage made of all our great natural resources.

The four major natural resources of our State and Nation are the soil, the timber, the minerals, and our waters—our lakes and streams. These natural resources provide the physical sustenance of human existence and are basic factors in the health, strength, economy, and prosperity of our community and national life. Three of these—our soil, our timber, and our minerals—are by their very nature exhaustible. Two of these—our soil and timber—by proper use and management can be conserved and the depletion from use and consumption thereof can be in many instances substantially restored. The third—our minerals—man cannot restore. Therefore, our only means of prolonging their availability is by conservation in their use. The fourth great resource—water—is generally not depletable but is rather inexhaustible. With it, we only have to develop its potentialities in order to make it serve our industrial and human needs.

Although we are fortunately blessed with a system of government that embraces the free-enterprise system where human rights, including property rights, are exalted and respected, it is recognized and accepted that for the promotion and protection of the State and national interest, the Federal and State Governments have a large responsibility with respect to these basic natural resources to the end that they may be preserved and made to serve the common good.

While you are primarily and occupationally interested in and identified with one of these—timber—you are also of necessity vitally interested in all of the others.

Because of the Government's responsibility for the protection, preservation, and conservation of these indispensables, it has been my opportunity and privilege as a Member of the National Congress to help enact laws and make appropriations of public funds for the authorization and carrying out of programs designed and intended to promote the preservation, conservation, and proper utilization of all four of these major, basic resources. These programs in part provide for soil conservation, forestry reserves and preservation, depletion allowances for certain minerals, and for irrigation, navigation, reclamation, flood control, and the development of hydroelectric power.

I make no attempt at comparison of the importance of these various Federal programs. They are all worth while, they are all valuable, and all contribute in a large measure to the welfare and future prosperity and strength of our Nation and to the high standard of living of our people. I have taken a special interest in all these programs because without exception every one of them is important to the economy of our State.

Time, of course, will not permit me to discuss the value and all the benefits we derive from each of these programs, but I do wish to dwell in some measure upon that great resource of timber, the industry with which each of you is identified.

The geographic area which the State of Arkansas embraces was abundantly and richly endowed by providence with the great variety and high quality of timber resources. When the white man first visited this area, it was covered with some 32,000,000 acres of excellent forests. In fact, trees covered the entire area of the State except that occupied by our waters and a few hundred thousand acres of land in the Grand Prairie section. In the natural course of progress and the increase in population, more than one-third of our original forest lands has been converted into farms and into industrial and other uses, so that now we have left only 20,000,000 acres of forest lands that are available for the future growth of timber.

Our virgin supply has largely been consumed, and although it has been estimated that we have at present the equivalent of between forty and fifty billion board-feet of growing stock, 1 year's national supply, we know that in our highly developed economy such reserves unless maintained and increased will not be adequate for all our needs of tomorrow. If we are to be wise as a state, as a nation, and as a people we must use the necessary means and employ practices of usage that will conserve and maintain this large reserve and substantially increase it by cultivation, growth, and restoration.

We of this generation have no moral right to denude the forest areas of our land and dissipate this great natural resource to the extent of leaving an impaired heritage to future posterity. To do so would impoverish the Nation. We of the present generation are in reality trustees, the keepers, of these natural endowments and have the continuing responsibility, where it is possible to do so, to leave adequate reserves for the comfort, happiness, and prosperity of the people who will inhabit this great Nation in the generations and centuries to come. It is thus incumbent upon us to practice good husbandry, to take and use without waste only that part that is essential to our own well-being, and to promote the growth and restoration of this resource to the extent that it is possible to do so.

In this age of global wars, and when the peoples of the earth are beset with grave and perplexing problems that endanger national existence and civilization, and with the clashing of two divergent and diametrically opposed forms of government and ways of life, in which ultimately one may survive and the other perish, it is imperative to our freedom and to our existence that we as a nation remain strong. In more than one instance where we once had an abundance of vital and strategic resources, we know now that these resources are not unlimited for all time and that shortages or lack of adequate reserves have already begun to appear. This need never be true of our forests for either our domestic or peacetime needs, nor for purposes of war, in that eventuality, if we use the intelligence, the wisdom, and ingenuity of which we are possessed. A lack of timber reserves in a great and prolonged military struggle could seriously weaken our striking power and our defensive resistance. This, of course, applies with equal force to the depletion of our soil and minerals.

Therefore, if America at the time of some crisis in the future is to have that strength in natural physical resources to enable her to have adequate military defenses and the striking power to repel any aggressive foe, it is essential that the necessary reserves be developed and at all times maintained.

The danger of a future war to which I refer is neither mythical nor is it fantastic. It has happened before, it could happen again; it is a dreaded and unthinkable possibility. But, until a permanent peace has been won, not to recognize that war is a possibility would be the height of national stupidity, and not to be prepared as best as we can would be inexcusable and possibly fatal folly.

We must trust, we must pray, and labor every day in the vineyard of peace in the hope that it will ultimately dwell upon earth and that there will be good will among men. But until a genuine peace has been attained, America, remembering the past, must not be indifferent and slothful at the present nor unconcerned and neglectful of its future.

Dismissing, however, any contemplation or prospect of future wars and the need for military strength and assuming that peace will henceforth reign supreme, there still remains full need for the conservation of our forests and the proper utilization of our wood and timber resources. If we are to enjoy a continually increasing happiness, prosperity, and higher standard of living. These con-

siderations and objectives are within themselves sufficient to warrant and require that you and I as citizens, that all of our people, and State and Federal Government, promote long-range programs and employ practices in forest husbandry and in our wood and timber processing and usages. It is a source of extreme gratification to me that a major part of the industry, and those of you who are identified with it in Arkansas, are fully cognizant of these necessities and that you have inaugurated fruitful programs and practices that are making a valuable contribution not only to the conservation of this great vital resource but that in the processing of wood products, you are finding ways and means of eliminating tremendous waste that has occurred in the past and are ever exploring and finding new uses, new services, that wood products can be put to for the enjoyment and convenience of our people and for the enrichment of our Nation.

I was particularly pleased when our last State legislature, under the leadership of our present Chief Executive, had the vision, the wisdom, and the statesmanship to greatly increase State appropriations for the forestry program. The \$450,000 appropriated by our State legislature, when matched by Federal funds that are available, makes possible the expansion of the program to include millions of acres of forests that have not heretofore been within reach of the limited programs of the past.

The appropriations of the Federal Government for all phases of forestry programs were \$70,000,000 for this fiscal year. Although I recognize the pressing necessity for economy in government, I hope that I can, and that our people can and will, always distinguish between true and false economy. To save a dime and lose a dollar can never be a sound fiscal policy. The saving of a dollar of public funds while suffering the loss of far greater values in any of our national resources is false economy under any accounting system or appraisal of true values.

So long as I have the honor of serving you in the Senate, as these issues and measures come before me, it shall be my purpose to study their merit and measure their worth in terms of tomorrow as well as in terms of today; and with my present understanding and judgment I shall continue to support and vote for adequate appropriations essential to the preservation and development of our natural resources and the enhancement of our national wealth.

Yes, let's keep America strong—militarily, resourcefully, and economically. Only in that way can we make sure of our future. I have an abiding faith that you, individually and as a group of citizens of Arkansas, identified with one of the largest industries in the Nation, will keep faith and remain steadfast in this high purpose and patriotic duty. I trust that your Federal Government and the Congress, and that I as one of its Members, will wholly meet our responsibilities to you, to the Nation, and to future generations.

We Are Losing the War of Words in Europe

EXTENSION OF REMARKS OF

HON. KARL E. MUNDT

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 18, 1947

Mr. MUNDT. Mr. Speaker, under leave granted me by the House I am placing in the RECORD at this point an article on European conditions which I wrote at

the request of the editor of the Sunday New York Times and which appeared in the November 9 issue of the New York Times Magazine.

The purpose of this article is to present as best I can, on the basis of my observations and studies in 22 European countries, the necessity of developing and maintaining an effective and adequate American information program overseas.

I am convinced that we will be engaging in a futile and ineffective program indeed if America limits its efforts to feeding the stomachs of Europe while the Communists concentrate on feeding the minds of Europe. Europe is today as hungry for American facts as it is for American food.

If we are really going to strengthen the forces of freedom abroad I am certain we must supplement any program of economic aid with an effective program of education and information in Europe which will not only dispell the illusions created by Soviet propaganda but which will also develop a clear understanding and appreciation abroad of American policies, American concepts, and American plans for the preservation of peace and the restoration of prosperity.

WE ARE LOSING THE WAR OF WORDS IN EUROPE
A CONGRESSMAN WANTS TO STRENGTHEN AMERICA'S VOICE AND OUTLINES A PLAN TO MAKE IT MORE EFFECTIVE

(By KARL E. MUNDT)

(KARL E. MUNDT, Representative from South Dakota, has just returned from leading a joint Senate-House committee through 24 European countries, where its members studied political conditions and the operation of the State Department's international information program.)

Europe today has become a vast battlefield in which adjectives have replaced armaments as the active elements of attack and defense. So clearly are the lines being drawn, however, in this battle of words and ideologies that shooting may once again supplant the shouting unless positive American leadership is promptly and prudently exerted to help restore good sense and sound government in Europe.

Moscow and its controlled Communist parties in every European capital have taken the initiative in this word war. They have devised and are directing a campaign of vilification and misrepresentation which throughout Europe has the United States and the United Kingdom as its primary targets. As the larger and the stronger of the two countries dedicated to democratic freedoms and non-Communist devices, the United States is being pummeled by propaganda over the air waves, in the press, and by all the other methods known to the arch propagandists of communism, to the point where we must either answer the challenges and criticisms being hurled at us or reconcile ourselves to the fact that our silence in Europe is certain to harvest for us a crop of ill will and resentment entirely unjustified by our policies abroad.

How should American leadership be employed to put oil upon the troubled political and economic waters now boiling so violently in all but a few European countries? Is it a job we can afford to undertake? Are we equipped to do it? Is it one giving reasonable promise of success? Is it a challenge which we dare ignore?

Having just returned from a 6 weeks' congressional study trip in Europe on which I served as cochairman of a joint Senate-House committee studying economic and political conditions in 22 European countries,

"Our fundamental concepts of democracy and our religious and political recognition of the dignity of the individual and his inherent rights are necessary to the solving not only of Europe's problems but also of Asia's. Our belief in the rights of revolution gives us confidence in the face of change. With faith, then, in our idealism, the world will go forward as it follows American leadership."

If my prediction is true, the place for Japan in the fulfillment of the prophecy is plainly seen when we catch the spirit of her new constitution. Our whole success depends upon our being able to keep the thought of the leadership in Japan in harmony with what we said in our psychological warfare and to build the future Japan upon what we told the Japanese was their own ideals as taught them during the best part of the Meiji era.

Racial Relationships

EXTENSION OF REMARKS

OF

HON. CLYDE R. HOEY

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. HOEY. Mr. President, I ask unanimous consent to have inserted in the Appendix to the RECORD an editorial entitled "Remedy Worse Than Disease," which appeared in the Raleigh News and Observer under date of November 2, 1947. This editorial was written by Hon. Josephus Daniels, who was Secretary of the Navy for 8 years during President Woodrow Wilson's administration, and who completed 8 years of service as Ambassador to Mexico in 1941.

Mr. Daniels has been active in promoting good race relationship throughout his long and eventful public career, and in this editorial he discusses calmly and dispassionately the report of the Civil Rights Committee.

I also ask unanimous consent that another editorial, entitled "Aycock Chartered the Way," from the same newspaper, be inserted immediately following the first editorial.

Gov. Charles B. Aycock led the educational movement in North Carolina in the beginning of this century, and it has resulted in providing a splendid system of public schools in our State, in which the white and Negro teachers receive the same compensation when holding the same certificates and having the same number of years' experience. The viewpoint expressed in this address by Governor Aycock in 1901 while he was Governor of the State, is the basis upon which our State has proceeded, and is the only basis upon which peaceful and harmonious relationship can be maintained throughout the South and the Nation.

The report of the Civil Rights Committee betrays a woeful lack of understanding of the real conditions which exist in this country. Some of its recommendations are good, but others fail utterly in offering any solution of the race problem. To adopt the views of this committee throughout would result in chaos, rather than in orderly and peaceful conditions, and would hinder the

great progress which is now being made in a fair and just determination of the race problem to the good of all concerned.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Raleigh (N. C.) News and Observer of November 2, 1947]

REMEDY WORSE THAN DISEASE

In November, 1946, President Truman appointed a committee, with Charles E. Wilson as chairman, known as the President's Committee on Civil Rights. The service expected of this committee was thus stated in the official statement from the White House:

"The committee is authorized on behalf of the President to inquire into and to determine whether and in what respect current law-enforcement measures and the authority and means possessed by Federal, State, and local governments may be strengthened and improved to safeguard the civil rights of the people."

Last week the committee made public its report in a 178 page pamphlet. A digest of this report appeared in Thursday's News and Observer and other papers. A careful reading of the exhaustive report, accompanied by charts, discloses that substantially the recommendations of the committee may be summed up in these 14 points:

1. That the 48 sovereign States should be abolished or reduced to the status of the type of provinces, most civil rights questions to be administered by Federal appointive boards with powers equal to those of the State or the judiciary.
2. That no individual or firm be permitted to give employment to any person unless approved by a board with the power to kill or make alive under a so-called Fair Employment Practices Act.
3. That majorities have no rights equal to those of minorities.
4. That whereas in State enforcement of law as to civil rights there are so many miscarriages of justice that the function of government as to minorities be transferred to Washington.
5. That there shall be no segregation in schools, colleges, churches or elsewhere.
6. That suffrage and election laws be exclusively enacted and enforced by the Federal Government unless the States agree to be the puppets of legislation giving sovereign power to boards or commissions appointed by the Federal Government.
7. That no funds from the Federal Treasury, collected from all the States, can be employed for education, health, or the public welfare in any State where segregation is practiced in schools or hospitals and aid to the poor or in transportation.
8. That a Federal board shall enforce compliance with the policies of nondiscrimination and a permanent commission to insure civil rights and make the FBI a sort of gestapo.
9. That Federal control of housing and renting be adopted.
10. That in the armed forces all races shall bivouac together and end all segregation.
11. That the requirements for voting be prescribed by the Federal Government beginning with a congressional act to forbid poll-tax payment as a voting prerequisite.
12. That Congress enact an antilynch law.
13. That steps be taken to have a rehearing and change of the decisions of the Supreme Court on civil rights cases in 1883 and the substitution of the dissenting opinion of Justice Harlan.
14. That the decisions of the Supreme Court, beginning with its decision in *Plessy v. Ferguson*, in 1896, which held that segregation was not discriminatory be overturned.

In long and elaborate arguments and citation of history, the committee seeks to justify these 14 radical steps that would make of the Federal Government the sort of government that Alexander Hamilton desired, minus the king he preferred, to the sort of government Washington, Jefferson, and Madison set up—one that has been an indissoluble Federal Government with fixed and limited power, with sovereign indestructible States functioning in all fields not assigned to the central government.

The committee has gone far afield from the instructions given by President Truman in creating the committee, and discussed what should be done with reference to communism and other issues that are not directly related to civil rights.

The long report contains little or no reference to the duties imposed on the State or local governments or the many conspicuous actions of officials in the Southern States to uphold all the laws and secure the civil and other rights of Negroes in the South. But there runs like a thread through the entire voluminous report an emphasis and denunciation of the cases where the States have failed in their duties. Stress is laid on failures in certain Southern States to punish men guilty of lynchings. The report of condemnation of these failures is not more severe than were contained in the press and by officials in those States stained by the failure to convict lynchers. While magnifying and denouncing—and properly—lynching there is no word of condemnation of those guilty of the rapes for which the crime has most frequently been resorted to, or the indignation felt by most southern people who are portrayed as guilty of prejudice against the Negro. A Russian reading the horrible recital of lynchings—and condemnation cannot be too severe—would feel justified in the slanderous statements some of their spokesmen have broadcast about American wrongs to minority groups. The report does not indicate that this most heinous crime that shamed the States where they occurred have greatly decreased and that public opinion in the South is as strong in condemnation of lynching as the members of this committee. They write as if the crime would cease instant if the Federal Government had sole authority.

The authors of this report seem to be obsessed by the need of turning over the protection of civil rights to Federal boards and commissions and other officials. The history of the enforcement of laws by the Federal authorities does not justify the belief that they are sacrosanct and there would be no miscarriages of justice by turning over all prosecution to Federal officials. They are human and their record of convicting violators of the law does not justify such supreme faith that all would be well if they were given the exclusive power proposed by the report. To be sure, it is nowhere said in words that States are to be relegated to the scrap heap and the Federal officials given exclusive power, but there is no escape from that conclusion after reading the various indictments and recommendations.

The worst lawbreakers in America today are the magnates who head the trusts which violate the antitrust law. It is the duty of the Federal Government to protect the despoiled people by enforcing that law. They have plenty of lawyers and plenty of money, but what is the record of conviction and punishment? Not only have violators of the law not been jailed but there have been few convictions and in these cases the penalties have been little more than a slap on the wrist. With that record, and the failure to convict the profiteers who robbed Uncle Sam in war contracts, who can believe that all would be well by turning over the civil rights prosecution to the Federal authorities—particularly since the committee recommends permanent

boards—"all boards," said Woodrow Wilson, "are long, wooden, and narrow."

There is much in the report of injustices that should be righted. Injustice to any man—particularly the weak—is a disgrace and stigma on our country. Denial of the right to vote for nonpayment of poll tax is indefensible, but that has been ended in most States and is on the way out. Lack of equal educational facilities is indefensible, even though in the South any lack is being remedied. The authors recognize the situation in the South with a larger number of children than in other parts of the country and they state that Mississippi spends 3.41 percent of its income for education while New York only spends 2.61 percent. Even so, "this means \$400 per classroom unit in Mississippi and \$4,100 in New York. Negro and white school children, both suffer because of the South's basic inability to match the level of educational opportunity provided in other sections of the Nation."

After that fair statement, what does the committee suggest? A majority advocate denying any Federal aid sorely needed in the South unless the Southern States are compelled to send white and Negro children to the same school—a proposal which the members know is equivalent to a denial of needed assistance for the children of both races. The report states that all the members did not concur in advocating the Big Stick of saying to the South: "End segregation or we will urge starving your schools." No man who understands the situation, and would have better schools for both races, would advocate the policy recommended by a majority of the committee. The report should have printed the names of the members who did not favor giving aid to schools in States whose constitutions compel separate schools for the races.

The proposal to deny Federal funds for education if there is segregation in the schools is equivalent to making an offer with one hand and denying it with the other. If in the Southern States, where there is a large Negro population, the tender of Federal aid for schools is accompanied by a demand for mixed schools, every man who knows southern sentiment knows the tender of the money thus conditioned would not be accepted. The proposal is a "promise to the ear" to be "broken to the hope."

The people of the South are aware of their shortcomings. They have not always done as well by the Negro as they should, but that is not sectional. There has been no worse race riot in the country than in Detroit, but, though southern failures and wrongs are paramounted there is no allusion to such scenes as occurred in Detroit or to the segregation of the Negro in Harlem and lack of welcoming him above the Potomac.

There is no reason to doubt the good intentions of the members of the committee, but portions of the report breathe ignorance of and prejudice against the South. It is alleged that the South has race prejudices and that its segregation laws are proof of prejudice. The South is no more free from it—maybe not so much so—as the people in New York who segregate the Negroes in Harlem and wouldn't let a Negro family live on Fifth Avenue or enter Groton or its other like schools. Prejudice, injustice, lack of consideration for the Negroes who have come far from slavery is indefensible. They should be treated with justice, paid well for good work, afforded educational advantages, given fair trials in courts, guaranteed the right to vote when they possess the required qualifications, and given friendship and help. Most folks in the South give these things more and more. The Negroes in the South are advancing, own-

ing more homes and getting better wages as they are in other parts of the country. These better conditions, with good will and friendship, should grow and be reciprocal. They cannot be advanced by such exaggerated and prejudiced statements as abound in this report or by turning over all protection of rights to a Federal bureaucracy.

With no doubt of the good intentions of the members of the committee and approval of the good portions and the information the report contains, the carrying out of the recommendations would not abate any of the situations which the members wish to act upon. It might aggravate them.

The remedy proposed would prove worse than the disease, a disease that needs healing rather than the proposed surgeon's knife. It is not certain that a well-meaning committee has not dug up more snakes than can be killed.

[From the Raleigh (N. C.) News and Observer of November 4, 1947]

AYCOCK CHARTED THE WAY

In declining to agree with the report of President Truman's Committee on Civil Rights as to the end of segregation as practiced in the South, the people of this and other Southern States are actuated by no feeling that militates against opening doors to education and advancement of the Negro than those misguided friends who, while segregating him in the North, demand that the South shall depart from separate schools and separate churches and separation in public assemblies.

The South today is guided by the wise counsel of Gov. Charles B. Aycock as set forth in 1901 in an address to the Negroes of North Carolina at the Negro State Fair in Raleigh. Governor Aycock said:

"What you wish, what you need, more than recognition by the President or other people in authority, is the establishment among yourselves of a society founded upon culture, intelligence, and virtue, and in no wise dependent upon those of a different race. * * *

No thoughtful, conservative, and upright southerner has for your race aught but the kindest feelings, and we are all willing and anxious to see you grow into the highest citizenship of which you are capable, and we are willing to give our energies and best thought to aid you in the great work necessary to make you what you are capable of, and to assist you in that elevation of character and of virtue which tends to the strengthening of the State. But to do this it is absolutely necessary that each race should remain distinct, and have a society of its own. Inside of your own race you can grow as large and broad and high as God permits, with the aid, sympathy, and the encouragement of your white neighbors. If you can equal the white race in achievement, in scholarship, in literature, in art, in industry, in commerce, you will find no generous-minded white man who will stand in your way; but all of them in the South will insist that you shall accomplish this high end without social intermingling. And this is well for you; it is well for us; it is necessary for the peace of our section; it is essential to the education of your children that you shall accomplish this high end upon this point."

Nobody has compressed so much wisdom into a statement that should govern the course of members of both races as is found in the address of Governor Aycock to the Negroes of this State. It is to be regretted that the members of the President's Civil Rights Committee did not have access to this address so they could have incorporated it with approval in their report.

The Impact of the Marshall Plan

EXTENSION OF REMARKS

OF

HON. JOSEPH C. O'MAHONEY

OF WYOMING

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. O'MAHONEY. Mr. President, the Cosmos Club of Washington, D. C., an organization of distinguished scientific and professional men, celebrated its sixty-ninth birthday anniversary on the evening of November 17, when it was my privilege to have the opportunity of speaking on the impact of the Marshall plan. I ask unanimous consent that the text of my remarks may be printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE IMPACT OF THE MARSHALL PLAN

Once again the people of the United States must come to grips with destiny, while peace and progress under freedom hang in the balance. Until the First World War was fought, our decisions directly affected only those who lived within the borders of our own country. Now our decisions affect not only ourselves, but the people of the whole world.

We cannot separate ourselves in this hour of decision from the rest of mankind. It must be understood why this is so before any intelligent judgment can be reached upon either the necessity or the impact of the Marshall plan.

SCIENCE HAS DESTROYED ISOLATION

Let me begin, therefore, by asserting that we ourselves by our own achievements have destroyed the isolation which once was the protection of the United States from the errors and tyrannies of other lands. By the use which we have made of our own freedom, by the manner in which we have released the individual energies of the millions who make up our population, we here in the United States have wrought most of the scientific advances which have almost abolished time and distance and which have made the world so small that no part of it is separated by more than a few hours from any other part.

Modern means of communication and transportation are essentially the achievements of the free people of the United States. In a very real sense we have made the world what it is today, and we cannot act as though the tremendous scientific and technological progress of the last 50 years is nonexistent.

UNPARALLELED DEVASTATION

This, however, is not the only sense in which we ourselves have been the authors of the problem we must solve. It is too easy to forget the contribution that we made to the world devastation that must now be repaired if freedom is to be preserved. Hitler prostituted science and technology to achieve a total war. To his side he drew other totalitarian powers who carried on the war with the deliberate purpose of destroying everything in their path so that subjugated peoples would become economically as well as politically dependent on the new arbitrary rulers of the world. When we were drawn into the war we finished the job of physical destruction. We laid low not only the productive facilities of the enemy nations, but the productive facilities likewise of those areas of friendly nations which were

occupied by the enemy. By our military power we destroyed the physical capacity of the people of the devastated areas to support themselves.

More than that, we destroyed organized government, by which alone people can maintain order and create the conditions under which they may support themselves. Upon the conquered peoples we have imposed what is to them an alien military government. We knew from all the written history of man that government by force cannot successfully be imposed upon any people. Men were endowed with freedom by their Creator. No earthly power can take that freedom away. It is our task now to reverse the program of Hitler. We must repair the devastation of war in order that people everywhere may have liberty and may be dependent upon themselves both economically and politically.

The military victory which cost us the lives of 300,000 young men, and the broken bodies of hundreds of thousands of others who will never be restored to health, resulted in destruction such as was never before wrought on this earth. The science and technology which we, like our enemies, also used made World War II the most appalling conflict from which mankind ever suffered. The issue before us now is whether we can walk away from that destruction with any hope of realizing the objectives for which the war was fought—the objectives of human progress for which this Nation was founded.

RESTORE EUROPEAN CAPACITY OF SELF-SUPPORT

The Marshall plan is a proposal to help the people of Europe to restore the devastation of war and thereby make themselves once again self-supporting. The problem has three general aspects which cannot be separated one from another. It has a humanitarian aspect which appeals to Americans almost without exception. It also has an economic aspect and a political aspect, both of which are intimately related to the scientific and technological achievements which we utilized so successfully in fighting the war, and both of which are also intimately related to the ideals of human freedom, to attain which we waged the war.

If our contributions should be confined to the relief of human suffering, if we should neglect the obligation to help to reconstruct a world in which both the economic system and the political system shall be free, then our humanitarian doles will be wasted, and all the sacrifices of blood and treasure made during the fighting will have been fruitless.

There are those who have cynically referred to the Marshall plan as "operation rat-hole." I undertake to say that if those cynics should have their way, the crass term they have invented would have to be applied to the entire American effort in the fighting war, because nothing would then be saved from the ruin.

The task before us is no easy one. It involves great risks—risks of inflation and risks of great drafts upon the commodities essential to our own future. The alternative is so dreadful that we must assume the risk if we have any determination to perpetuate the American ideals of living which have been cherished on this continent from the beginning. Our choice now lies between going backward toward weakness with the cynics who do not understand that America has become the greatest nation in the world with consequent opportunities and obligations, or going forward under the courageous leadership of those who still carry in their souls the vision of the future which illumined and inspired the leaders who founded and preserved this Government.

INACTION MEANS DESTRUCTION OF FREEDOM

Failure to reestablish a sound economy in the world by which people can be self-supporting means the destruction of these principles of free government to which this Na-

tion has been always dedicated. The people of this country cannot hope to live in prosperous security in a world where the people of every other nation are living in misery or serfdom. History teaches us that dictatorships arise out of calamity. When men are incapable of supporting themselves, and when they are incapable of obtaining the instruments of self-defense by which to overcome the physical instruments which arbitrary power can use to suppress freedom, then they surrender the right to govern themselves, and totalitarianism ensues. If we allow totalitarianism to spread over the rest of the world for lack of intelligent and devoted loyalty to our own ideals of human freedom, we shall only be inviting attack.

It is, therefore, the part of wisdom for us courageously to adopt a policy of securing freedom for other peoples, not by resort to force but by contributing from our own resources to reestablish peaceful living in the devastated areas of the world. That is my interpretation of the purpose of the Marshall plan.

WHY GOVERNMENT MUST ACT

What then about its effect-upon us? If it be asked why this Government should invest public funds in the reconstruction of Europe, or why the task should not be left to the people of Europe themselves, the answer once again is found in the scientific and technological nature of the modern world in which we live. The construction of the industrial plant by which we produced the supplies to fight the war was made possible only by public funds. Private capital did not and would not take the risk. Fully 80 percent of the entire cost of the facilities which were constructed here to produce the war supplies necessary for the conflict was contributed out of the National Treasury. What we sometimes fail to realize is that the instrumentalities and devices which are necessary in the modern world are of such magnitude and require such tremendous expenditure of capital that private risk capital is difficult if not impossible to obtain, and public funds must be utilized. Reconstruction of the areas and the production facilities destroyed in total war is likewise a task for Government rather than for private enterprise. So the restoration of a sound economy in Europe, requiring as it does investment of huge sums for which there is no private source, must necessarily be a Government activity. The preservation of a free economy requires that while recognizing this fact we recognize also the necessity of keeping always in mind the desirability of so organizing the program as to preserve individual economic opportunity.

MARSHALL PLAN INVOLVES COMMODITIES, NOT DOLLARS

And what about our capacity to make the Marshall plan effective?

First, let me say that we are not dealing so much in dollars as we are in commodities. We talk of dollars, and the 16 European governments which assembled in Paris talked of dollars, only because the dollar is the one currency of the world that has a value recognized everywhere. It has that value because we alone of all the nations which participated in the war have come through the conflict with our productive capacity unimpaired. Indeed, it has been expanded.

Let us consider food, the first essential of the Marshall plan, whether we look at it from its humanitarian, economic, or political point of view. The people of the United States were not badly off with respect to the consumption of food in the 5 years, 1935-39. Indeed, we were better off than most of the other people of the world. We were eating 125 pounds of meat per capita, more than 37 pounds of eggs, 340 pounds of milk, 235 pounds of fresh vegetables. With respect to all major food commodities, these prewar records have been exceeded in 1946 and 1947. This year we are consuming 123 percent of

the meat we consumed in 1935-39, 127 percent of the eggs, 132 percent of the chickens, 119 percent of milk, 111 percent of fresh vegetables, 140 percent of corn products, and 153 percent of breakfast cereals. True, in 1947 the per capita civilian consumption of flour was 98 percent of the average for 1935-39, but the fact is clear that food consumption in the United States this year is running approximately 25 percent ahead of prewar food consumption, and we have been producing that food here at home from the largest acreage ever planted. Less than 10 percent of our food production last year was exported, and even that percentage was reached only because of the heavy exportations of wheat, which happens to be capable of the most efficient handling because it not only has a high caloric value, but is easy to ship.

RELIEF ALONE NOT SUFFICIENT

If now we should send food abroad only for humanitarian purposes, it is obvious that we would then be treating the symptoms and not the disease, with no prospect that the demand for food doles would come to an early end. The strain upon our own resources can be most effectively and speedily brought to an end by helping the Europeans to restore food production there. Obviously we shall be lessening the demand upon our own supplies of food if by our investment we enable the Europeans to obtain the tractors, the other farm machinery, and the fertilizer that will enable them to produce again their own supplies.

Although the United States has been and is now an importer of nitrogen fertilizer, and although our consumption is increasing, there is good reason to believe that we can expand our domestic production. Certainly we are well supplied with phosphate rock, and though we have been importing potash, our production and other estimated reserves are such as to make it certain that the Marshall plan offers no threat to our future on this score, particularly if we adopt a domestic policy designed to eliminate all possibility of private restrictive practices on the domestic production of fertilizer.

What is true of food is likewise true of other commodities that are in short supply. The domestic demand here at home for steel exceeds all previous experience, because we have had full employment since shortly after the termination of the war. And demand for all products has consequently increased, so that even though production has been expanded in most lines we have a relative shortage that operates to increase prices. In order to build a pipe line for oil from the lush fields of the Middle East to the shores of the Mediterranean, we have authorized the export of a large quantity of steel, which could be very well used here at home. That steel will contribute to increasing the European supply of petroleum, another shortage commodity in Europe. Surely it is clear that the restoration of steel production in Europe will operate to increase our own supply by the degree to which it cuts down the demand upon our exports.

PRODUCTION IN EUROPE ESSENTIAL

In the days before the war, Italy imported almost 60 percent of its coal supply from Germany, and American coal is being exported at the expense of the people of the United States to supply this Italian deficiency. How can we better cut down our expenditures for American coal shipped abroad than by restoring coal production in Germany and in England. France has not been self-sufficient so far as coal is concerned, and since fuel is the basis of all industry, anything that we can do now by realistic expenditures over and above the merely humanitarian level will operate to increase European supply, and, therefore, world supply of the commodities upon which economic restoration depends. To those who pretend

to think that the people of Europe do not care to work, I should point out here that in France before the dollar crisis arose coal production was running at a rate of 115 percent of the production of 1938. Unfortunately, however, France before the war was not producing enough to supply its own needs. I might also add the observation of one of our most distinguished and able financiers and economists, Mr. Eugene Meyer, chairman of the board of the Washington Post, who, speaking to the District of Columbia Bankers' Association on October 20, last, on his conclusions reached during a recent visit to Europe, said:

"The crop failure also has a great deal to do with industrial production in France and elsewhere in Europe. You hear the widespread comment here that the Europeans are not working as hard as they should, nor producing up to their proper capacities. But I am convinced that had they had a good crop their industrial output would have been much higher. They could have spent some of their dollars that went toward buying food on essential raw materials for their factories, and they could have had more of the physical stamina that is necessary for high industrial production."

This is not the forum in which to present a detailed analysis of all of the commodities which will be required to effectuate the Marshall plan. That has been well done in the Harriman, the Nourse, and the Krug reports on the executive side, in the report of the Herter committee on the legislative side, and in the report of the Committee on European Economic Cooperation prepared by the Paris conference. All of these reports are extremely encouraging in the broad and intelligent manner in which they have been prepared. I think no one can read the report of the Paris Conference without feeling that the European governments democratically organized in western Europe desire only to be enabled to reestablish an economy in which their people can be self-supporting. One result of the war has been that intra-European trade has been destroyed, so that the capacity of one European country to contribute to the restoration of another has been seriously impaired, and while there has been a substantial degree of recovery through media created after the conclusion of hostilities, the interchange of products has not been restored in such a manner as to enable the people of these nations to purchase with their exports the imports which are needed to restore and stabilize their economies.

SOVIET GOVERNMENT IMPEDES PROGRAM

The situation is complicated by the fact that the Soviet Government unquestionably believes that the capitalistic system cannot save itself. And so it has to date preferred to impede recovery in western Europe rather than to contribute toward it. The sad truth is that Moscow, in pursuit of power over the entire Eurasian Continent, has actually laid siege to western Europe, denying it food supplies from the eastern zones and promoting disorder within the boundaries of the democratic nations. This raises clearly the political objective of the Marshall plan, namely, to halt the spread of totalitarian philosophy not by the resort to force but by the resort to moral and religious principles of constructive cooperation among the peoples of the world. The long road to permanent world peace can be shortened if we accept the responsibility of leadership in a program of reconstruction, just as in the war we accepted leadership in the military program.

THE AMERICAN CAPACITY TO PERFORM

Some there are who shudder at the estimated cost of the rehabilitation program as recited in the Paris report, the Harriman report, and the report of the Herter committee. The fear has been expressed that this is an expenditure beyond that which the people of the United States should be called

upon to make. It has even been suggested that it is a burden beyond our capacity to bear. This opinion, I think, can be held only by those who do not comprehend the economic and the scientific strength of the people of the United States, who do not comprehend the fact that our greatest resource is the individual abilities of our people, a resourcefulness which has flourished in the soil of freedom.

Too little attention has been given to the fact that the Seventy-ninth Congress, in 1946, after the fighting had stopped, rescinded appropriations and canceled contract authorizations amounting to more than \$70,000,000,000, appropriations and authorizations that had been made during the war without a single dissenting vote. We were unanimously ready to expend for purposes of destruction more than \$70,000,000,000 in excess of the sums we did expend. That, I repeat, was for the purpose of destruction. It was a sum greater by \$22,000,000,000 than the entire national debt of June 30, 1940. It was a sum three times as great as the maximum estimate of the Paris Conference of the cost of the 8-year program for rehabilitation.

If we were willing to make this additional expenditure to carry on the work of destruction, how can we fear now to invest a fraction of that sum in the effort to build a sound economy and to preserve real democratic governments that recognize the dignity of the individual man?

Surely it is clear that the alternative will not save us any expenditure. If we abandon the attempt to lay the economic basis for permanent peace, the alternative is continuing expenditure for military purposes with the danger that we shall drift into the ultimate disaster of a third world war which can end only in the destruction of our own economy and in the destruction of all of those ideals of human freedom and progress which have been the cherished objective of Americans from the beginning.

Expenditures for military purposes never end. They grow from year to year. And the burden of these expenditures will never be lifted from the backs of our people until we win world peace. The cost of the Marshall plan upon the other hand will be a diminishing burden because year by year as the productive capacity of Europe is restored, the drain upon our resources will be lessened.

Within a year after the Marshall plan has been adopted we shall be able to judge its effectiveness and to determine whether or not it is in fact the road to peace. Indeed, the current events in Europe seem to indicate that the Soviet regime is convinced that the Marshall plan is the instrument by which a democratic economy and democratic government may be restored in Europe. The current riots which have been precipitated in Italy and France are not the riots of the people. They are the riots which are inspired by the leaders of the ideology which wants to see the Marshall plan fail.

AMERICAN GENIUS CAN PRODUCE

This program of European reconstruction is not only in harmony with our traditional ideals and within our financial capacity, but, I think, also—and this statement is particularly appropriate for this group—it is well within the genius and the skills of the American people. When it is undertaken, it should, in my opinion, be accompanied by another program designed to develop and expand the utilization and conservation of all our natural resources. For an infinitesimal fraction of the sums we are prepared annually to spend upon the maintenance of military preparedness, we could broaden our educational facilities, conserve our water supplies, increase our agricultural output, expand our production of electric energy, stimulate the development of new sources of mineral supply, and experiment in the discovery of substitutes for

those few commodities of which we are in short supply.

The wonders which have been accomplished with startling rapidity by the American engineer, the American inventor and the American scientist, have outrun our capacity to understand that this generation is living in an age of plenty. The international rivalries, jealousies, and wars of the past, have usually been the result of efforts to gain control of commodities which were in short supply. Justinian went to war with Persia because the Persian king was sitting astride the silk road from China. The robber barons made their indelible mark upon European history because they, too, were motivated by controlling the distribution of commodities of which the people did not have enough.

Now, however, if we look back upon the scientific developments of two world wars, we know that the dependence of mankind upon traditional sources of supply has been diminished to a remarkable degree. Now that we have jet propulsion, which gives promise of reducing our dependence on high octane gasoline for the operation of high-speed airplanes, and now that we know how to make synthetic liquid fuel from oil shale and from coal, it is certainly no longer essential for us to think in terms of traditional international relations in order to gain control of deposits of natural petroleum in other parts of the world.

SCIENCE AND RELIGION BRING A NEW ERA OF PROGRESS

The electronic tube is invisibly opening the doors to a new era in which new plastic materials can be more rapidly manufactured than ever before, and penicillin can be developed with vastly greater speed and greater volume to fight disease. Synthetic fabrics are making available new garments for glamorous dress. New methods of making alumina from alumina clays is relieving the aluminum industry from its dependence upon bauxite, and the whole field of light metals offers opportunity for development heretofore undreamed of.

New occupations are being created. New purchasing-power is being brought into existence. New markets are being developed because we have full employment. We have entered the age of plenty. No longer is it necessary for us to follow the monopolist in the economic field or the totalitarian in the political field, both of whom have been activated by the belief that there is not enough to go around. There is enough. Science has made it so.

If we look into the future with the scientist and the philosopher instead of backward into the dark past with the exploiter of human needs, if we listen to the lessons of science and religion, we may hope with confidence that an intelligent and a courageous effort to raise the standard of living for people everywhere will at length enable us to lead the world to peace.

No iron curtain can conceal from the peoples of the world the human progress that can be won by a nation which harbors real faith in freedom and has the courage to act upon it.

Medical Care and National Health

EXTENSION OF REMARKS

OF

HON. FRANCIS J. MYERS

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. MYERS. Mr. President, I ask unanimous consent to have printed in

dustry in the United States. Never so much as now is there necessity for accuracy of those figures. Never so much as now has it been necessary to cover the field which the Bureau wants to cover. Yet the appropriation for that purpose was reduced from \$6,900,000 to \$3,400,000. Repeatedly, prominent, important, and sincere Members of Congress have said that they would not commit themselves until they knew all the facts. The cutting of the throat of the principal fact-seeking agency of the Government lends some support to the thought that I may have used the word "sincere" inadvisedly.

If we are to have a strong Department of Labor we will need the support of those in the labor movement who are organized. The Department was created for you and for all of the unorganized workers of America. We need your support. I have come here to ask it. I want that support not merely when the bills are a couple of days away from passage. I want it throughout all of the weeks of the year.

I did not come here to lecture or even to point out to you the policies which you should adopt. Anyone who attended the Labor-Management Conference of 1945 knows the extent to which labor was handicapped because of the differences in its ranks. For myself, and I speak for myself alone, I look forward to the day when the Secretary of Labor is one who has behind him the background of actual experience in the labor movement. I tell you frankly that that day cannot come until more unity is achieved.

In conclusion, may I say that the problems which confront all of us inside and outside of Government are stupendous in their nature. They will not be solved by complacency or self-satisfaction. They will not be solved until the American people realize that our economy must be an expanding one. Those who wish for the "good old days" are simply thinking wishfully. The history of the world is one of advance. When the world failed to advance it deteriorated and almost rotted. We think back to what happened during the period of darkness following the destruction of the Roman Empire. Our eyes alight with the fire of enthusiasm when we turn the pages on to the days of the Renaissance.

America can advance. It must advance. It must advance if it is to survive. It can advance if the American people will it. This Nation, the richest in the history of the world, containing more resources, more opportunities, and a future that can bring prosperity and happiness to all of us must not be permitted to lag. It will require stoutness of heart, loftiness of purpose, sincerity of method. The clouds of fear must never be permitted to darken the pathway of American progress. We must have faith in ourselves, faith in the system under which we live, and faith in God upon whom we rely.

In the vanguard of marching America, the faith, courage, determination, and the flag of the American Federation of Labor must always be found. I am sure it will be there. With the support of the organized and unorganized workers of America, our aspirations will be attained and there will be no end to America's road to success.

Training for Democracy

EXTENSION OF REMARKS

OF

HON. WAYNE MORSE

OF OREGON

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in

the Appendix of the RECORD an editorial entitled "Training for Democracy," from the Washington Post of November 15, 1947.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TRAINING FOR DEMOCRACY

The twelfth annual convention of the National Council of Negro Women, just completed in Washington, has afforded a heartening example of democracy in action. From some 24 States of the Union, delegates representing the 850,000 Negro women members of the organization assembled here for study and inspiration in dealing with the current problems of citizenship and of leadership in their home communities. The theme of the convention was: Building a Bridge to Universal Peace Through Understanding. And in the discussion understanding of issues was stressed no less than understanding of peoples. Four workshops were in session—on health, education and child welfare, on employment, on housing, and on legislative strategy.

These women will go home with knowledge of the Marshall plan, with a sense of the urgency of food conservation, with something of the know-how of mobilizing opinion and organizing for community action. This is the way things get done in a free country. We offer our congratulations to the National Council on their awareness of responsibility. And we offer them congratulations, too, on their perennially younger, more dynamic founder-president, Mary McLeod Bethune, one of the great women of America.

An Appeal to All Americans of Italian Origin

EXTENSION OF REMARKS OF

HON. C. WAYLAND BROOKS

OF ILLINOIS

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. BROOKS. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a letter entitled "An Appeal to All Americans of Italian Origin," written by the supreme venerable of the order, Sons of Italy in America. The letter is a significant appeal by Americans of Italian extraction on behalf of their brothers and sisters in Italy.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AN APPEAL TO ALL AMERICANS OF ITALIAN ORIGIN

Our brethren across the sea are carrying a heavy burden in their struggle against the evil forces of communism; with poverty staring in their faces, and darkness immediately ahead, there is danger that the hand of Moscow may hurl them into a condition of servitude to the whims and caprices of Russia which aims to overwhelm the Italian people and to enslave them under atheistic communism.

We, who are in America and sense the common bond of blood, cannot stand idly by; we cannot evade nor ignore our own natural duty; we cannot fail to uphold our ideals of freedom and democracy at home and abroad.

To do this all Americans of Italian origin in the United States must make immediate, tangible sacrifices for them, our brethren in Italy. Help must be sent to them; packages

of food, clothing, and medicinals must continue to flow from us to them, so that they may have the physical strength to oppose communism. Communism thrives on the confusion and chaos caused by the dire need of the people. Our material assistance to the Italian people will give them moral support and renewed hope in their fight to survive.

Do you want Italy to become communistic?

Do you want God dethroned from the altars and the hearts of the Italian people?

Do you want Italy to die?

I know that you do not.

Our thoughts must reach our brethren in Italy; what we think, what we believe, and what we feel we must impart to them in writing now and frequently. Our letters will form the links that will keep the chain of understanding unbroken. Russia will have to break that chain first, before she can engulf the Italian republic.

I beseech all of you, therefore, to write to your friends and relatives to keep the faith, to believe in the future of Italy.

We have faith in Italy.

America has faith in Italy.

The death of Italy as a nation would darken the whole world and we of her blood would betray our American way of life which opposes totalitarianism in all its form if we did not raise our voice in her defense.

Tell our people in Italy to believe in America, to believe in the sincerity of her human sentiments and in her unselfish friendship. Tell them to fight communism, to save and preserve the immortal Italian traditions of Christianity and civilization for our posterity.

This I ask of you in the name of the Order of Sons of Italy in America, in behalf of our common heritage, in the interest of our people.

GEORGE J. SPATUZZA,
Supreme Venerable.

CHICAGO, ILL., November 10, 1947.

Issues Before Congress

EXTENSION OF REMARKS OF

HON. KENNETH S. WHERRY

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. WHERRY. Mr. President, the able senior Senator from Ohio [Mr. TAFT] made an excellent address on November 10 before the Ohio Society of New York. I ask unanimous consent that the address be printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is a great pleasure to speak again to the Ohio Society of New York. For more than 50 years Ohioans have played an active part in the affairs of this great city and have gathered together from time to time to remind each other that they are still Ohioans and proud of it. Everywhere I go I find Ohioans active in the affairs of other States. They must have found it more interesting or profitable to reside elsewhere, but they still have a strong State loyalty. In spite of their absence, our population and agriculture and our manufacturing continue to increase. Ohio is a more complete cross-section of the United States than any other State. Its dynamic economy is typical of the results achieved in this Nation by a system based on liberty.

During the last 2 months I have talked to many audiences, presenting the record and

the philosophy of the first Republican Congress in 16 years. Tonight I wish to discuss more completely the issues which will be before the special session of Congress meeting next week. I wish to say at the outset, however, that we are proud of the record of the party during the past session. To the extent of our ability we kept the promises which we made in the election of 1946. We brought an end to the war and eliminated most of the war regulations which remained. We reduced the expenses of the Government by approximately \$3,000,000,000, although the President said we could not take 1 cent off without wrecking the Government. We passed two tax-reduction bills, which he vetoed. We passed a labor-management relations bill to free the people of this country, the employers, and the union members themselves, from the interference and control of arbitrary labor leaders. Over the most violent minority opposition I have ever seen we passed this bill over the President's veto, with the concurrence of more than half the Democratic Congress.

All of these measures were inspired by the basic philosophy of the Republican Party—liberty and equal justice under law. The whole world is divided today between those who believe in a government dominated by a free people and those who believe in a totalitarian government dictating in greater or lesser detail the lives of its citizens. In the domestic field, the Republican Party believes that the size of the government and its power to regulate its citizens should be reduced; that it should be an umpire and not play in the game itself; that it should not tell the farmer, the workingman, the business man or the housewife how to run their affairs. It believes that progress should be resumed in the fields of agriculture, production, public welfare and science under the same principles of individual and community liberty which have made this country the most productive country in the world. Certainly the government has a part to play, but it is that of adviser and assistant—and traffic cop if you will—and not that of dictator. At the first session of the Eightieth Congress the Republican Congress showed its ability to function as a party, to develop a program within its party philosophy, to carry out that program, and to keep its promises to the people.

The President has called us in special session next week to deal with two matters which were not before the regular session—the rapid increase in prices during the past four months and the question of emergency aid to Europe. The President himself had removed nearly all price control before the Republicans took over on January 1 of this year, although he could have continued it in many fields until July 1, 1947. Up to June there was reasonable belief that prices and wages had reached a point of stabilization—until the failure of the corn crop, the failure of European crops, and the tremendous effect of a greatly expanded export demand. Since Congress adjourned prices have resumed their rise, particularly in the agricultural field. I fully agree with the President that the situation is a serious one for many families in this country and that definite changes in Government policy are called for, most of them executive rather than legislative.

As far as the President's request for more European relief is concerned, the Congress at its first session appropriated what was requested by the administration up to July, and included in the \$36,000,000,000 budget about \$4,000,000,000 for Europe.

At the special session of Congress I do not see how we can confine our consideration to the questions of inflation and emergency aid to Europe. I do not understand how we can intelligently consider either of these problems without analyzing what is proposed in the more permanent Marshall plan, and also considering the effect of the present

huge Government expenditures and the corresponding tax burden on prices and business activity. I do not say that we can or should complete these matters before Christmas, but they must surely be given consideration in order to reach an intelligent conclusion on prices and emergency aid.

The Marshall plan is, of course, inflationary and means that prices will be higher than they otherwise would be. The very threat of the plan has contributed to the price rise. The emergency-aid program raises many of the same questions which must be dealt with in providing permanent aid. When the President spoke of emergency aid to the congressional leaders in September, it was apparently confined to enough food, fuel, and fertilizer to carry France and Italy through the winter. More than half the funds required for that program were found without congressional action. The emergency plan now presented calls for a much greater sum and covers all kinds of assistance to France and Italy, increased sums for the occupied areas, and the taking over in full of the British obligations in the British zone in Germany. In fact, for France and Italy it seems to be a 6-month edition of the Marshall plan. Therefore, it raises all the questions raised by the Marshall plan itself as to the character of goods to be shipped, the conditions to be attached, and the type of organization to administer the plan.

Nor can we act on prices without considering the effect of the huge Government expenses and the abnormal export demand, still unrestrained by any exercise of the President's legal power to limit exports. We cannot consider Europe unless we also consider the proposals for aid to China and our undertakings to Latin America. Who knows what these are? Where is the Wedemeyer report? Emergency aid to Europe has priority—but let's stop fumbling in the dark. Surely we have gone far enough on a piecemeal basis. Before anything else is done Congress ought to have the whole story, both foreign and domestic, if we are going to have a policy at all instead of drifting with the tide.

The so-called Marshall plan presents a complicated mixture of foreign and domestic policy. It involves huge taxes from the American people and Government expenditures. It affects the prices to be paid by 40,000,000 families. How far shall we make a present to other peoples of the fruits of our labors? Do the advantages to be gained in foreign policy outweigh the disadvantages at home? We have seen in the past 3 months the development of a carefully planned propaganda for the Marshall plan, stimulated by the State Department by widespread publicity and by secret meetings of influential people in Washington and Hot Springs. Yet only 2 weeks ago Secretary Marshall himself pointed out that there was as yet no Marshall plan at all. We knew only what the foreign nations had asked for. But the propaganda machine is ready to ballyhoo the Marshall plan, whatever Secretary Marshall finally says that it is. Let us have all the facts and debate them fully. The people have been urged and persuaded too often to accept on faith and without question the foreign policy of the administration. Anyone who opposed the policy of the moment has been labeled an obstructionist and an isolationist.

But the terrible economic condition in which the world finds itself today is the result of the administration's foreign policy at Teheran, at Yalta, and at Potsdam, and the idiotic Morgenthau policy we have pursued for the past 2 years in Germany. Prior to the entrance of Senator VANDENBERG into the picture our attitude toward Russia was one of complete surrender. We were told then that to save the world we must pour out unlimited lend-lease money to Russia, as now we are told we must pour out unlim-

ited sums to defeat Russia. We gave them billions in goods under lend-lease without a condition looking to their behavior in the postwar world. We seemed to feel that we had to pay Stalin to keep him in the battle against Germany and we accepted his view of military strategy and attack. With the aid which we were giving him, he took over the Balkans, leaving us to conduct the war against Germany. When we could have occupied all of Germany, we stopped our armies and even withdrew from territory actually occupied in battle. We turned over Berlin and eastern Germany to the Russians, which gives them the ability to dominate by force the great countries of eastern Europe. President Truman and Secretary Marshall approved the policy of Teheran, Yalta, and Potsdam, and participated in it. Are we to accept their judgment on foreign policy today without the most critical analysis?

To a certain extent, the administration is trying to cover its faults by pointing to the bipartisan foreign policy. Most people do not realize that that policy had nothing to do with Teheran, Yalta, or Potsdam. It has extended only to Senator VANDENBERG's participation in the formulation of the United Nations Charter, in negotiations with European nations regarding peace in Europe, in the regional agreements with South American nations, and a few other subsequent policies. In these fields Senator VANDENBERG has taken the lead and accomplished results which could never have been reached without his force and sound judgment, but in most other fields of foreign policy he was not consulted until the policy itself had been formulated.

In 1945, with a blare of trumpets, we were told that the economic problems of the world would be solved by the International Bank and the International Fund, at a cost to the United States of \$6,000,000,000. If this was done, we were told by the Treasury Department, loans to Great Britain would be wholly unnecessary. As I said at that time, the fund was utterly unsuited to the problems of the world at that time. It is now only serving the purpose of distributing a few billion dollars around the world without reference to merit or to need. These dollars are coming back to the United States to force our prices up.

In spite of the Treasury Department, we were soon faced with a \$4,000,000,000 British loan. Again we were told it was necessary to save the world and would surely do so. Britain itself did not require so much for exports from the United States, but the loan was to make sterling a medium of world exchange and reestablish world trade. Today the loan is nearly gone and the problems of Britain are apparently as great as they were when it was granted.

Three billion five hundred million dollars was furnished to the Export-Import Bank, and that, too, has almost disappeared.

About \$3,000,000,000 were spent on UNRRA, a large part going to countries under Russian influence and redounding to Russian advantage. At the end of 2 years no voice was raised in America to continue such an inefficient outlay of American money by an international organization.

I do not say that these sums were all wasted or that some action was not necessary. I do say that they were accepted by the American people because of high-pressure propaganda without careful consideration, that they were unsuited to the purpose, that proper conditions were not imposed, that the sums were excessive, and that a large part of the money was wasted. They have not only financed excessive exports from this country and thus increased prices, but they have scattered more dollars around the world which are yet to come back to exchange for our products. The administration can't get away from the New Deal principle that Government spending is a good thing in itself. They so overdrew the picture to convince our people that these grants

were entirely for our own benefit that even the Europeans came to believe they were conferring a favor on us by accepting our loans—that we had to export to prevent a depression. It is our Treasury and our State Department who invented the fallacy of a dollar shortage for which they imply the American people are responsible.

I have been in a number of States from the Pacific to the Atlantic coast during the past 2 months. I know what the public attitude is about further loans to Europe. The man on the street is indignantly inquiring how long we are going to have to give away the products of our labor to other nations. Before further aid is granted he wants to know the reasons for and against continuing such gifts.

And so tonight, admitting the powerful reasons for continuing aid to western Europe, I wish first to describe the danger and cost which such aid involves to the people of the United States, particularly in the amounts and form suggested from Europe.

1. Aid to Europe at the rate proposed by the European nations means \$8,000,000,000 of taxes in 1948 on the American people over and above what they would otherwise pay. If a billion dollars of this money is handled by the International Bank, perhaps the taxes need be only \$7,000,000,000. But to balance this there would be at least another billion dollars to other parts of the world. Eight billion dollars is two-fifths of the total sum paid in personal income taxes by the people of the United States. It is almost equal to all the income taxes paid by corporations. The adoption of this plan means that every person in the United States must pay more tax than otherwise and that the pay-roll check will be subject to a much larger deduction.

In my opinion the great tax burden of today is already a dangerous threat to a free economy. Fifty-two billion dollars paid in 1947 in local, State, and Federal taxes amounts to about 30 percent of the national income. Every man is working 3 days out of 10 for the Government and only 7 for himself. The tax burden on individuals and on corporations is such that little incentive remains to expand production and give the new jobs necessary to have progress continue in this country. Furthermore, taxes on the lower-income groups are so heavy, the deductions from the pay-roll envelope so great, that employers have to increase wages, which means increased costs and increased prices. The best way to stop the spiral of inflation and relieve the condition of the lower-income workers is to give a general tax reduction instead of another wage increase. Such a reduction would be impossible if we accept the full figures of the Marshall plan.

2. The adoption of the Marshall plan has a direct tendency to inflate prices further in the United States. There can be no doubt that the tremendous rate of exports in 1947 played a material part in the increase in prices we have seen during this year. The exports of goods and services this year have been at the rate of more than \$19,000,000,000 per annum, balanced by a rate of only \$8,000,000,000 of imports. The excess of exports over imports, therefore, has been at the rate of more than eleven billions. To the extent that this excess has been balanced by budgetary items covered by taxes, it does not increase the total purchasing power in the United States, but it has only been so balanced to the extent of about \$5,000,000,000. The other five or six billion dollars is inflationary, whether it comes from dollar balances accumulated by foreign countries during the war, or from other means of financing.

It is quite true that the price situation today is largely due to the tremendous income within the United States—to the fact that the American people are better off than they have ever been before. But the income of our people is practically balanced by pro-

duction. When we impose on top of this balance \$20,000,000,000 of foreign purchases, of which some \$5,000,000,000 is direct inflation, we can hardly be surprised that the great increase in demand outruns our supply and forces prices up.

I have read with much interest the report of the President's Council of Economic Advisers. If this had been prepared as a brief to support the full-sized Marshall plan, it could not have been more ingeniously argued. Their view seems to be that while the price of one or two products like grain may have been forced up by foreign demand, the tremendous export surplus has had little effect, and its continuation will have no effect at all if we impose a few domestic controls on grain and steel. But purchasing power is not static. It shifts from one article to another as price or supply changes.

In order to support their argument, the advisers have to take the extraordinary position that we should continue exports at the rate of \$20,000,000,000 a year, even if a large part of the surplus is given away, and that any reduction in admittedly abnormal exports at this time would require a dangerous adjustment. Even in 1946 we only exported at the rate of \$15,000,000,000 with plenty of artificial stimulation. The argument of the Council Report is just another form of the theory that the Government must spend to maintain prosperity. How could a reduction in exports possibly injure us when we haven't enough steel for several hundred home industries, or enough freight cars, or enough grain, or enough oil? The Council have let their realization of the needs of Europe affect their economic judgment.

It seems perfectly obvious that exports, even at the 1946 rate, are abnormal and cannot continue. If we begin to build up an economy based on such a rate of export, we face the same kind of collapse which occurred in 1930. From the point of view of our domestic economy nothing could be more dangerous than an export trade created or continued by dollar loans in an amount which cannot be indefinitely continued and can never be repaid. Some excess balance of export is no doubt justified temporarily against the time when foreign countries will be able to export more goods. But the excess of 1947, if it is continued by the Marshall plan, is a menace to our economic safety.

The Council of Economic Advisers say that exports will be no larger, even if we adopt the Marshall plan. With this conclusion I cannot agree. There is no real evidence that foreign nations have exhausted their gold and dollar balances. Advances from the International Bank and International Monetary Fund will tend to increase rather than decrease. Through lend-lease and otherwise we scattered so many dollars around the world that they may well be coming back for years to come to compete with our own citizens in driving up the price of goods in short supply.

We granted to the President the arbitrary power to limit exports. He has failed to exercise it, and his failure to do so is one of the main reasons for the increase in prices. Few realize that of \$15,000,000,000 of exports only 6,000,000,000 is going to Europe, and 9,000,000,000 to North America, South America, Asia, and Africa. Surely we should ration the rest of the world on steel, grain, and oil before we even consider rationing our own people. What sense does it make to prohibit distilling in this country while we ship millions of bushels of grain abroad to be used in distilling? Today the Russian Government has an active commission here buying American goods and paying gold for them—which is better than credit, but certainly inflationary. Much of what Russia is buying is heavy machinery, good for the manufacture of munitions. Why does the President grant export licenses

for goods of this nature when steel and various types of machinery are insufficient for our own needs? If we don't want higher prices we will have to reduce exports to the rest of the world.

Broadly speaking, the President is asking for two completely inconsistent policies at the same time. If we want the Marshall plan, we cannot have lower prices. If we want lower prices we have to give up the Marshall plan. The Marshall plan may be worth the cost, but let's be realistic and face the fact that there is a cost.

3. The Marshall plan, unless very carefully administered, can easily be an encouragement to the continuation of unsound policies by European governments. I feel very strongly that we overestimate the effect of our dollars in foreign countries. I feel very strongly that 90 percent of the solution of their own difficulties lies in their hands and in the policies of their governments and their peoples—with one exception, namely, in Germany, where the solution lies rather in our hands. Those who have been abroad testify that where conditions are particularly bad it is usually due to the policies of the government.

In many countries inflation is rampant because of the failure of the government to balance its budget and reduce its expenses.

In many sections the people expect to improve their standard of living while doing less work. It is hard to see why our people should ship coal abroad, for instance, when the European shortage of coal is largely caused by the unwillingness of the miners there to work either long hours or continuously.

The situation in France—and even in England—appears to be made worse by the determination of the government to maintain the value of its currency at a figure well above its real value. Thus exports from France to this country are discouraged by the fact they cannot get the real value in francs of the dollars paid for such exports.

The more we loan money to these governments, the less pressure is brought against them to improve their own policies. Our loans have helped them balance their budgets without taxation. They do not suffer as they should from the unwillingness of their own people to work. They are enabled to maintain a false value for their currencies.

I opposed the British loan of \$3,750,000,000 and suggested that instead we give them \$1,250,000,000 and confine its use to purchases from the United States. Today practically the entire loan has been spent and Britain is little better off than they were when the loan was first granted. Without the loan necessary adjustments might have been made sooner.

It is said that this third objection which I have urged can be met by imposing various conditions upon our loans. I agree that conditions should be imposed, but I think their effectiveness can be overestimated. I doubt very much if the different plans for following our money to its ultimate use abroad are either desirable or practical. Some conditions would be impossible to enforce. When a government assumes obligations and chooses to repudiate them, that is the end of the story. Furthermore, conditions such as were imposed with the British loan require the British to do things which it turned out they could not possibly do.

If we go into these countries we open ourselves to charges of interference and imperialism. If we impose conditions which turn out to be unpopular with the people, we nullify to a large extent such credit which we might otherwise obtain. We give the Russians a basis for the charge that we are trying to dominate the countries of western Europe.

It seems to me that the only conditions which can surely be enforced are conditions as to the particular type of goods which can

be exported from the United States, and a limitation of any commitment to 1 year. Whether it should continue after that year ought to be determined by the results in the particular country concerned. There might even be a continuation of aid in proportion to increased production, as suggested by Senator BALL.

Our experience with conditions under the original Marshall proposal up to date has not been very promising. One of the conditions was to be some kind of customs' union between western European nations. While these nations mentioned the subject in their report and agreed to consider it, there is not really the slightest hope that there will be any such union, and there is no way in which we can compel it.

4. The effort to export \$8,000,000,000 of goods on Government credit will almost certainly force the reimposition of wartime controls. Even the President's economic advisers speak of allocations for domestic use, and minimum powers necessary for a frontal attack on price increases. Foreign nations are blaming us for high prices and suggest that we should ration ourselves so that more may be shipped abroad. The CIO is demanding the revival of OPA.

I would regard the return of price control in peacetime as a major calamity to the United States which no probable Marshall plan benefits can justify. Consumer rationing is only one degree less objectionable. I don't know just what allocation power means, but it certainly is the power of government to control priorities and decide how much of each controlled commodity American users can enjoy.

The trouble with all government controls over the free competitive system is that to be effective at all they have to be constantly extended to other related fields, until we reach the strait-jacket of the OPA, with a choking of all initiative and growth. In peacetime the American people won't submit to such controls, and black markets merely destroy legitimate business and enrich the racketeers. Also they create a complete disrespect for law.

Furthermore, few governments have the knowledge or the judgment to do the job as well as natural economic law—certainly not this administration. Look at the mess made of the voluntary food-saving program to carry out a highly desirable purpose. Meatless Tuesdays and eggless Thursdays never did make any sense, because, of course, everyone ate chicken and eggs on Tuesdays and meat on Thursdays, leaving them just where they were. Last Thursday morning on a dining car the steward told us that wherever eggs appeared on the menu he would substitute wheat cakes. So to save wheat for Europe the travelers ate wheat cakes in America. If the Government had had legal power to enforce its decrees, the plan would have been the same fool plan, and just as ineffective.

The reason this country has a surplus of food to ship and such tremendous productivity is that we have pursued a system based on liberty. The European Socialists do not seem to realize that if we are to continue a program for any length of time, it must be based on a continuation of that liberty; that while temporarily we might increase our output by government restrictions, in the end we would soon be subject to the same paralysis of initiative which exists in England and Europe today. In other words, Europe has to take the limitations which are inherent in a free system if they want the benefits produced by it.

We have shipped more food and other assistance out of this country than any other nation has ever before accomplished for the world. We cannot stretch that liberality too far or there will be nothing to ship. We cannot ship so much that under a free system it will lead to a period of "boom and bust."

I doubt if we can safely ship more than 400,000,000 bushels of wheat out of this country without disastrous results. If so, the European countries ought to be told now, so they are not left without grain before their next harvest. We cannot underwrite the food supply of the world, and we must not give the impression we are doing so.

It is suggested in the Harriman report that we can authorize "set aside" and priority orders. But this does not solve the price problem, for it leaves less for the domestic market and so forces prices up. We are likely to be led into price control and rationing only to find that they are broken down by black markets and inefficiency as they were after the end of the war.

The adoption of the European plan therefore would, first, continue an intolerable and dangerous tax burden; second, inflate prices further in the United States; third, encourage unsound policies in Europe; and, fourth, force futile and dangerous regimentation on American productivity.

I have tried to state clearly the tremendous cost of the European version of the Marshall plan and the objections to it, and yet I am prepared to support in some reasonable amount the general principle of aid to European countries to enable them to help themselves. The whole world is embattled today between the ideology of communism and the ideals of liberty. We must do what we can to prevent the spread of communism. I might point out, however, that many who want to pour out dollars to prevent communism abroad are criticizing a congressional committee for trying to find out who the influential Communists are in the United States. They are merely trying to bring Communist activity out in the open so the people can know where it is working underground. Surely if we want to fight communism we ought to begin at home.

Unquestionably our aid will create conditions abroad less favorable to the spread of communism. But in the long run, the people of France, for instance, are going to decide for themselves whether they go Communist or not. We are too much inclined to overestimate the effect of American dollars. A credit of American dollars, encouraging unsound policies and giving the basis for the charge that we are trying to dominate their country, may easily assist communism rather than prevent it.

No one can have anything but sympathy for those who have suffered such tremendous hardships and such tremendous destruction. Undoubtedly there are many things which need to be done in the rehabilitation of those countries which can be done only by machinery and other products made in the United States. Those countries can obtain them only if we extend the credit to buy them. The emergency situation leaves them with little food and inadequate coal and fertilizer. While our resources are limited, we can do something to carry them through until more normal conditions prevail.

Weighing all of the considerations, and even at some danger to our own people, I believe we should provide aid to western Europe in reasonable amounts, but I think that even the figure suggested by the Harriman committee is higher than is safe. That committee has laid down in forcible terms the true principles of aid to Europe and the necessary limitations on that aid. But the exact figure selected looks more like a compromise than a scientific conclusion. It seems to have been reached from the point of view of European needs, rather than of American safety. In a field of such uncertainty probably a scientific conclusion is impossible.

I would like to suggest that the German policy of the Government is even more important to the reestablishment of Europe than the Marshall plan. In fact, the condition which exists in Europe today can be traced very largely to the administration's

own policy in Germany. In effect, we adopted there the Morgenthau plan, which was suggested at the Yalta Conference, and which was for all practical purposes approved at Potsdam by President Truman in the text released on August 2, 1945. The policy of occupation was designed expressly to convince the German people of their criminal responsibility and to reduce them to a level of subsistence only. Production of all important manufactured goods was to be prohibited or limited, with the exception of coal. Payment of reparations in kind was to leave enough to enable the Germans simply to exist without external assistance. Millions of Germans were to be deported from eastern Germany and thrown into the rest of Germany to feed and support.

The policy of Potsdam was carried out by a directive issued to the commander in chief of occupation in April 1945, known as JCS 1067. Thereafter, in spite of constant disavowal that we were enforcing the Morgenthau plan, this directive, which was in fact the same thing, remained in force until this year. It was officially declared to be at an end on July 15, 1947, but no one is confident today that it is at an end. Has it been revoked or not? We are still dismantling plants which could be made highly useful for the support of the German people. Any plant built for war purposes can certainly be converted to peace use.

The result has been to keep the German people so short of food that many of them believe that their starvation is our deliberate intention. The result has been to deter all economic recovery, so that it will cost us a billion dollars a year simply to bring the German diet up to a subsistence level. Not only has this policy deprived the rest of Europe of many products which could be manufactured in Germany, but it has deprived them of a market for their own exports. It has thus completely upset the economy of Europe, and now we are called upon for taxes from our taxpayers to remedy the failure of the administration.

There is only one way in which Germany can be effectively controlled—that is to control the production of a limited number of essential products. The Vandenberg plan proposes that we remain in Germany indefinitely, but only to prevent rearmament. If aid to western Europe is so essential, then it can be effective only if we really change our policy in Germany. Both President Truman and Secretary Marshall are personally responsible for what occurred in Germany during the past 2½ years. Are they prepared to say now that they have completely abandoned the policy which is so largely responsible for our present plight? Why don't they stop now the dismantling of German industries?

I cannot deal tonight with the problem of high prices. I pointed out in San Francisco last month that the present situation has been brought about by many years of administration policy, and there is certainly no panacea for its cure. For years the Government spent billions more than its budget and piled up a reserve surplus of purchasing power. For years the OPA held prices below wages. Then, after the war, the President adopted the extraordinary theory that there could be a general 20-percent wage increase without increasing prices, which theory was disproved almost before the increase was granted. The Government has continued its huge expenditures and the taxes to pay for them. Both high expenditures and high taxes have been reflected in higher prices. The tremendous export surplus, unrestrained by the President, has added foreign buying to demands at home. We can only wonder that prices have not increased more.

The most obvious remedies are a reduction of Government expenditures, a reduction of taxes in lieu of further wage increases, a reasonable provision of aid to Europe, and a

limitation on exports elsewhere. Finally, there must be a powerful appeal to industrialists to forego profits, to wage earners to refrain from further demands for wage increases, and to consumers to eat less and save their money rather than spend it on food. We cannot eat our wheat and ship it too. Various measures of less importance must also be considered and acted on.

But this problem is not primarily a legislative problem. The first responsibility rests on the Administration to act, both under existing laws and under new programs authorized by Congress. The policies of one department insist upon higher prices, while those of another demand reduction. There has been no one in the Government concerning himself with the general problem of holding prices down. Particularly in the administration of the Marshall plan, there must be an independent board directly under the President to develop one consistent and effective policy on exports and foreign aid. If we are against communism, let's be against communism everywhere—in America and in China, as well as in western Europe. If we are for economic recovery in western Europe, let's be for economic recovery in Germany, which is an integral part of western Europe. If we want to hold prices down, let the Government bid every department to avoid the policies which raise prices.

After considering all the facts I believe that Congress will adopt sound policies, but there will have to be a substantial improvement in the administration and efficiency and consistency of the executive departments if those policies are going to get any of the results which are sought.

Foreign Aid

EXTENSION OF REMARKS OF HON. FRANCIS J. MYERS OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES
Thursday, November 20, 1947

Mr. MYERS. Mr. President, the debate on foreign aid, and its corollary phases involving the mobilization of our own economy, will soon be getting under way. In view of the fact that influential voices in the Senate and in the Congress have been discussing these issues in the press and over the radio, as is perfectly proper, I ask unanimous consent to have inserted in the RECORD several editorials from outstanding newspapers discussing the two big issues of the day: Foreign relief and assistance and the domestic inflationary-control program outlined by the President. These newspapers are the Philadelphia Inquirer, the Philadelphia Bulletin, and the Washington Star.

None of these newspapers can be considered as subscribing to the doctrine of a regimented economy, of totalitarianism in America, of new dealism, or of any such tendencies whatsoever. One of these editorials, that from the Philadelphia Inquirer, maintains its anti-New Deal tradition in its comments and makes some references to the New Deal to which I, who support the principles of the New Deal generally, cannot of course subscribe.

On the other hand, there is so much in this editorial, and in the editorials from the other newspapers which I am placing in the RECORD which cuts through

to the basic problems and issues facing us, that I think they will be extremely interesting reading for the Members of the Congress.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Philadelphia (Pa.) Inquirer of November 19, 1947]

DON'T LET WORDS CLOUD MAIN ISSUES

Angry flare-ups in and out of Congress over President Truman's plea for stand-by power to invoke limited price-wage controls and rationing should not be permitted to obscure the main issues.

The main issues are, first, the need to curb soaring prices here at home; second, the need to strengthen our economy by these and other temporary controls so that it can endure the strains and shocks of our gigantic effort to save western Europe from starvation and communism.

This newspaper believes the Marshall plan should be supported vigorously and promptly by Congress and the people because such support will be vastly less dangerous to this country than might be the case otherwise.

America, with all its vast natural and productive wealth, can't hope to remain free and prosperous indefinitely in a world ruled by hunger, misery and fear. If we don't go all out to help nations which, like ours, want to stay independent, we can be very sure that eventually our way of life will be imperiled.

If we may regard the Marshall plan as a sort of superlative insurance policy for ourselves and the free world, some form of inflation controls—such as were suggested by Mr. Truman in his message to Congress—can be compared to the premium on the policy.

Price-wage controls and rationing, however limited and temporary, go against the American grain. In normal times they would be unthinkable. We had enough of them in wartime to last a long while. And before that, the Roosevelt New Deal drove business and industry almost crazy with restrictions, prohibitions and crippling dictatorship. We want no more New Deals, limited or unlimited.

But these are not normal times. Millions in our own country are having a daily battle to make income meet outgo. Food prices are sky high. So are prices of countless other things our people want and need. Something must be done to curb the cost of necessities.

And overseas other millions are looking to us to ease their war-imposed hardships and to help them resist communism, which feeds on poverty and woe. We must not fail them.

But when the Marshall plan hits full stride the tension on our price structure could be terrific if nothing had been done in the way of safeguards. Government economists believe that a new buying program for foreign aid might, without sound management, push prices of certain basic commodities as much as 30 to 50 percent higher. It doesn't take much imagination to figure what that would do to American consumers.

Senator TAFT and other critics are well within their rights in taking sharp issue with the President on the matter of controls. But does Senator TAFT suggest any effective curb on inflation to protect our economy against Marshall plan stresses? Not that we can see.

It is true, as he says, that a main cause of our present price inflation is the tremendous flow of exports from our shores. He would ease this factor by cutting down the exports. Yet such a measure would strike at the very thing we are trying to do in our own and the world's behalf—help other free peoples to save themselves.

We wish that Senator TAFT and those who go along with him on this question would, rather than get excited at the mention of temporary and limited controls, concern themselves with the imperative necessity of

making the Marshall plan a success and of seeing to it that it has the benefit of hard-headed business management.

It is far more important to assure that the plan be administered by a businesslike agency, determined to make every dollar appropriated produce a dollar's worth of relief, than to waste precious time denouncing modified inflation controls as the instrument of a police state.

Let us keep the great issues in proper perspective and view our needs broadly; let us adopt the Marshall plan as an insurance policy for ourselves and the free world; and let us prepare now to pay the premium by whatever temporary controls are required to curb inflation and keep America strong for its stupendous tasks in this uneasy peace.

[From the Philadelphia (Pa.) Bulletin of November 19, 1947]

NO MORE DRIFTING

President Truman's proposals for the curbing of inflation are drastic. Some of them, particularly those involving the grant of powers to allocate and ration basic commodities and within limited range to fix wages and prices, are bound to prove unpopular with various elements their use would directly affect.

But Republican opposition to these measures, coupled with branding them as "totalitarian," is too prompt to indicate that they have been weighed with the seriousness their nature demands.

Few will deny that the country is threatened with increasing inflation. Few will defend the constant rise of prices, with its steady resulting pressure for higher wages. Few want to see us keep on in our present courses until we gratify the Russian expectation of a "bust."

So the need for legislative action is obvious. There is room for dispute as to what form it shall take. But can it be disputed, except for vote-getting purposes, that some grants of emergency powers to the executive, if only as brakes on our headlong rush, are needed?

It can be argued that control over distribution of scarce commodities and related powers would be ineffective without corresponding control over the primary cause of inflation in excessive supplies of money and credit. These points are covered in the Presidential recommendations. The program calls for consideration as a whole.

If better and more effective measures can be devised, it is a Republican duty to devise and advocate them. But it isn't too much to ask for a constructive attitude on the part of those who control the action of Congress. This is a time to think seriously of the national welfare and to leave elections out of the calculation.

If we start out with the proposition that the Truman program was devised to assist the Democratic Party in the coming Presidential year, only partisan reaction can be expected. But no votes are to be won by indifference to the plain signs of the times; and obviously the country will get exactly nowhere by continuance of a drifting policy.

[From the Washington (D. C.) Evening Star of November 18, 1947]

THE DEBATE BEGINS

The President's message to the special session of Congress and Senator TAFT's reply may be regarded as the opening passages in a debate which will shape the future of the world. At this stage of the matter the outlook is not reassuring.

Whether one agrees or disagrees with his proposals, Mr. Truman's message was admirably direct and to the point. There was no beating about the bush.

He asked Congress, first, for \$597,000,000 as an emergency aid program to tide Austria,

Italy, and France over the winter. It is expected that these funds will suffice until next March 31, when it is hoped that the long-range Marshall plan will be ready to go into effect. The details of the Marshall plan will be submitted to Congress in a later message.

Mr. Truman then outlined the measures which he thinks are necessary to deal with inflation in this country—an inflation which has already assumed serious proportions and which will be aggravated by the European aid program.

The counterinflationary steps advocated by Mr. Truman are ten in number, with the political dynamite being confined mainly to the last two. In these, Mr. Truman asked Congress to authorize consumer rationing on products in short supply which basically affect the cost of living; to authorize price ceiling on products in short supply which basically affect the cost of living or industrial production and to authorize such wage ceilings as are essential to maintain the necessary price ceilings.

It is almost a foregone conclusion that the President is not going to be given these powers. The comments of Senator TAFT and other Republican leaders are just about conclusive on this point. Perhaps the President did not expect to get them, for in discussing his proposals he said that the first five, taken together, would "aid substantially in relieving inflationary pressures."

The worst that can be said of the other proposals, however, especially the last two, is that they would be apt to prove unworkable. In an economy as complex as ours, selective rationing and selective price control at the consumer level is a doubtful business. If the experience with OPA serves as a guide, a resort to such measures now would be apt to do more harm than good, especially in view of the President's none-too-firm attitude in the matter of wage controls.

Still, to repeat, the worst that can be said of these proposals is that their workability is doubtful. And in fairness to the President, it should be recognized that mounting inflationary pressures may yet drive us to them.

Most certainly, there is nothing in the message which justifies Senator TAFT's extreme attack on the President. He was justified in attacking the soundness of the proposals. But when he went on to impugn the President's motives, to picture him as wanting a "police state" in this country, and to cast doubt on the genuineness of Mr. Truman's desire for world peace he was going much too far.

The exact position of Senator TAFT in this matter continues to be unclear. He blames high prices on the excess of consumer dollars competing for scarce goods. Yet he would increase the supply of dollars in the hands of consumers by cutting taxes. He says that he favors reasonable aid to Europe as a means of combating communism, yet he talks about aid at the rate of \$8,000,000,000 a year. He must know that no such figure is contemplated under the Marshall plan. He dwells upon the generous manner in which this country has dealt with Europe, and concludes that we cannot afford to be more generous.

The trouble with this is that it seems to miss the point of what we are trying to do. If it were simply a question of whether we should be generous or ungenerous, one might agree with the Ohio Senator that we are doing enough. But generosity, as such, has little to do with it. The real reason for going to the aid of Europe is to prevent Communist domination of that continent, to head off the peril for us which would follow such domination.

Senator TAFT seems to give little weight to this cardinal point. And until he and his colleagues accept it, with all of its grim implications, the European aid debate will continue to be muddled and our own future will continue to be in jeopardy.

Industrial Research at University of Chattanooga

EXTENSION OF REMARKS OF

HON. KENNETH McKELLAR

OF TENNESSEE

IN THE SENATE OF THE UNITED STATES

Thursday, November 20, 1947

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an article entitled "Industrial Research at University of Chattanooga," by Dr. Raymond B. Seymour, published in the fall 1947 issue of *Dixie Business*.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INDUSTRIAL RESEARCH AT UNIVERSITY OF CHATTANOOGA

(By Raymond B. Seymour, Industrial Research Institute, University of Chattanooga, Chattanooga, Tenn.)

The growth of our country has been geared to an expanding economy in which progressive men have continually pushed back frontiers and developed new territories. Even today, in spite of conflicting opinion among some of our country's leaders, frontiers exist that present opportunities undreamed of in yesteryear.

Ambition, imagination, and vision were the chief assets of the old frontiersman, but the modern pioneer must not only possess these attributes but, in addition, must be trained in scientific research methods. In past years the route was westward, but today progress takes place wherever adequate facilities for research and education are present. Unfortunately, most of the top-ranking institutions of higher learning and almost all the modern research laboratories are located north and east of the Ohio and Mississippi Rivers, respectively. Of course, that region is unable to supply many of the raw materials required for its new processes and products, but new industries are generally located where they are developed. Thus, sections having access to adequate research facilities are able to create new wealth in spite of a lack of natural resources.

The South possesses more than its share of raw materials which can be the basis of many new products and processes, and it seems obvious that new developments based on these materials should take place within the region. However, such developments do not occur spontaneously but require intensive investigation by adequately trained technologists in modern research laboratories. Over \$750,000,000 is being invested annually in such laboratories throughout the entire Nation, but less than \$25,000,000 of this is being invested in the South. Less than 2 percent of the country's research scientists having doctor of philosophy degrees are in this section, although many times this number have left the South to seek opportunity elsewhere, and thus are contributing to the development of other regions.

If the South is to secure its share of prosperity, it must provide adequate educational facilities for its youth and modern research institutes for its industry. It must produce a larger variety of agricultural products, using as much mechanized finished equipment as possible, and must process these raw materials to goods in the region. The South should adopt the slogan, "What the South can grow and make will make the South grow."

All available data indicate that the South is already in the early stages of industrialization, but the rate must be accelerated by investing in education and research. During

the last 13 years the number of industrial research laboratories in the South has increased 160 percent. Nevertheless, over 43,000 manufacturing plants in this region are without research facilities. While these concerns have been able to sell all the materials they could produce during the war years, they will not be able to compete favorably in the future unless facilities for scientific investigation are made available to them.

Six years ago the Southern Association of Science and Industry was founded by civic leaders who realized that the future of the South would be dependent on the quality of its facilities for education and research. The objects of this association were to provide better education for youth and adequate research facilities for industry so that southern youth would have an opportunity to receive a better education and could help develop the resources of the South after graduation.

The establishment of the Industrial Research Institute of the University of Chattanooga in 1945 by civic leaders and industries fulfilled the objects of the Southern Association for Science and Industry and its record of accomplishment has indicated the soundness of these objects. This research institute has grown from an organization consisting of one scientist in November 1945 to an institute having a large technical staff of full-time men all with industrial experience and most having doctor of philosophy degrees from accredited universities. In accordance with the original plan, this organization is still growing, and is on its way to becoming the most important industrial research institute in the entire South.

In addition to the equipment found in most modern laboratories, the institute has a complete micro analytical laboratory; a recording polarograph; spectrophotometers; tensile, compression, and hardness testers; induction heating equipment; an emission spectrograph; metallograph; manaflux; high-speed cameras; high-pressure hydrogeneration apparatus; and adequate shop facilities. The main laboratories are housed in a modern functional building, while shop and testing facilities are in an adjacent building. Plans have been drawn for an addition to the present buildings which will make the Industrial Research Institute the largest non-Government organization, combining research and education in the region.

As a division of a privately controlled institution of higher learning, the Industrial Research Institute is free from political control and has the advantage of administration by officers of a university now in its sixty-first year of service. Since the faculty of the university is available for part-time investigation and consultation, the institute has access to talent which would not be found in an organization not on a university campus. It can be said that by integrating education and research for the benefit of the entire South, the University of Chattanooga is demonstrating its true character as a modern university in which the creation of new knowledge is known to be equal in importance to the conservation of the old.

Although the Research Institute will not complete its first fiscal year until September 1, 1947, it has already been recognized as one of the most important factors in aiding the development of a region comprising 15 States and a population equal to that of Great Britain. This organization has already signed 41 research contracts with business firms located in 8 different States. Its sponsors vary from large organizations, such as the United States Navy, the Sugar Foundation, Inc., and firms having their own research laboratories, to individuals who are interested in developing a new process or product. All research is done at cost.

Research is not magic, but many southern industrialists who have sponsored research projects at the institute are already receiving results. Its staff members have applied for

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 1947

Mr. CONNALLY (for himself and Mr. VANDENBERG) (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "European Interim Aid
4 Act of 1947".

5 SEC. 2. It is the purpose of this Act to provide
6 immediate assistance in the form of food, fuel, and other
7 commodities urgently needed by the peoples of Austria,
8 France, and Italy, hereinafter referred to as the recipient
9 countries, to alleviate conditions of intolerable hunger and
10 cold and prevent serious economic retrogression which would

1 available to any recipient country under the authority of
2 section 3 of this Act, an agreement shall be entered into,
3 pursuant to the limitations and provisions of section 4 of this
4 Act, between such country and the United States containing,
5 in such detail as practicable, an undertaking by such
6 country—

7 (a) to make efficient use of any commodities made
8 available under the authority of this Act and to take
9 insofar as possible the economic measures necessary to
10 increase its ability to achieve a self-sustaining economy;

11 (b) to the extent that supplies procured with funds
12 authorized under this Act are not furnished on terms
13 of repayment in dollars, they shall be furnished only
14 upon condition that the government of the receiving
15 country agree that when it sells such supplies for local
16 currency (a) the amounts of such local currency will be
17 deposited by it in a special account; (b) such account
18 will be used within such country, as a revolving fund,
19 until June 30, 1948, only for such purposes as may be
20 agreed to between such country and the Government of
21 the United States, for relief and work relief purposes,
22 including local currency expenses of the United States
23 incident to the furnishing of assistance; and (c) any
24 unencumbered balance remaining in such account on
25 June 30, 1948, will be disposed of within such country

1 for such purposes as may be agreed between such country
2 and the Government of the United States subject to
3 approval by Act or joint resolution of the Congress;

4 (c) to give full and continuous publicity within
5 such country, so as to inform the ultimate consumers,
6 as to the purpose, source, character, and amounts of
7 commodities made available by the United States under
8 this Act;

9 (d) to furnish promptly upon request of the Presi-
10 dent information concerning the method of distribution
11 and use of commodities made available under this Act.

12 (e) to make available to its people at reasonable
13 prices, consistent with economic conditions in the re-
14 cipient country, such commodities as it may sell under
15 the terms of this Act;

16 (f) to make all possible efforts to secure the maxi-
17 mum production and distribution of locally produced
18 supplies, and not to permit any measures to be taken
19 involving sale, distribution, or use of any articles of
20 the character covered in this Act which would reduce the
21 locally produced supply of such articles or the utilization
22 of foreign sources of supply other than the United States;

23 (g) not to export or permit removal from such
24 country, while need therefor continues, of commodities

1 made available to such country under this Act or such
2 commodities produced locally or imported from outside
3 sources;

4 (h) to permit representatives of the Government
5 of the United States to observe and report on the dis-
6 tribution among the people of such country with respect
7 to the commodities transferred or otherwise made avail-
8 able pursuant to this Act.

9 SEC. 7. The President shall promptly terminate the
10 provision of assistance under this Act for any country
11 whenever he determines (a) that such country is not
12 adhering to the terms of its agreement entered into in accord-
13 ance with section 6 of this Act; or (b) whenever he finds,
14 by reason of changed conditions, that the provision of assist-
15 ance authorized by this Act is no longer necessary or
16 desirable.

17 SEC. 8. All commodities made available pursuant to this
18 Act or the containers of such commodities shall, to the extent
19 practicable, be marked, stamped, branded, or labeled in a
20 conspicuous place as legibly, indelibly, and permanently as
21 the nature of such commodities or containers will permit, in
22 such manner as to indicate to the people of the country of
23 destination that such commodities have been furnished or
24 made available by the United States.

25 SEC. 9. The President shall take appropriate steps to

1 encourage other countries to make available to recipient
2 countries such assistance as they may be able to furnish.

3 SEC. 10. The President may, from time to time, pro-
4 mulgate such rules and regulations as he may find necessary
5 and proper to carry out any of the provisions of this Act;
6 and he may delegate to the Secretary of State or any other
7 official or officials of the Government any of the powers or
8 authority conferred on him under this Act. In accordance
9 with the direction of the President, the responsibility for ad-
10 ministering in Europe the program of assistance provided for
11 in this Act shall be vested in the field administrator of the
12 United States foreign relief program appointed pursuant to
13 section 4 of the Act of May 31, 1947, providing for relief as-
14 sistance to the devastated areas. The provisions of this Act
15 relating to United States supervision, control, or observation
16 of distribution of supplies made available under this Act shall
17 not apply to distribution of supplies in Austria: *Provided*,
18 That the President shall have determined, upon recommenda-
19 tion of the United States High Commissioner for Austria, that
20 supplies furnished to Austria hereunder are being distributed
21 under control systems embodied in agreements between the
22 High Commissioner and the other occupying authorities
23 or the Austrian Government which assure compliance with
24 the objectives of the occupation and with the provisions of
25 this Act which are consistent therewith.

1 SEC. 11. Personnel employed to carry out the pur-
2 poses of this Act shall not be included in computing limita-
3 tions on personnel established pursuant to the Federal
4 Employees Pay Act of 1945 (59 Stat. 298), as amended by
5 section 14 of the Federal Employees Pay Act of 1946 (60
6 Stat. 219).

7 SEC. 12. The President, from time to time, but not
8 less frequently than once every calendar quarter, and until
9 the end of the quarterly period after all operations under the
10 authority of this Act have been completed, shall transmit to
11 the Congress a report of operations under this Act. Reports
12 provided for under this section shall be transmitted to the
13 Secretary of the Senate or the Clerk of the House of Repre-
14 sentatives, if the Senate or the House of Representatives, as
15 the case may be, is not in session.

16 SEC. 13. If any provisions of this Act or the appli-
17 cation of such provision to any circumstance shall be held
18 invalid, the validity of the remainder of the Act and the
19 applicability of such provision to other circumstances shall
20 not be affected thereby.

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

By Mr. CONNALLY and Mr. VANDENBERG

NOVEMBER 20, 1947

Read twice and referred to the Committee on
Foreign Relations

EUROPEAN INTERIM AID ACT OF 1947

NOVEMBER 21, 1947.—Ordered to be printed

Mr. VANDENBERG, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 1774]

The Committee on Foreign Relations, to whom was referred the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, unanimously report the bill favorably to the Senate, without amendment, and recommend that it do pass.

MAIN PURPOSE OF THE BILL

The main purpose of the bill is to authorize the appropriation of a sum of money not to exceed \$597,000,000 so that the United States may extend emergency assistance to Austria, France, and Italy. The assistance contemplated will be extended by the United States directly to the three countries. The commodities made available to the recipient countries are essentially relief commodities in the way of fuel, food, and fertilizer; the bill does not envisage anything in the nature of a recovery or rehabilitation program. No new administrative machinery is provided for. The bill contains ample safeguards and limitations in order to assure that the money appropriated will be properly administered and wisely spent. No funds may be obligated for the procurement of commodities under the act after March 31, 1948.

SUMMARY OF THE COMMITTEE'S FINDINGS

Following is a summary of the committee's findings: (1) United States assistance to Austria, France, and Italy is essential if these countries are to be able to purchase the fuel, food, and other commodities necessary for the survival of their peoples and their economies during the coming winter; (2) the requirements for the program have been carefully screened both at home and abroad and the amount requested in the bill does not seem excessive; (3) since the assistance

contemplated would call for a comparatively small increase in exports, the impact of the program upon the domestic economy of the United States would be relatively slight; (4) assistance should be extended the three countries, but because of the critical world shortage of certain supplies no guarantees should be made by the United States with respect to the availability of any specific commodities; and (5) inasmuch as the administration of interim aid can be handled satisfactorily by the organization currently charged with the administration of the United States foreign relief program, no new administrative machinery is necessary at this time.

PRESIDENT TRUMAN'S MESSAGE TO THE CONGRESS

On November 17, 1947, President Truman addressed a joint session of the Congress on the problem of interim aid to Europe and on certain aspects of our domestic economy. For the information of the Senate those portions of the President's address dealing with the interim aid program are reproduced below:

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE EIGHTIETH CONGRESS:

The Congress has been convened to consider two problems of major concern to the citizens of the United States and to the peoples of the world. The future of the free nations of Europe hangs in the balance. The future of our own economy is in jeopardy. The action which you take will be written large in the history of this Nation and of the world.

The Secretary of State and other representatives of the executive branch have appeared before committees of the Congress during the past week to present the facts regarding the necessity for immediate assistance by the United States to certain European countries. Austria, France, and Italy have nearly exhausted their financial resources. They must be helped if their peoples are to survive the coming winter, and if their political and economic systems are not to disintegrate. Exceedingly bad weather has brought on crop failures and fuel shortages, and has caused intense suffering. The food and fuel stocks of these countries are now near the vanishing point. Their peoples are in a dangerously weakened condition, due to years of short rations. Additional medical supplies and facilities are urgently necessary.

Austria needs \$42,000,000, Italy needs \$227,000,000, and France needs \$328,000,000 to buy food, fuel, and other essential goods during the next 4½ months. Detailed information has been presented to your committees concerning these needs and the purposes for which funds to be appropriated by the Congress would be spent.

Additional funds will also be required to maintain our position in occupied areas.

Emergency assistance by itself will not solve European problems. Emergency aid is no substitute for a long-range recovery program, but it is a vital prerequisite to such a program. If the western European nations should collapse this winter, as a result of our failure to bridge the gap between their resources and their needs, there would be no chance for them—or for us—to look forward to their economic recovery. The providing of interim aid will give us time to plan our part in an economic recovery program and it will give the peoples of Europe the strength to hold out until such a program begins.

I shall shortly submit to the Congress my recommendations concerning the long-range European recovery program. This program is the result of the combined efforts of thoughtful men of two continents whose concern has been the most effective manner in which 16 European nations, western Germany, and the United States can work together for European recovery, world prosperity, and lasting peace.

It is a tribute to the strength of our democracy that we are able to make so great a contribution to the freedom and welfare of other nations and other peoples. This Nation is strong both in material resources and in the spirit of its people. Our economic strength, born of our system of free institutions, has contributed to raising the standard of living the world over. Our moral strength, resulting from our faith in human rights, is the inspiration of free men everywhere.

I refer to the strength of this Nation with humility, for it is an awe-inspiring truth that the manner in which we exert our strength now, and in the future, will have a decisive effect on the course of civilization.

This is a truth whose significance grows with the experience of each passing day. The American people are becoming more and more deeply aware of their world position. They are learning that great responsibility goes with great power.

Our people know that our influence in the world gives us an opportunity—unmatched in history—to conduct ourselves in such a manner that men and women of all the world can move out of the shadows of fear and war into the light of freedom and peace.

We must make the most of that opportunity.

For we have learned, by the costly lesson of two World Wars, that what happens beyond our shores determines how we live our own lives. We have learned that, if we want to live in freedom and security, we must work with all the world for freedom and security.

Human misery and chaos lead to strife and conquest.

Hunger and poverty tempt the strong to prey upon the weak.

Twice within this generation we have had to take up arms against nations whose leaders, misled by the hope of easy conquest, sought to dominate the world.

We are convinced that the best way to prevent future wars is to work for the independence and well-being of all nations. This conviction guides our present efforts, and will guide our future decisions. We have participated fully and gladly in the growth of the United Nations and we seek now to strengthen and improve it. We are assisting free nations who have sought our aid in maintaining their independence. We have contributed large sums to help rebuild countries devastated by the war. We have taken the lead in breaking down barriers to world trade.

In our efforts, however, to achieve the conditions of peace, we have encountered unforeseen and unwelcome obstacles.

We have found that not all nations seem to share our aims or approve our methods. We regret the differences which have arisen and the criticisms so loudly expressed. And yet we cannot afford, and we do not intend, to let current differences with some nations deter our efforts to cooperate in friendly fashion and to assist other nations who, like us, cherish freedom and seek to promote the peace and stability of the world.

The actions of this Government must be of a stature to match the dignity and influence of the United States in world affairs. The prompt provision by the Congress for interim aid will be convincing proof to all nations of our sincere determination to support the freedom-loving countries of western Europe in their endeavors to remain free and to become fully self-supporting once again.

If that action is followed by the enactment of the long-range European recovery program, this Congress will have written a noble page in world annals.

I have spoken of the economic and moral strength of the United States and of the way in which we must use that strength if we are to build a world community of free, strong, and independent nations.

The strength of the United States is not due to chance. It is due to the wise decisions and bold actions taken by free and courageous men throughout the history of our democracy.

The time is at hand for new decisions and new actions of equal wisdom.

COMMITTEE HEARINGS

The committee began its hearings on November 10 when George C. Marshall, Secretary of State, appeared before a joint session of the Senate Foreign Relations Committee and the House Committee on Foreign Affairs to present in general terms the long-range economic recovery program and to urge the speedy passage of an interim-aid bill, a draft of which he submitted for legislative consideration. On the following day Secretary Marshall again appeared, accompanied by Robert A. Lovett, Under Secretary of State, Lewis W. Douglas, Ambassador to Great Britain, and other members of the State Department staff, to answer detailed questions about the long-range and the short-range programs. On November 12 William Averell Harri-

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In our efforts, however, to achieve the conditions of peace, we have encountered unforeseen and unwelcome obstacles.

We have found that not all nations seem to share our aims or approve our methods. We regret the differences which have arisen and the criticisms so loudly expressed. And yet we cannot afford, and we do not intend, to let current differences with some nations deter our efforts to cooperate in friendly fashion and to assist other nations who, like us, cherish freedom and seek to promote the peace and stability of the world.

The actions of this Government must be of a stature to match the dignity and influence of the United States in world affairs. The prompt provision by the Congress for interim aid will be convincing proof to all nations of our sincere determination to support the freedom-loving countries of western Europe in their endeavors to remain free and to become fully self-supporting once again.

If that action is followed by the enactment of the long-range European recovery program, this Congress will have written a noble page in world annals.

I have spoken of the economic and moral strength of the United States and of the way in which we must use that strength if we are to build a world community of free, strong, and independent nations.

The strength of the United States is not due to chance. It is due to the wise decisions and bold actions taken by free and courageous men throughout the history of our democracy.

The time is at hand for new decisions and new actions of equal wisdom.

COMMITTEE HEARINGS

The committee began its hearings on November 10 when George C. Marshall, Secretary of State, appeared before a joint session of the Senate Foreign Relations Committee and the House Committee on Foreign Affairs to present in general terms the long-range economic recovery program and to urge the speedy passage of an interim-aid bill, a draft of which he submitted for legislative consideration. On the following day Secretary Marshall again appeared, accompanied by Robert A. Lovett, Under Secretary of State, Lewis W. Douglas, Ambassador to Great Britain, and other members of the State Department staff, to answer detailed questions about the long-range and the short-range programs. On November 12 William Averell Harri-

man, Secretary of Commerce, presented the findings of the President's Committee on Foreign Aid and related those findings to the European recovery program and to the interim-aid bill. On November 13 William E. Warne, Assistant Secretary of the Interior, discussed the report of the Krug committee on "National Resources and Foreign Aid." On November 14 John Foster Dulles examined the recovery program and its relationship to some of the broader aspects of American policy. Public hearings were concluded that same day when Congressman Christian A. Herter, vice chairman of the House Select Committee on Foreign Aid, outlined the findings of his committee.

In closed session the following week the committee continued its consideration of the interim aid problem, taking as a basis for discussion the draft proposal submitted by the Department of State. Clinton Anderson, Secretary of Agriculture, appeared to testify on the availability of grain in the United States and Under Secretary Lovett discussed some of the problems which had arisen during the hearings. On November 19 the committee concluded its deliberations on the amendments to the bill and voted unanimously to report it to the Senate.

[It should be noted that the original draft bill (S. 1757) presented by the State Department was amended by the committee and later introduced as a new bill (S. 1774). The latter is being reported without amendment.]

The committee was impressed with the extensive documentation which was available during its examination of the interim aid bill and the recovery program. Rarely has any legislative proposal been accompanied by such thoroughly prepared documentary materials. These include the reports of the Paris conference of 16 nations, the Nourse, Krug, and Harriman reports, the documentation presented by the State Department on the interim aid program, and the handbook on the European Recovery Program prepared by the staffs of the Senate Foreign Relations Committee and the House Foreign Affairs Committee.

The committee was likewise impressed by the fact that no opposition appeared to testify against the interim aid bill. All witnesses were heard who asked to be heard. Below is a complete list of the witnesses who testified before the committee:

George C. Marshall, Secretary of State.
 Robert A. Lovett, Under Secretary of State.
 Lewis W. Douglas, Ambassador to Great Britain.
 Charles Bohlen, counselor, State Department.
 Ivan B. White, second secretary, American Embassy, Paris, France.
 William Averell Harriman, Secretary of Commerce.
 Charles J. Hearst, Maplehearst Farms, Cedar Falls, Iowa.
 William E. Warne, Assistant Secretary, Department of the Interior.
 Edward B. Swanson, Oil and Gas Division, Department of the Interior.
 William T. Phillips, Special Assistant on Commodity Policy, Department of State.
 James Boyd, Director, Bureau of Mines, Department of the Interior.
 John Foster Dulles, New York City.
 George Romney, managing director of the Automobile Manufacturers Association, Detroit, Mich.
 Christian A. Herter, Congressman from Massachusetts.
 Joseph O. Parker, staff director, Committee on Agriculture of the House of Representatives and consultant to the Special House Committee on Foreign Aid.
 Franklin A. Lindsay, consultant to the Special House Committee on Foreign Aid.
 Clinton P. Anderson, Secretary of Agriculture.

EVENTS LEADING UP TO PRESENT SITUATION

During the summer of 1947, UNRRA expired without having restored Europe to a condition of economic and political stability. Not only did the extreme cold of last winter curtail European crops, but they were even more severely affected by the severe drought of the summer just passed. Moreover, the international monetary system was thrown out of balance by the rapidly rising cost of imports and the suspension of the convertibility of the pound sterling. These developments made it particularly difficult for the countries of Europe to secure needed supplies. As a consequence the financial reserves of France, Italy, and Austria have practically disappeared and the twin specters of hunger and cold attended by political chaos threaten western Europe. As a result President Truman called Congress into special session on November 17, 1947, to deal with the "rise in prices * * * (and) * * * the crisis in western Europe." He requested \$597,000,000 for emergency aid for France, Italy, and Austria. Although closely related to the so-called European recovery plan, interim aid thus emerged as a distinct and separate problem by itself.

Already on May 8, 1947, Under Secretary of State Dean Acheson, and later on June 5, 1947, Secretary of State George C. Marshall, had indicated that the United States stood ready to consider the extent to which she might be able to help herself to recovery. Sixteen nations of western Europe accepted the offer, prepared a report, and stated their needs. United States agencies, Congress (in the form of committees and as traveling observers), and special committees appointed by the President, studied the impact of the contemplated assistance upon our resources and our economy. But before Congress could begin its deliberations on the broader recovery program, the present relief needs of the three countries in question arose and demanded immediate attention.

THE NEEDS OF AUSTRIA, FRANCE, AND ITALY

Careful cross-examination during the hearings indicated that the estimated needs put forward by the State Department for the interim aid program are substantially accurate. The committee also took note of the exhaustive reports of the House Select Committee on Foreign Aid dealing with the requirements of France and Italy and with the availability of grain, fertilizer, petroleum, steel, and coal. Congressman Herter, vice chairman of the select committee, together with the other witness who appeared before the Senate committee, agreed that the amount set forth in the bill was entirely reasonable. This fact testifies to the adequacy of the careful screening process through which the requirements submitted by the recipient countries had to go, both abroad and in Washington, before they were approved by American officials.

After making allowance for all their available resources, it is estimated that these countries need a total of \$597,000,000 for the period ending March 31, 1948, as follows:

Austria.....	\$42, 000, 000
France.....	328, 000, 000
Italy.....	227, 000, 000
Total.....	597, 000, 000

In the first quarter of 1948, total essential Austrian dollar imports will amount to \$73,000,000. The tentative program for the use of the interim-aid funds for Austria is shown in the following table, the difference, \$31,000,000, being covered by other dollar resources:

Commodities to be supplied to Austria under interim-aid program during first quarter of 1948

Food-----	\$20, 000, 000
Coal-----	13, 000, 000
Seeds, fertilizers, and pesticides-----	7, 000, 000
Medical supplies-----	2, 000, 000
Total-----	42, 000, 000

France's essential outlays during the period December 1, 1947, to March 31, 1948, will amount to \$556,000,000. She has \$228,000,000 available. The proposed \$328,000,000 is to be spent as follows:

Commodities to be supplied to France under interim-aid program during period Dec. 1, 1947, to Mar. 31, 1948

1. Wheat-----	\$111, 000, 000
2. Milk products-----	3, 000, 000
3. Fats and oils-----	20, 000, 000
4. Coal from United States-----	116, 000, 000
5. Coal from Germany-----	9, 000, 000
6. Petroleum products-----	22, 000, 000
7. Cotton-----	38, 000, 000
8. Fertilizer-----	9, 000, 000
Total-----	328, 000, 000

Italy's total essential dollar requirements amount to \$386,000,000 for the period December 1, 1947, to March 31, 1948; \$227,000,000 of this is proposed to come from interim aid and is to be programed along the following lines:

Commodities to be supplied to Italy under interim aid program during the period, Dec. 1, 1947, to Mar. 31, 1948

1. Cereals-----	\$128, 000, 000
2. Fats and oils-----	12, 000, 000
3. Pulses-----	5, 000, 000
4. Milk products-----	2, 000, 000
5. Coal:	
From United States-----	36, 000, 000
From Germany-----	10, 000, 000
6. Petroleum supplies-----	13, 000, 000
7. Fertilizer and other agricultural supplies-----	19, 000, 000
8. Medical supplies-----	2, 000, 000
Total-----	227, 000, 000

The following summary table indicates the values and quantities of the commodities proposed for the aid program:

Interim European aid, by commodities (in values and quantities)

Commodity	Total		Austria		France		Italy	
	Thousand tons	Millions	Quantity	Value	Quantity	Value	Quantity	Value
	I	II	III	IV	V	VI	VII	VIII
Cereals.....	1, 755	\$250	73	\$11	770	\$111	912	\$128
Other foodstuffs.....	104	51	16	9	38	23	50	19
Coal.....	9, 184	184	690	13	6, 124	125	2, 370	46
Petroleum.....	1, 080	35			700	22	380	13
Fertilizer and other agricultural supplies.....	672	35	38	7	134	9	500	19
Medical supplies.....	(¹)	4	(¹)	2			(¹)	2
Cotton.....	53	38			53	38		
Total.....	13, 348	597	817	42	7, 819	328	4, 212	227

¹ Negligible.

METHODS USED TO SCREEN REQUIREMENTS OF RECIPIENT COUNTRIES

The committee was impressed by the fact that the requests from Austria, France, and Italy, were carefully screened both at home and abroad.

Secretary Lovett pointed out during the hearings that, upon receipt of the indication of need from the three countries, a preliminary check was made by American officials and technicians in our missions abroad. A series of committees was then established made up of specialists from various United States agencies in Washington. These committees screened the needs in terms of commodities and the financial condition of the requesting country with respect to its dollar balances and resources. A second similar check was then made by economic and technical personnel in our foreign missions. This included inquiries to see whether needs could be met elsewhere than in the United States.

The balance sheets then began to indicate necessary expenditures and known resources. Efforts were made to see whether the most urgent needs in deficit could be met in other ways and by other funds. This search was fruitless, except for small sums in the case of France.

These screenings reduced the original Italian requests for raw materials from \$250,000,000 to \$150,000,000. This checking further eliminated \$150,000,000 for pipe-line deficiencies, \$50,000,000 for working balances of funds, and \$30,000,000 in payments to other countries on clearing balances, as not essential for this "hold the line" program. The original Italian request of \$575,000,000 was cut to \$227,000,000.

The original French request of \$459,000,000 was cut \$131,000,000 to \$328,000,000 for cogent reasons.

The original request from Austria for January 1 to March 31, 1948, was \$85,000,000. This was reduced to \$58,000,000, of which \$16,000,000 is relief previously provided through the United States foreign relief program.

AVAILABILITY OF COMMODITIES

As has been indicated above, the witnesses who appeared before the committee agreed that the statement of needs expressed in the interim-aid program was reasonable. The committee was likewise

impressed by the fact that only one major difference appeared concerning the availability of the commodities required; namely, the estimate of 912,000 tons of wheat for Italy for the 4-month period ending March 31, 1948. The Select Committee on Foreign Aid has carefully scrutinized the estimates of availability and, in his testimony before the Foreign Relations Committee, Congressman Herter pointed out that the United States would probably not be able to supply more than 882,000 tons. Secretary Anderson likewise agreed that the State Department figures were not in line with the Department of Agriculture allocations for the coming 4 months. The difference between the estimated needs and the estimated availability of wheat thus appears to be 30,000 tons.

The committee, however, agreed with the point of view expressed by Mr. Herter and Secretary Anderson that, if wheat is not available in sufficient quantities, every effort should be made to find suitable substitutes such as soy flour, rice, canned fish, soups, horse meat, and sugar. The present caloric intake of the average nonfarm Italian is presently estimated at 1,916, one of the lowest in Europe. It would seem desirable, therefore, to make every effort to find substitute foods rather than to cut the dollar appropriation for Italy.

It is recognized that petroleum needs are reasonable but that the supply is tight. Nitrogen fertilizer is in short supply, but the amounts for France and Italy are within the amounts allocated for this year by the International Emergency Food Council. Phosphate rock, soluble phosphate and potash for Austria and Italy are available.

Since crop and supply conditions in the world are uncertain, however, the committee wished to make it perfectly clear that the United States could not guarantee any specific amount of any particular commodity merely because such estimates have figured in the program sheets before the Congress. That is the substance of the amendment to section 4 of the bill adopted by the committee and explained in another part of this report.

RELATIONSHIP BETWEEN INTERIM AID AND UNITED STATES FOREIGN RELIEF PROGRAM

The interim aid program may be considered in a sense as an extension of the United States foreign relief program approved by Congress on May 31, 1947. According to the terms of the joint resolution adopted at that time (Public Law 84) relief assistance was to be extended to Austria, Greece, Hungary, Italy, China, Poland, and Trieste. In July, Congress appropriated \$332,000,000 for use in these countries. The program which has been in operation since last summer is scheduled to run until June 30, 1948.

According to allocations made under this program, however, there would be available to Austria only \$16,000,000 for the first quarter of 1948 and no funds at all would be available for Italy after the first of the year. Clearly, additional funds are needed to enable Austria and Italy to meet the present emergency. The interim aid bill, therefore, would supplement the foreign relief program (Public Law 84) by extending further assistance to Austria and Italy and by adding France as a recipient country. The administrative machinery both in the United States and abroad would be the same. For the most part, the limitations and controls approved by Congress for the conduct of the foreign relief program would be retained in the interim aid bill.

NATURE OF ASSISTANCE: GRANTS RATHER THAN LOANS

It is the intention of the administration to extend this aid in the form of grants rather than loans. Nearly all the commodities will be of a type currently consumed, helping to maintain, but not adding greatly, to the three countries' productive capacity. Moreover, the tasks of Austria, France, and Italy in the field of rehabilitation and reconstruction are so compelling that all of their available resources and foreign exchange will be sorely needed for some time to come for the purchase of essential imports and for the servicing of reconstruction and rehabilitation loans. In view of the precarious financial position of the countries involved, and the emergency character of this act, the committee agreed that it would be unwise and unsound economically to burden them with additional debts in the form of loans at this time.

INTERIM AID ESSENTIALLY A RELIEF PROGRAM

It should be kept in mind that the interim-aid program is essentially a relief program. It is not as some people have intimated "a little Marshall plan." The main purpose of the program is to meet the immediate needs of the three countries in order to enable them to counter the impending threat of cold and hunger during the coming winter. To this end the bill specifically provides for the procurement of food, seed, fertilizer, coal, petroleum and petroleum products, other fuel, fibers, pesticides, and medical supplies. While it is true that section 2 of the act provides that additional commodities might be purchased if the President finds they are necessary for the accomplishment of the purposes of the bill, the detailed break-down of requirements submitted by the State Department indicates that nearly all the money appropriated in the bill would be spent for the three most effective means of combating cold and hunger: Food, fuel, and fertilizer. There is no provision for machinery and tools or equipment for rehabilitation purposes.

Secretary Marshall emphasized this basic character of the interim aid bill when he testified before the joint session of the Senate Foreign Relations Committee and the House Foreign Affairs Committee on November 10. The bill, he said, would authorize—

the appropriation of sufficient funds to provide the supplies necessary to permit the people of these three countries to continue to eat, to work, and to survive the winter. This is not a recovery program. It is designed to help provide the essentials of existence to the people of these three countries.

UNITED STATES ASSISTANCE TO THE RECIPIENT COUNTRIES SINCE
THE WAR

The United States has assisted Europe since the war with (1) repayable loans and credits, (2) grants and relief funds, and (3) private remittances. The second is of special significance for the interim aid bill. The following tables summarize United States aid to Austria, France, and Italy since the cessation of hostilities. Because assistance granted to various countries started at different times, and because of other factors, the dates given for the three states differ somewhat. The tables are based on information furnished by the Department of State.

Austria—United States financial aid to Austria since July 1, 1945

[In millions of dollars]

	Amount authorized	Amount utilized ¹
1. Export-Import Bank and other loans.....	1	0
2. Property credits.....	10	1
3. UNRRA and post-UNRRA.....	104	59
4. Occupation program.....	79	79
Total.....	194	139

¹ To June 30, 1947.*France—United States financial aid to France since VJ-day*

[In millions of dollars]

	Amount authorized	Amount utilized ¹
1. Export-Import Bank loans.....	1, 200	1, 020
2. Maritime Commission ship sales credit.....	56	56
3. Foreign Liquidation Commission surplus-property credit.....	300	300
4. Settlement of lend-lease and war-claims accounts.....	420	420
Total.....	1, 976	1, 796

¹ To Sept. 30, 1947.*Italy—United States financial aid to Italy since September 1943*

[In millions of dollars]

	Amount authorized	Amount utilized ¹
1. U. S. Army military relief program (United States share).....	376	376
2. Foreign Economic Administration, transitional program (United States share).....	134	134
3. UNRRA program (United States share).....	375	375
4. Treasury, suspense account.....	319	310
5. OFLC, surplus property credits.....	178	178
6. Maritime Commission.....	62	62
7. Export-Import Bank credits.....	127	30
8. United States foreign relief program.....	124	90
Total.....	1, 695	1, 555

¹ To Oct. 31, 1947.

CONDITIONS UNDER WHICH ASSISTANCE WOULD BE GRANTED

The bill as amended by the Foreign Relations Committee contains most of the conditions and limitations which were imposed upon the granting of relief under the relief bill (Public Law 84) passed by Congress last spring. There were two reasons for this. First, the committee considered the present bill to be essentially a relief measure which should include the same safeguards as the earlier relief bill. Secondly, the bill will also be the basis for executive agreements between the United States and the recipient countries, not subject to ratification by the Senate, and therefore beyond the control of the Congress. For this reason the committee felt that the basic controls, which were to be included in the special agreements, should be spelled out in the bill itself.

Under the terms of section 6 the recipient countries will undertake to do the following: To make efficient use of the commodities made available; to give full publicity within their borders about the commodities, their nature, source, and amount; to set reasonable prices

on such relief commodities as they may sell to their people; to seek to secure and maintain maximum production of locally produced supplies and not to permit their diversion outside of the country; to prohibit the removal or exportation of commodities made available as long as the need therefor continues within the recipient country; to permit representatives of the Government of the United States to observe and report on the distribution of the commodities within the recipient country.

The committee was of the opinion that full information about the program should be disseminated with the assistance of the recipient government. Such assistance should include time over government-controlled radios, the allocation of adequate space in the newspapers, and such other facilities as will give to the people of the recipient countries a true description of American assistance with a view to avoiding misrepresentation of the motives and acts of the people of the United States in furnishing the assistance in question.

The bill as approved by the committee also includes a number of additional restrictions and limitations with respect to the administration of the program. These include the following:

1. Expenditures for relief supplies outside the United States are limited to 25 percent;

2. Assistance to any country may be terminated for various reasons by the President;

3. Local proceeds for the sale of relief goods are to be put in a special revolving fund, the use of which must be approved by the United States; and

4. Relief supplies are to be clearly stamped and labeled so as to indicate that they have been furnished by the United States.

These additional limitations are discussed in detail in other sections of this report.

[USE OF LOCAL CURRENCY PROCEEDS]

The unsatisfactory experiences of UNRRA with the use by recipient countries of proceeds from sale of relief goods led the committee to scan with care the provisions for the sale of commodities when it considered the relief bill (Public Law 84) last spring. Because the matter had been so thoroughly explored at that time, the committee deemed it sound to incorporate the provisions of the relief bill in the present interim-aid bill.

Although it is contemplated that some of the supplies under the present bill will be furnished as relief and require no payment, most of them will be sold by the recipient country within its own borders to its own people for which it will receive payment in local currency. The receipts from such sale will be placed in a special revolving fund to be used for such relief work and relief purposes, until the end of the fiscal year of 1948, as are agreed upon between the recipient country and the United States. Any unencumbered balance remaining in the account on June 30, 1948, will be disposed of in the recipient country in such way as may be agreed to between the governments of the two countries subject to approval by act or joint resolution of the Congress of the United States. So far as the United States is concerned this latter provision simply means that no agreement could be arrived at between the two governments relating to the unencumbered balance in the special fund without congressional approval.

NO NEW ADMINISTRATIVE MACHINERY NEEDED FOR INTERIM PROGRAM

Your committee strongly believes that in view of the urgency of the present situation it would be unwise to provide for any new governmental organization to administer the proposed interim-aid program. Considerable time would be required to set up a new agency, to hire personnel, and to establish the procedures necessary to insure a smoothly functioning organization. Moreover, it must be kept in mind that assistance is already being extended to Austria and Italy through the mechanism of the United States foreign relief program. The machinery used for this purpose is functioning satisfactorily and it would be a relatively simple matter to add France to the list of recipient states.

The committee took cognizance of the fact that the proposed interim-aid program would be launched immediately and would continue only until March 31, 1948. Furthermore, the administration of any long-range European recovery program would require considerable study. In view of all these factors, it would seem simplest and best to utilize the procedures and machinery currently being used to administer the existing foreign-relief program.

IMPACT OF THE INTERIM PROGRAM ON THE UNITED STATES ECONOMY

The impact of the interim-aid program on the economy of the United States should be distinguished from that of the long-range European recovery program. While there may be extended debate over the latter, there has been very little over the former. The collective opinion of the witnesses who appeared before the committee was in general that the increase in our exports as a result of the program would be relatively small and the United States could give the assistance required with comparatively little effect upon our own economy. It is, of course, recognized that no extensive shipments abroad of commodities in short supply can be made without producing a tendency toward price increases at home. The general view seemed to be, however, that the impact would be very slight. Secretary of Commerce Harriman, commenting upon the impact of the interim-aid program on the economy of the United States, stated that:

Interim aid will not change the present domestic situation or, substantially, the exports which it has been calculated would probably go out of the country.

The committee, of course, recognizes that there will be certain items in tight supply such as wheat, nitrates, and petroleum which may be concerned in the program. In such cases, it is believed that adequate safeguards to protect the American economy have been provided in the bill.

TERMINATION OF BILATERAL AGREEMENTS

The committee attaches great importance to the proposed bilateral agreements which are to be concluded with the recipient countries, and which are similar to those already concluded with Italy, Austria, and Greece under the relief bill (Public Law 84). These agreements respect the dignity of both parties and give assurance that the commodities furnished by the United States will be used to best advantage. This is assured by section 7 of this act which states that the President shall promptly terminate the provision of assistance under the act for any country whenever he determines (a) that such country is not

adhering to the terms of its agreement entered into in accordance with section 6; or (b) whenever he finds, by reason of changed conditions, that the provision of assistance authorized by the bill is no longer necessary or desirable. It should be noted particularly that the President is required to discontinue assistance whenever any recipient country fails to live up to the obligations it has assumed in its agreement with the United States.

RELATIONSHIP BETWEEN INTERIM AID AND LONG-RANGE RECOVERY PROGRAM

For purposes of the estimates, the period covered by this act is December 1, 1947, to March 31, 1948, for France and Italy and the first quarter of 1948 for Austria. This period represents an option on the time necessary for a specific long-range recovery plan to be presented and considered by the Congress. Reports dealing with the long-range program—from the Krug, Harriman, and Nourse committees and the 16 countries of the Committee of European Economic Cooperation—were examined by the committee, but every effort was made to confine discussion during the hearings to the interim aid proposal except where it was necessary for members of the committee to consider the pending bill in the perspective of the European recovery program. This act does not provide for a recovery program. It is intended to prevent further economic disintegration so that realistic consideration can be given to a recovery program. It is assumed that a specific long-range proposal will be presented for the consideration of the Congress in the near future. If such a proposal is acceptable to Congress, it is presumed it would start on March 31, 1948, when procurement under the present act must cease, or shortly thereafter.

The scrutiny of, and recommendations for, this interim-aid bill will no doubt facilitate the examination of any long-range program the Senate may be called upon to consider. The committee underlines the point, however, that its decision in the present instance has been based on the merits of the specific proposal before it. Moreover, the record is replete with emphasis upon the fact that support of the interim measure by committee members involves no obligation whatsoever with respect to any subsequent long-range program.

STOCK PILING OF STRATEGIC MATERIALS

During the hearings various members of the committee called attention to the desirability of securing some benefits for the United States in return for the assistance rendered to various countries. Some of the countries, for example, have access to various strategic materials which are in short supply in the United States. The committee felt strongly that this entire question should be subject to intensive study whenever a long-range recovery program is under consideration by the Congress. The emergency nature of the present bill, however, makes it impractical to consider the matter in connection with interim aid.

AMENDMENTS APPROVED BY FOREIGN RELATIONS COMMITTEE

On November 17, 18, and 19, on the basis of evidence submitted during the hearings, the committee examined carefully the draft

bill which had been presented by the Department of State on November 10. As a result of this consideration, a number of the controls which had been incorporated originally in the relief bill (Public Law 84) last spring were inserted in the text and several additional amendments of importance were added. These changes met with the approval of the Department of State. The most important amendments approved by the committee are summarized in the sections below.

FIRST AMENDMENT: NO GUARANTY OF AVAILABILITY OF SPECIFIC COMMODITIES

In view of the critical world shortage of certain commodities, the committee believed it inadvisable for the United States to make any commitment which might be construed by the recipient country as a guaranty to deliver any specific amount of any particular commodities. A clarification of this point seemed particularly desirable inasmuch as crop conditions in the world are uncertain and inasmuch as there appeared to be some slight difference of opinion with respect to the availability of wheat in the United States. With these considerations in mind the committee added the following language to section 4:

This Act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

SECOND AMENDMENT: PURCHASE OF COMMODITIES OUTSIDE THE UNITED STATES

At the time of the passage of the relief resolution last June the members of the committee were in complete agreement that nearly all the funds appropriated should be used for purchase within the United States. As a result, the resolution limited the amount of offshore purchases to 6 percent, which was considered ample to take care of certain quantities of coal, fertilizer, and seed that might be advantageously purchased abroad.

At the present time the situation with regard to commodities in short supply has changed considerably. Given a shortage of grain, petroleum, and fertilizer in the United States, it would seem desirable to encourage the purchase of more commodities in other countries. To this end, the committee amended section 6 of the bill to provide that not more than 25 percent of the total amount authorized should be used to procure supplies outside the United States and its Territories. According to figures submitted by the State Department this amount will give the Administration ample leeway to purchase needed commodities in short supply outside the United States.

The shortage of petroleum, especially fuel oil, threatens to be particularly acute in certain parts of the United States during the coming winter. The committee agreed that it would be unwise to ship petroleum from the continental United States if such action were to unduly aggravate our own domestic shortage. To take care of this special problem, section 5 was amended to provide that the procurement of petroleum and petroleum products, to the maximum extent practicable, should be made from petroleum sources outside the United States.

THIRD AMENDMENT: ADDITIONAL CONTROLS INSERTED BY COMMITTEE

The extensive controls which the committee incorporated in the bill, for the most part patterned after those included in the relief resolution (Public Law 84), have already been outlined in a previous part of this report. These relate to full publicity within the recipient countries, to the export of commodities received under the act, etc. Two new amendments need special comment at this point. In the first place, the committee agreed that the recipient governments should not permit commodities received under the act to be sold to their peoples at greatly inflated prices. No doubt some of the commodities which have been supplied under the relief bill eventually find their way into the black market and thus command exorbitant prices. Some such activity and the adverse publicity which accompanies it must be expected. According to section 6 as approved by the committee, however, each recipient country will undertake to make available to its people "at reasonable prices," consistent with economic conditions in the country, such commodities as it may sell under the terms of the act.

In the second place, the committee repeatedly stressed the general principle that United States assistance to Europe of whatever kind must be accompanied by honest and sincere efforts on the part of the recipient countries to utilize effectively their own resources. For example, those countries which sorely need grain should take steps, not only to use their land in the most effective way possible, but also to make sure that the grain produced by local farmers is made available for distribution within the country. Similarly, every effort should be exerted to conserve manpower and to use the productive capacity of the Nation wisely and well. To this end, the committee amended section 6 so that the recipient countries would undertake "to make all possible efforts to secure the maximum production and distribution of locally produced supplies, and not to permit any measures to be taken involving sale or distribution of any articles of the character covered in this act which would reduce the locally produced supply of such articles or the utilization of foreign sources of supply other than the United States."

FOURTH AMENDMENT: POSSIBLE ASSISTANCE FROM OTHER COUNTRIES

During the course of the hearings representatives from the State Department were asked on several occasions whether other countries besides the United States were in a position to extend assistance to Austria, France, and Italy. Under Secretary Lovett pointed out that, while a few small grants and credits had been extended by other countries, very little assistance could be expected from such quarters because most nations are themselves still suffering from the destructions and dislocations resulting from the war or because they have encountered international financial difficulties which make extensive aid impossible. The committee nevertheless felt that the President should take appropriate steps to encourage other governments to make available whatever assistance they might be able to furnish. For that reason, section 9 was included in the bill.

FIFTH AMENDMENT: ADMINISTRATION OF PROGRAM

As has already been pointed out above, the committee agreed that it would be unnecessary to provide for any new governmental organiza-

tion to administer the interim aid program. To make perfectly clear its conviction that the machinery and procedures now being used to administer the foreign relief program should also be utilized for the administration of the new program, the committee added the following language to section 10:

In accordance with the direction of the President, the responsibility for administering in Europe the program of assistance provided for in this Act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the Act of May 31, 1947, providing for relief assistance to the devastated areas.

SIXTH AMENDMENT: SPECIAL PROVISION RELATING TO AUSTRIA

In the distribution of supplies in each of the recipient countries the United States officials normally conclude an agreement with the central authorities setting forth the conditions under which assistance is to be granted. The situation in Austria is different, however, inasmuch as the country remains divided into four zones occupied by French, British, Russian, and American forces. Since Austria is a case apart, it seemed desirable to the committee to permit a certain degree of flexibility in the administration of the program so that special arrangements might be made for the distribution of supplies in the different zones. To achieve this end, the committee approved an amendment to the bill, submitted by the Department of State, providing that the sections of the act relating to United States supervision and control of the distribution of supplies should not apply to supplies distributed in Austria. The amendment contains the additional proviso, however, that the United States High Commissioner for Austria shall conclude agreements with other occupation authorities or with the Austrian Government, which will establish control systems and make certain that supplies furnished Austria will be distributed in accordance with the objectives of occupation and the provisions of the act.

RECOMMENDATION OF THE FOREIGN RELATIONS COMMITTEE

On November 19 the committee decided by a unanimous vote (13-0) to report the bill to the Senate. At the same time the members of the committee expressed the hope that, in view of the urgency of the present situation, the Senate would be able to conclude its consideration of the measure at the earliest practicable time.

NEED FOR SPEEDY ACTION

Events of the past week have made abundantly clear the need for speedy action by the Senate on this measure. They also show how costly to any long-range program a delay may be. Riots in France and Italy and Cabinet changes in France demonstrate once again that there are forces actively at work which are using hunger and cold as a means of creating political disturbances and confusion. If the governments of these countries can assure their people that they can supply food and shelter, such assurance will go a long way toward stabilizing and preserving the economic and political systems of western European states. But by all odds the most important and overwhelming single reason for speedy action is that need exists and must be met now if the three countries are to escape starvation, suffering, and serious economic retrogression.

80TH CONGRESS
1ST SESSION

S. 1774

[Report No. 771]

IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 1947

Mr. CONNALLY (for himself and Mr. VANDENBERG) (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

NOVEMBER 21, 1947

Reported, under authority of the order of the Senate of November 20, 1947, by Mr. VANDENBERG, without amendment

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "European Interim Aid
4 Act of 1947".

5 SEC. 2. It is the purpose of this Act to provide
6 immediate assistance in the form of food, fuel, and other
7 commodities urgently needed by the peoples of Austria,
8 France, and Italy, hereinafter referred to as the recipient
9 countries, to alleviate conditions of intolerable hunger and
10 cold and prevent serious economic retrogression which would

1 jeopardize any general European economic recovery pro-
2 gram based on self-help and cooperation.

3 SEC. 3. The President, acting through such depart-
4 ments, agencies, or independent establishments of the Gov-
5 ernment as he shall direct, may, by allocation of funds to
6 any such departments, agencies, or independent establish-
7 ments, or by making funds available to the government of a
8 recipient country, whenever he finds it in furtherance of the
9 purposes of this Act and upon the terms and conditions set
10 forth in this Act and upon such other terms and conditions
11 as he may determine—

12 (a) procure, or provide funds for the procurement
13 from any source, food, seed, and fertilizer; coal,
14 petroleum, and petroleum products; other fuel; fibers;
15 pesticides; medical supplies; and such commodities as
16 the President finds are necessary for the accomplish-
17 ment of the purposes of this Act as set forth in section 2;

18 (b) transport and store, or provide funds for trans-
19 portation and storage of, such commodities;

20 (c) transfer such commodities to any recipient
21 country;

22 (d) incur and defray expenses, including accessorial
23 and administrative expenses and expenses for compensa-
24 tion and travel of personnel, for carrying out the purposes
25 of this Act.

1 SEC. 4. (a) There is hereby authorized to be appropri-
2 ated not to exceed \$597,000,000, out of any money in the
3 Treasury not otherwise appropriated, to carry out the pro-
4 visions and accomplish the purposes of this Act. This Act,
5 however, shall not imply any obligation to give assistance to
6 any of the countries mentioned nor shall it imply or guarantee
7 the availability of any specific commodities.

8 (b) Funds authorized under this Act, when allocated
9 to any department, agency, or independent establishment
10 of the Government, shall be available for obligation and ex-
11 penditure in accordance with the laws governing obligations
12 and expenditures of such department, agency, or independent
13 establishment or organizational unit thereof concerned, and
14 without regard to sections 3709 and 3648 of the Revised
15 Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

16 SEC. 5. After March 31, 1948, no funds may be obli-
17 gated for the procurement of commodities provided for under
18 this Act. It is further provided that no more than 25 per
19 centum of the amount herein authorized shall be used for the
20 procurement of supplies outside the United States and its
21 Territories and possessions. The procurement of petroleum
22 and petroleum products shall, to the maximum extent prac-
23 ticable, be made from petroleum sources outside of the United
24 States.

25 SEC. 6. Before any commodities or funds are made

1 available to any recipient country under the authority of
2 section 3 of this Act, an agreement shall be entered into,
3 pursuant to the limitations and provisions of section 4 of this
4 Act, between such country and the United States containing,
5 in such detail as practicable, an undertaking by such
6 country—

7 (a) to make efficient use of any commodities made
8 available under the authority of this Act and to take
9 insofar as possible the economic measures necessary to
10 increase its ability to achieve a self-sustaining economy;

11 (b) to the extent that supplies procured with funds
12 authorized under this Act are not furnished on terms
13 of repayment in dollars, they shall be furnished only
14 upon condition that the government of the receiving
15 country agree that when it sells such supplies for local
16 currency (a) the amounts of such local currency will be
17 deposited by it in a special account; (b) such account
18 will be used within such country, as a revolving fund,
19 until June 30, 1948, only for such purposes as may be
20 agreed to between such country and the Government of
21 the United States, for relief and work relief purposes,
22 including local currency expenses of the United States
23 incident to the furnishing of assistance; and (c) any
24 unencumbered balance remaining in such account on
25 June 30, 1948, will be disposed of within such country

1 for such purposes as may be agreed between such country
2 and the Government of the United States subject to
3 approval by Act or joint resolution of the Congress;

4 (c) to give full and continuous publicity within
5 such country, so as to inform the ultimate consumers,
6 as to the purpose, source, character, and amounts of
7 commodities made available by the United States under
8 this Act;

9 (d) to furnish promptly upon request of the Presi-
10 dent information concerning the method of distribution
11 and use of commodities made available under this Act.

12 (e) to make available to its people at reasonable
13 prices, consistent with economic conditions in the re-
14 cipient country, such commodities as it may sell under
15 the terms of this Act;

16 (f) to make all possible efforts to secure the maxi-
17 mum production and distribution of locally produced
18 supplies, and not to permit any measures to be taken
19 involving sale, distribution, or use of any articles of
20 the character covered in this Act which would reduce the
21 locally produced supply of such articles or the utilization
22 of foreign sources of supply other than the United States;

23 (g) not to export or permit removal from such
24 country, while need therefor continues, of commodities

1 made available to such country under this Act or such
2 commodities produced locally or imported from outside
3 sources;

4 (h) to permit representatives of the Government
5 of the United States to observe and report on the dis-
6 tribution among the people of such country with respect
7 to the commodities transferred or otherwise made avail-
8 able pursuant to this Act.

9 SEC. 7. The President shall promptly terminate the
10 provision of assistance under this Act for any country
11 whenever he determines (a) that such country is not
12 adhering to the terms of its agreement entered into in accord-
13 ance with section 6 of this Act; or (b) whenever he finds,
14 by reason of changed conditions, that the provision of assist-
15 ance authorized by this Act is no longer necessary or
16 desirable.

17 SEC. 8. All commodities made available pursuant to this
18 Act or the containers of such commodities shall, to the extent
19 practicable, be marked, stamped, branded, or labeled in a
20 conspicuous place as legibly, indelibly, and permanently as
21 the nature of such commodities or containers will permit, in
22 such manner as to indicate to the people of the country of
23 destination that such commodities have been furnished or
24 made available by the United States.

25 SEC. 9. The President shall take appropriate steps to

1 encourage other countries to make available to recipient
2 countries such assistance as they may be able to furnish.

3 SEC. 10. The President may, from time to time, pro-
4 mulgate such rules and regulations as he may find necessary
5 and proper to carry out any of the provisions of this Act;
6 and he may delegate to the Secretary of State or any other
7 official or officials of the Government any of the powers or
8 authority conferred on him under this Act. In accordance
9 with the direction of the President, the responsibility for ad-
10 ministering in Europe the program of assistance provided for
11 in this Act shall be vested in the field administrator of the
12 United States foreign relief program appointed pursuant to
13 section 4 of the Act of May 31, 1947, providing for relief as-
14 sistance to the devastated areas. The provisions of this Act
15 relating to United States supervision, control, or observation
16 of distribution of supplies made available under this Act shall
17 not apply to distribution of supplies in Austria: *Provided,*
18 That the President shall have determined, upon recommenda-
19 tion of the United States High Commissioner for Austria, that
20 supplies furnished to Austria hereunder are being distributed
21 under control systems embodied in agreements between the
22 High Commissioner and the other occupying authorities
23 or the Austrian Government which assure compliance with
24 the objectives of the occupation and with the provisions of
25 this Act which are consistent therewith.

1 SEC. 11. Personnel employed to carry out the pur-
2 poses of this Act shall not be included in computing limita-
3 tions on personnel established pursuant to the Federal
4 Employees Pay Act of 1945 (59 Stat. 298), as amended by
5 section 14 of the Federal Employees Pay Act of 1946 (60
6 Stat. 219).

7 SEC. 12. The President, from time to time, but not
8 less frequently than once every calendar quarter, and until
9 the end of the quarterly period after all operations under the
10 authority of this Act have been completed, shall transmit to
11 the Congress a report of operations under this Act. Reports
12 provided for under this section shall be transmitted to the
13 Secretary of the Senate or the Clerk of the House of Repre-
14 sentatives, if the Senate or the House of Representatives, as
15 the case may be, is not in session.

16 SEC. 13. If any provisions of this Act or the appli-
17 cation of such provision to any circumstance shall be held
18 invalid, the validity of the remainder of the Act and the
19 applicability of such provision to other circumstances shall
20 not be affected thereby.

80TH CONGRESS
1ST Session

S. 1774

[Report No. 771]

A BILL

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

By Mr. CONNALLY and Mr. VANDENBERG

NOVEMBER 20, 1947

Read twice and referred to the Committee on
Foreign Relations

NOVEMBER 21, 1947

Reported without amendment

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued November 25, 1947
For actions of November 24, 1947
80th-1st, No. 151

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HIGHLIGHTS: Senate debated foreign-aid bill, hearing Sen. Vandenberg's speech. Both Houses received President's report on present foreign-relief program. Rep. Robertson urged use of CCC surplus food for relief before spoilage.

SENATE

1. FOREIGN AID. Began debate on S. 1774, the interim-aid bill, which had been reported by the Foreign Relations Committee during adjournment (S. Rept. 771) (pp. 10808-31). Chairman Vandenberg of the Committee spoke in support of the bill and answered questions. There was discussion of the anti-inflation program in connection with the bill.

The Committee made several amendments to the proposed legislation as submitted by the State Department, including: Insertion of a provision that the bill does not imply any obligation to aid the countries involved nor any guarantee of the availability of any specific commodities; addition of a limit of 25% on the amount which could be used for procurements in foreign countries, except for petroleum; insertion of additional control requirements, such as full publicity in the recipient countries, prohibition against sale within the countries at inflated prices, and requirements for utilization of the aided countries' own resources; inclusion of a requirement for encouragement of aid from other countries; insertion of a specific provision for use of the machinery and procedures now in existence; and addition of a provision that, in general, the sections of the bill relating to U. S. supervision and control of supply distribution shall not apply to Austria.

2. NOMINATIONS were received from the President, including: Carl Raymond Gray, Jr., to be Administrator of Veterans' Affairs; Oscar R. Ewing, to be Federal Security Administrator; Arthur M. Hill, to be Chairman of the National Security Resources Board; Vannevar Bush, to be Chairman of the Research and Development Board; Thomas J. Hargrave, to be Chairman of the Munitions Board (pp. 10831-5).

HOUSE

3. FOREIGN AID. Both Houses received from the President the first report on the U.S. Foreign Relief Program (H.Doc. 466) (pp. 10877, 10806). Rep. Vursell, Ill., spoke in opposition to the "Marshall plan" (pp. 10913-17).

4. FARM MACHINERY. Rep. Hoeven, Iowa, criticized the shipment of farm machinery to Russia (p. 10876).

5. PUBLIC WORKS. Received from the President a supplemental appropriation estimate of \$490,000,000 for 1948 for civil functions of the Department of the Army (p. 10926).

BILLS INTRODUCED

6. FOREIGN RELIEF; POSTAGE. S. 1776, by Sen. Langer, N.Dak., to provide free postage for gift packages of food and clothing mailed to Germany or Japan. To Civil Service Committee. (p. 10807.)

7. ACCOUNTING. S. 1795, by Sen. Gurney, S. Dak., to repeal Sec. 1 of the act of Apr. 20, 1874, prescribing regulations governing inquiries to be made in connection with disbursements made by disbursing officers. To Armed Services Committee. (p. 10807.)

8. SOIL CONSERVATION; INCOME TAX. H.R. 4556, by Rep. Kefauver, Tenn., to allow a deduction for income-tax purposes, of expenditures made to prevent erosion of agricultural land. To Ways and Means Committee. (p. 10927.)

9. FLOOD CONTROL. H.R. 4550, by Rep. Bland, Va., to provide for a preliminary examination and survey of Back River, York County, Va. To Public Works Committee. (p. 10927.)

10. SURPLUS LANDS. H.R. 4551, by Rep. Bonner, N.C., to provide for the addition of certain surplus Government lands to the Cape Hatteras National Seashore Recreational Area project. To Public Lands Committee. (p. 10927.)

11. FERTILIZERS; APPROPRIATIONS. H.R. 4562, by Rep. Jennings, Tenn., to provide for the appropriation of \$100,000,000 for the increased production, proper allocation, and better distribution of fertilizing materials. To Agriculture Committee. (p. 10927.)

12. MARKETING. H.Res. 372, by Rep. Macy, N.Y., providing for an investigation of black markets. To Rules Committee. (p. 10927.)
H.Res. 373, by Rep. Macy, N.Y., authorizing appropriations for black-market investigations, To House Administration Committee. (p. 10927.)

13. EXPORTS. H.Res. 366, by Rep. Mundt, S. Dak., requesting the Secretary of Commerce to furnish the House of Representatives information concerning the sale of supplies to the Soviet Union by firms and individuals located in the U.S. To Interstate and Foreign Commerce Committee. (p. 10927.) Remarks of author, including reference to farm machinery (p. A4639).

ITEMS IN APPENDIX

14. SURPLUS FOOD. Extension of remarks of Rep. Robertson, N.Dak., urging that CCC make use of surplus food on hand for relief purposes before spoilage and inserting a N.Dak. United Temperance Movement letter on the subject (p. A4666).

28. RATIONING; PRICE CONTROL. Rep. McCormack, Mass., inserted CIO Pres. Murray's letter urging legislation to reestablish price controls and rationing, recapture of speculative and excess profits, elimination of margins on grain exchanges, and to provide for foreign aid (p. A4656).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Nov. 25: S. Appropriations, foreign aid; S. Agriculture, long-range farm program, H. Banking and Currency, anti-inflation program (Snyder to testify); H. Foreign Affairs, foreign aid (ex.); H. Ways and Means, taxation of farmer cooperatives; H. Banking and Currency, inflation control (Anderson to testify); S. Banking and Currency, consumer credit regulations; H. Education and Labor; minimum wage bills.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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15. FOREIGN AID. Various and sundry remarks and insertions on the foreign aid program (pp. A4627-8, A4628-9, A4630, A4649-51, A4654-5, A4658-9, A4661-2, A4670, A4676, A4680).

16. PRICE CONTROLS. Rep. Knutson, Minn., inserted Walter Berger's (pres., American Feed Manufacturers Assn.) memorandums, "Why the Return of Price and Allocations Controls will Defeat United States Grain Conservation" and "Analysis of the Feed Survey Committee Report" (pp. A4646-7).

Rep. Knutson, Minn., inserted a statement to the N.Y. Times editor, "High Prices and Government Controls" (pp. A4651-3).

Extension of remarks of Rep. Schwabe, Okla., criticizing the President's price control program and inserting Farm Commissioner's Council and the Texas Commissioner of Agriculture's statements on the subject (pp. A4662-3).

Rep. Michener, Mich., inserted a Jackson (Mich.) Citizen Patriot editorial criticizing the President's price control program (pp. A4672-3).

Rep. O'Hara, Minn., inserted a New Ulm (Minn.) Daily Journal editorial criticizing the President's price control program (p. A4674).

17. POULTRY; PRICES. Extension of remarks of Rep. Murray, Wis., criticizing parity prices on poultry (p. A4667).

18. POTATOES. Rep. Johnson, Calif., inserted an editorial from The Potato World describing R.C. Zuckerman's (Calif.) success in raising potatoes (pp. A4669-70).

19. AGRICULTURAL CONSERVATION PROGRAM. Rep. Trimble, Ark., inserted Ark. farmers' resolutions urging appropriations for ACP, commending ACP, SCS, and Extension Service programs, and favoring price supports at 90% of parity. and continuation of the present manner of selecting county committeemen (pp. A4675-6).

20. FARM MACHINERY; EXPORTS. Extension of remarks of Rep. Seely-Brown, Conn., expressing the hope that the President will explain why heavy machinery and farm equipment should be sent to Russia at this time (p. A4678).

21. WOOL. Rep. Hill, Colo., inserted a Denver (Colo.) Post editorial, "The Wool Industry Gets Clipped" (p. A4678).

22. FARM PROGRAM. Rep. LeCompte, Iowa, inserted a Chariton (Iowa) Leader editorial, "Facts about the Hawkeye State" (p. A4666).

23. GOVERNMENT EXPENDITURES. Sen. Tydings, Md., inserted a portion of Sen. O'Connor's recent address, "Lowering the Cost of Government" (pp. A4618-9).

24. FOREIGN TRADE. Sen. Wiley, Wis., inserted his recent address, "International Trade--Its Meaning" (pp. A4619-22).

Sen. Fulbright, Ark., inserted Canadian Minister of Finance Abbott's speech explaining the restrictions on imports into Canada (pp. A4624-5).

25. FOREIGN AID; PRICES. Rep. Hill, Ala., inserted Sen. Thomas' (Utah) recent radio address, "Foreign Aid and Prices" (pp. A4622-3).

26. SMALL BUSINESS; COOPERATIVES. Rep. Floeser, Mo., inserted his statement before the Ways and Means Committee summarizing the work of the Select Committee on Small Business with respect to cooperatives (pp. A4631-9).

27. ECONOMY. Rep. Woodruff, Mich., inserted Rep. Wolcott's (Mich.) discussion of the basic economic problems of the U.S. (pp. A4643-5).

Rep. Schwabe, Okla., inserted an economists statement on the economic effect of the President's program (pp. A4660-1).

Nashville, Tenn., praying for the enactment of legislation to restore price controls; to the Committee on Banking and Currency.

A resolution adopted by the Delta Council of Stoneville, Miss., supporting the work of the Un-American Activities Committee of the House of Representatives and the Federal Bureau of Investigation relating to communism; to the Committee on the Judiciary.

A resolution adopted by the Southern California Continuations Committee of the California Legislative Conference, favoring the enactment of House bill 46, to abolish the Un-American Activities Committee of the House of Representatives; to the Committee on the Judiciary.

A resolution adopted by the delegates of the Arizona Education Association, Phoenix, Ariz., favoring the enactment of legislation providing adequate assistance for the needy, education for the children, and health care for the sick and crippled; to the Committee on Labor and Public Welfare.

By Mr. CAPPER:

A petition signed by 123 members of the Hebron Mennonite Church, Buhler, Kans., remonstrating against the enactment of legislation providing peacetime military training; to the Committee on Armed Services.

REPORT FILED DURING ADJOURNMENT

Under authority of the order of the Senate of the 20th instant,

Mr. VANDENBERG, on November 21, 1947, from the Committee on Foreign Relations, reported favorably without amendment the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, and submitted a report (No. 771) thereon.

TEMPORARY EMPLOYMENT OF SENATE PAGES

Mr. BROOKS. Mr. President, from the Committee on Rules and Administration, I report favorably, without amendment, Senate Resolution 165, submitted by the Senator from South Dakota [Mr. BUSHFIELD] on November 20, 1947, and I ask unanimous consent for its immediate consideration.

There being no objection, the resolution (S. Res. 165) was considered and agreed to, as follows:

Resolved, That the Sergeant at Arms hereby is authorized to employ 21 pages for duty in the Senate Chamber to be paid from the contingent fund of the Senate from November 13 to December 31, 1947, at the basic rate of \$1,800 per annum.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MORSE:

S. 1775. A bill for the relief of Jack Stanley Long; to the Committee on Finance.

By Mr. LANGER:

S. 1776. A bill to provide free postage for gift packages of food and clothing mailed to Germany or Japan; to the Committee on Civil Service.

By Mr. BRIDGES:

S. 1777. A bill to equalize certain inequalities between community- and non-community-property interests existing in present Federal income, estate, and gift tax statutes; to the Committee on Finance.

By Mr. THOMAS of Utah:

S. 1778. A bill for the relief of Jesse F. Cannon, Jackson Jones, and the estate of John Halstadt; to the Committee on the Judiciary.

By Mr. HOLLAND (for himself and Mr. PEPPER):

S. 1779. A bill to repeal the prohibition against the filling of a vacancy in the office of district judge for the northern and southern districts of Florida; to the Committee on the Judiciary.

(Mr. BUTLER introduced Senate bill 1780, to provide temporary pensions for veterans suffering total disability not the result of service, without regard to the permanence of such disability, and for other purposes, which was read twice by its title, and referred to the Committee on Finance, and appears under a separate heading.)

By Mr. GURNEY:

S. 1781. A bill for the relief of Howard A. Yeager; to the Committee on the Judiciary.

S. 1782. A bill to provide for selection of superintendents of national cemeteries from meritorious and trustworthy male members of the armed forces who have been disabled in line of duty for active field service; to the Committee on Public Lands.

S. 1783. A bill to provide for retention in the service of certain disabled Army personnel, and for other purposes;

S. 1784. A bill relating to the pay of the Superintendent of the Naval Academy, and for other purposes;

S. 1785. A bill to authorize the Secretary of the Navy to provide salvage facilities, and for other purposes;

S. 1786. A bill to authorize the crediting of moneys received from the disposition of serviceable supplies, materials, and equipment of the Navy Department to the applicable current Navy Department appropriation;

S. 1787. A bill to authorize the disposition of certain lost or abandoned personal property coming under the jurisdiction of the War Department, and for other purposes;

S. 1788. A bill to amend section 1 of Public Law 604 (79th Cong.);

S. 1789. A bill to amend that part of the act of June 24, 1910 (36 Stat. 619), as amended (34 U. S. C. 542), relating to disposition of profits from sales of ships' stores;

S. 1790. A bill to amend the act of Congress entitled "An act to credit certain service performed by members of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service prior to reaching 18 years of age for the purpose of computing longevity pay, or for other pay purposes," approved March 6, 1946;

S. 1791. A bill to transfer certain lands at Camp Phillips, Kans., to the War Department;

S. 1792. A bill to amend the act of July 24, 1941 (55 Stat. 605), as amended, so as to provide an equitable adjustment of retired pay for certain naval officers;

S. 1793. A bill to authorize the Secretary of the Navy to accept donations of land and improvements for Naval Reserve training purposes and to purchase certain lands and improvements for such purposes;

S. 1794. A bill to authorize the Houston Council, Navy League of the United States, to construct a reflecting pool at the United States Naval Hospital, Houston, Tex.;

S. 1795. A bill to repeal section 1 of the act of April 20, 1874, prescribing regulations governing inquiries to be made in connection with disbursements made by disbursing officers of the Army (18 Stat. 33; 10 U. S. C. 174);

S. 1796. A bill to provide for the preservation of the frigate *Constellation* and to authorize the disposition of certain replaced

parts of such vessel as souvenirs, and for other purposes;

S. 1797. A bill to authorize the advancement of certain lieutenants on the retired list of the Navy, and for other purposes;

S. 1798. A bill to provide for the disposition of unclaimed personal effects of naval personnel;

S. 1799. A bill to amend the act of June 3, 1916, as amended, to make it applicable to the Canal Zone, Guam, American Samoa, and the Virgin Islands;

S. 1800. A bill relating to the restrictions on the use of crypt and window spaces of the United States Naval Academy chapel;

S. 1801. A bill to authorize attendance of civilians at schools conducted by the Departments of the Army, Navy, and Air Force, and Joint-Service schools, and for other purposes; and

S. 1802. A bill to authorize the President to award the Medal of Honor to the unknown American who lost his life while serving overseas in the armed forces of the United States during the Second World War; to the Committee on Armed Services.

By Mr. MAGNUSON:

S. 1803. A bill for the relief of Diomedes Caravias; and

S. 1804. A bill for the relief of Dr. Richard Grunberg; to the Committee on the Judiciary.

TEMPORARY PENSIONS FOR CERTAIN VETERANS

Mr. BUTLER. Mr. President, I introduce for appropriate reference a bill to provide temporary pensions for veterans suffering total disability not the result of service, without regard to the permanence of such disability, and I ask unanimous consent that the bill, together with a short explanatory statement by me be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and statement of the Senator from Nebraska will be printed in the RECORD.

The bill (S. 1780) to provide temporary pensions for veterans suffering total disability not the result of service, without regard to the permanence of such disability, and for other purposes, introduced by Mr. BUTLER, was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That part III, Veterans Regulation numbered 1 (a), as amended, is amended by adding at the end thereof the following new paragraph:

"IV. (a) Subject to the provisions of this paragraph, any person who shall have performed active military or naval service which would render him eligible, if permanently and totally disabled, to receive a pension under paragraph 1 of this part, shall be entitled to receive a pension for temporary total disability not the result of his misconduct and which is not shown to have been incurred in any period of military or naval service.

"(b) No pension shall be payable under this paragraph for temporary disability less than total. A temporary total disability shall be taken to exist when there is present any impairment of mind or body which shall have rendered such person incapable, for a period of 6 months or longer, of carrying on his normal occupation or employment. The Administrator of Veterans' Affairs is authorized to classify as temporary and total those diseases and disorders, the nature and extent of which in his judgment is such as to justify such a determination.

"(c) Upon a determination by the Administrator of Veterans' Affairs of the existence of such temporary total disability a pension shall be payable for the period beginning with the date upon which such disability is shown to have begun and ending upon (1) the cessation of such disability, or (2) the date upon which such person shall be entitled to receive a pension under paragraph I of this part, whichever is earlier.

"(d) Subject to the limitations of paragraph II of this part and to the provisions of the act entitled 'An act relating to veterans' pension, compensation, or retirement pay during hospitalization, institutional or domiciliary care, and for other purposes,' approved August 8, 1946, the amount of the pension payable under this paragraph shall be equal to the amount which the person entitled thereto would receive under paragraph I (f) of this part, as amended, if his disability were permanent and total."

The statement presented by Mr. BUTLER was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUGH BUTLER, OF NEBRASKA, IN EXPLANATION OF A BILL TO PROVIDE PENSIONS FOR TEMPORARY NON-SERVICE-CONNECTED TOTAL DISABILITY FOR VETERANS

Mr. President, it may surprise many people to know that there is a large class of totally disabled veterans who do not draw any pension from the Federal Government at all. I refer to those veterans whose disabilities are not service connected and have not been adjudged permanent.

We have previously recognized the responsibility of the Federal Government to give financial assistance to all veterans with service-connected disabilities, whether total or partial, and whether permanent or temporary. We have also previously recognized our responsibility for veterans with non-service-connected disabilities, provided disability is total and permanent.

Veterans with temporary total disabilities, however, receive nothing at all, even during the period of the disability, unless they can prove that it is connected with their service. This seems to be a manifest injustice to me. A man who is totally disabled needs assistance, regardless of the cause of his disability. If he is disabled only temporarily, he needs the assistance only temporarily, but still he needs it.

For that reason, I am introducing today a bill to permit payment of pensions to veterans with non-service-connected temporary total disabilities on the same basis as if such disabilities were permanent.

INTERIM EUROPEAN AID PROGRAM—AMENDMENTS

Mr. BALL submitted three amendments, and Mr. LUCAS submitted two amendments, intended to be proposed by them, respectively, to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, which were severally ordered to lie on the table and to be printed.

CHANGE OF REFERENCE

On motion by Mr. WILEY, the Committee on the Judiciary was discharged from the further consideration of the bill (H. R. 1049) to repeal certain acts of Congress, known as Indian liquor laws, in certain parts of Minnesota, and it was referred to the Committee on Public Lands.

THE MEANING OF INTERNATIONAL TRADE—ADDRESS BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD an address on the

subject of International Trade—Its Meaning, delivered by him before the International Trade Club, at Milwaukee, Wis., November 4, 1947, which appears in the Appendix.]

FOREIGN AID AND PRICES—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. HILL asked and obtained leave to have printed in the RECORD an address on the subject of foreign aid and prices, delivered by Senator THOMAS of Utah over radio station WRC, November 21, 1947, which appears in the Appendix.]

LOWERING OF THE COST OF GOVERNMENT—ADDRESS BY SENATOR O'CONOR

[Mr. TYDINGS asked and obtained leave to have printed in the RECORD an address on lowering the cost of government, delivered by Senator O'CONOR in Boston, Mass., before the National Association of Attorneys General, which appears in the Appendix.]

INTERNATIONAL ECONOMIC STABILITY—ADDRESS BY THE SECRETARY OF THE TREASURY

[Mr. FULBRIGHT asked and obtained leave to have printed in the RECORD an address by the Secretary of the Treasury before the National Industrial Conference Board at the Waldorf-Astoria Hotel, New York City, November 20, 1947, which appears in the Appendix.]

ADDRESS BY HON. JAMES A. FARLEY BEFORE ASSOCIATED INDUSTRIES OF GEORGIA

[Mr. GEORGE asked and obtained leave to have printed in the RECORD an address delivered by the Honorable James A. Farley at the annual meeting of the Associated Industries of Georgia, Atlanta, Ga., October 31, 1947, which appears in the Appendix.]

CANADIAN IMPORTS AND EXPORTS—ADDRESS BY HON. DOUGLAS ABBOTT

[Mr. FULBRIGHT asked and obtained leave to have printed in the RECORD a radio address explaining restrictions imposed upon imports and exports by the Canadian Government delivered by the Honorable Dwight Abbott, Minister of Finance, of the Dominion of Canada, which appears in the Appendix.]

WARNING ON HAWAII—LETTER BY NICHOLAS MURRAY BUTLER

[Mr. IVES asked and obtained leave to have printed in the RECORD a letter on the subject of admission of the Territory of Hawaii to statehood, written by Nicholas Murray Butler, and published in the New York Herald Tribune, Monday, August 25, 1947, which appears in the Appendix.]

THE FOOD CRISIS IN EUROPE—ARTICLE BY DR. CLINTON N. HOWARD

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an article entitled "On the Brink of Chaos," by Dr. Clinton N. Howard, which appears in the Appendix.]

LONG-RANGE PROGRAM FOR EUROPEAN AID

[Mr. CAPPER asked and obtained leave to have printed in the RECORD letters addressed to him by J. E. McDonald, Texas Commissioner of Agriculture, and George A. Raymer, secretary of the Orange County Taxpayers' Association, Santa Ana, Calif., relative to the proposed long-range program for aid to Europe, which appears in the Appendix.]

EDITORIAL COMMENT ON EUROPEAN SITUATION

[Mr. BUSHFIELD asked and obtained leave to have printed in the RECORD an editorial commenting on the European situation, published in the Vermillion (S. Dak.) Plain Talk, which appears in the Appendix.]

ORDER DISPENSING WITH CALL OF CALENDAR

Mr. WHITE. Mr. President, I ask unanimous consent that the call of the calendar be dispensed with.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

INTERIM EUROPEAN AID PROGRAM

Mr. WHITE. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1774, the European interim aid bill, so-called.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, which was read, as follows:

Be it enacted, etc., That this act may be cited as the "European Interim Aid Act of 1947."

SEC. 2. It is the purpose of this act to provide immediate assistance in the form of food, fuel, and other commodities urgently needed by the peoples of Austria, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of intolerable hunger and cold and prevent serious economic retrogression which would jeopardize any general European economic recovery program based on self-help and cooperation.

SEC. 3. The President, acting through such departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds to any such departments, agencies, or independent establishments, or by making funds available to the government of a recipient country, whenever he finds it in furtherance of the purposes of this act and upon the terms and conditions set forth in this act and upon such other terms and conditions as he may determine—

(a) procure, or provide funds for the procurement from any source, food, seed, and fertilizer; coal, petroleum, and petroleum products; other fuel; fibers; pesticides; medical supplies; and such commodities as the President finds are necessary for the accomplishment of the purposes of this act as set forth in section 2;

(b) transport and store, or provide funds for transportation and storage of, such commodities;

(c) transfer such commodities to any recipient country;

(d) incur and defray expenses, including accessorial and administrative expenses and expenses for compensation and travel of personnel for carrying out the purposes of this act.

SEC. 4. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this act. This act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

(b) Funds authorized under this act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

SEC. 5. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this act. It is

further provided that no more than 25 per cent of the amount herein authorized shall be used for the procurement of supplies outside the United States and its Territories and possessions. The procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States.

SEC. 6. Before any commodities or funds are made available to any recipient country under the authority of section 3 of this act, an agreement shall be entered into, pursuant to the limitations and provisions of section 4 of this act, between such country and the United States containing, in such detail as practicable, an undertaking by such country—

(a) to make efficient use of any commodities made available under the authority of this act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

(b) to the extent that supplies procured with funds authorized under this act are not furnished on terms of repayment in dollars, they shall be furnished only upon condition that the government of the receiving country agree that when it sells such supplies for local currency (a) the amounts of such local currency will be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, until June 30, 1948, only for such purposes as may be agreed to between such country and the Government of the United States, for relief and work relief purposes, including local currency expenses of the United States incident to the furnishing of assistance; and (c) any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may be agreed between such country and the Government of the United States subject to approval by act or joint resolution of the Congress;

(c) to give full and continuous publicity within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available by the United States under this act;

(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this act;

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this act;

(f) to make all possible efforts to secure the maximum production and distribution of locally produced supplies, and not to permit any measures to be taken involving sale, distribution, or use of any articles of the character covered in this act which would reduce the locally produced supply of such articles or the utilization of foreign sources of supply other than the United States;

(g) not to export or permit removal from such country, while need therefor continues, of commodities made available to such country under this act or such commodities produced locally or imported from outside sources;

(h) to permit representatives of the Government of the United States to observe and report on the distribution among the people of such country with respect to the commodities transferred or otherwise made available pursuant to this act.

SEC. 7. The President shall promptly terminate the provision of assistance under this act for any country whenever he determines (a) that such country is not adhering to the terms of its agreement entered into in accordance with section 6 of this act; or (b) whenever he finds, by reason of changed conditions, that the provision of assistance authorized by this act is no longer necessary or desirable.

SEC. 8. All commodities made available pursuant to this act or the containers of such

commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States.

SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such assistance as they may be able to furnish.

SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this act; and he may delegate to the Secretary of State or any other official or officials of the Government any of the powers or authority conferred on him under this act. In accordance with the direction of the President, the responsibility for administering in Europe the program of assistance provided for in this act shall be vested in the field administrator of the United States foreign-relief program appointed pursuant to section 4 of the act of May 31, 1947, providing for relief assistance to the devastated areas. The provisions of this act relating to United States supervision, control, or observation of distribution of supplies made available under this act shall not apply to distribution of supplies in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that supplies furnished to Austria hereunder are being distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the provisions of this act which are consistent therewith.

SEC. 11. Personnel employed to carry out the purposes of this act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

SEC. 12. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this act have been completed, shall transmit to the Congress a report of operations under this act. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 13. If any provisions of this act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other circumstances shall not be affected thereby.

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Cordon	Hoey
Baldwin	Donnell	Holland
Ball	Downey	Ives
Bricker	Dworshak	Jenner
Bridges	Eaton	Johnson, Colo.
Brooks	Ellender	Kem
Buck	Ferguson	Kilgore
Bushfield	Flanders	Knowland
Butler	Fulbright	Langer
Byrd	George	Lodge
Cain	Gurney	Lucas
Capehart	Hatch	McClellan
Capper	Hawkes	McFarland
Chavez	Hayden	McGrath
Connally	Hickenlooper	McKellar
Cooper	Hill	McMahon

Magnuson	Overton	Thomas, Utah
Malone	Pepper	Thye
Martin	Reed	Tobey
Maybank	Robertson, Va.	Tydings
Millikin	Russell	Vandenberg
Moore	Saltanstill	Watkins
Morse	Smith	Wherry
Murray	Sparkman	White
Myers	Stennis	Wiley
O'Connor	Taft	Williams
O'Daniel	Taylor	Wilson
O'Mahoney	Thomas, Okla.	Young

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, attending the Geneva Conference.

The Senator from West Virginia [Mr. REVERCOMB] is necessarily absent because of illness in his family.

The Senator from Wisconsin [Mr. McCARTHY] and the Senator from Wyoming [Mr. ROBERTSON] are necessarily absent.

Mr. LUCAS. I announce that the Senator from Kentucky [Mr. BARKLEY] is unavoidably detained.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness in his family.

The Senator from Rhode Island [Mr. GREEN], the Senator from Tennessee [Mr. STEWART], and the Senator from North Carolina [Mr. UMSTEAD] are detained on public business.

The Senator from South Carolina [Mr. JOHNSTON] is absent because of a death in his family.

The Senator from Nevada [Mr. McCARRAN] is absent on official business.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDING OFFICER (Mr. CAIN in the chair). Eighty-four Senators having answered to their names, a quorum is present.

Mr. VANDENBERG. Mr. President, I have an earnest desire to do two things today. I am very anxious to answer all the questions which may be directed toward me in the course of this discussion, but I think it would be helpful if I were permitted to make my initial presentation without interruption, for the sake of continuity. I shall reluctantly make that request, reluctantly because ordinarily I do not like to proceed in that fashion, but I think it advisable.

Mr. President, I present to the Senate the bill for interim aid to France, Italy, and Austria in their battle against winter hunger and winter cold and against the lurking tyranny which feeds upon such disaster. The original text has been amended in numerous important particulars, as will be evidenced by the accompanying committee report. I present the amended text in one clean bill for the greater convenience of the Senate. It is unanimously recommended by the Senate Committee on Foreign Relations after public hearings and scrupulous study. The bill is further recommended, in my opinion, by its appeal, one, to traditional American humanities; two, by its unescapable necessity if western Europe is to preserve a free chance to order its own liberty; and, three, by the unavoidable American self-interest in a free, solvent, and peaceful world.

I know and share the anxieties of other Senators in connection with all these foreign-aid programs. I know and share

their disappointments regarding some previous programs that have gone wrong. I know and share their conviction that we must vigilantly guard our own resources against fatal drain. I shall undertake to speak frankly about these things. I shall also undertake to make it plain that Senators can support this bill without any sort of a commitment to any other relief programs which Congress may subsequently confront. Then I shall prove, I prayerfully believe, that the bill is worthy of that degree of Senate support which the unanimous report of your committee bespeaks for it.

But, Mr. President, before I deal with the bill I want—just speaking for myself—to linger for a few brief moments on the general background against which legislation of this character must be judged, in my opinion, if we shall be faithful to our own national welfare.

Mr. President, in close cooperation with our brave allies, emphatically including Soviet Russia, which rendered heroic effort to the common cause, we won a complete military victory against Axis aggression in World War II. The victory was repeatedly and specifically dedicated by all of us to a just peace that would insure maximum self-determination for freemen in a free world. This unequivocal pledge was taken by every Allied power. There were no vetoes and no abstentions. Those who either violate or evade this pledge will repudiate the most sacred obligation ever written in the blood and tears of martyrs. Worse, they will dissipate the victory, lose the peace, and hazard their own destiny. This goes for every capital on earth. It goes for Washington. It goes equally for Moscow.

Peace on any other basis would be a grim affront to the sacrifice of those who died for an ideal. It would be a slumbering shambles. It would threaten free society. It would threaten the United States. In this fore-shortened world, in which science does its best to do its worst, peace on any other basis would be no more than an uneasy truce which, through miscalculation of the tenacity of our own ideals, might light the guns again. That must not occur.

But we must face the facts. This international unity which won the war and which pledged these ideals has fallen apart. A new type of Communist aggression is on the march. In the United Nations, which is still the world's best bridge across this ominous gap, this new aggression often boycotts what it cannot defeat or veto. It operates not only through ruthless pressures on often terrorized satellites, it operates through internal subversion and sabotage in other lands where its trained and disciplined minorities faithfully contribute to the chaos and confusion which encourage Communist conquest. When 16 western European nations join in a cooperative plan to restore their self-reliant stabilities in a pattern of their own free choice communism, which had an equal invitation to participate and refused, promptly and agrily repudiates the enterprise, swiftly proceeds to the rival and ruthless expansion of its police-state jurisdictions, and frankly organizes the equivalent of a new Comintern with the an-

nounced purpose of wrecking Western Europe's hopes. And there seems to be ample evidence that the wrecking crews already have been turned loose.

All this proceeds, Mr. President, under cover of the most viciously unfair propaganda which ever belabored the ears of the world. Communism hides behind charges that America is guilty of "economic imperialism" because we respond to the pleas of our friends for aid in their extremity—precisely as we have previously responded, with well-nigh prodigal abandon, to previous pleas for aid from those who now revile us. We are said to be "economic aggressors"—we who seek no reparations, no booty, no territory—we who protest the intolerant appetites of others in these respects.

We are said to be "warmongers"—we who demobilized so fast that our viewpoints may have been unfortunately misunderstood by those who still count their armed divisions by the hundreds—we who, possessing atomic bombs, unsuccessfully beg our critics to join us in dependably outlawing atomic warfare everywhere forever. It is a fantastic libel.

What this tragically dividing world needs above all else is an agreement upon what is truth; and, as I said upon another occasion, we should be prepared, with others, to obey, in this connection, the scriptural injunction regarding motes and beams. In the absence of truth, however, we are blind not to take warning of the potential consequences. I speak of the rift this afternoon for just one purpose; namely, to assert, with total conviction, that it would be a defiance of all logic and a desertion of all statesmanship to deny that these events have a direct impact upon the status of our own United States. That being so, we have a direct self-interest in doing everything within our peaceful power to sustain democratic freedoms, based on self-determination, in other lands.

But let us so clearly identify this "self-interest" Mr. President, that no honest man can misunderstand. It is not conquest. It is not dominion. It is not dictation of a way of life to others. It is not any sort of war—either "cold" or "hot"—with anybody. It is the "self-interest" which knows there can be no peace for us or anybody else which does not stem from justice. It is the "self-interest" which knows that this precious thing called western civilization is a common asset which we cannot indefinitely preserve alone. It is the "self-interest" which knows that we cannot indefinitely prosper in a broken world. It is the "self-interest" which knows that any "world revolution" would rate America as the top-prize scalp.

So, Mr. President, my plea is that we recognize, with an equivalent determination, that the keeping of the peace is just as important to us as the winning of a war. In that spirit, we can be comparably invincible. There is no danger of our failure to recognize the national interest when we are forced to defend ourselves in war. I shall never forget, for example, that on the afternoon of June 29, 1944, this Senate, without even stopping for a roll-call vote, unanimously passed one military appropriation bill for

\$59,034,839,673. And the House passed it by a vote of 344 to 0. I draw no present analogy. There is none between peace and a war regime. Furthermore, peace and liberty are not for sale. They grow in the hearts and souls of men. They need wisdom long before and long after they need cash. I am simply saying that intelligent American self-interest equally serves the national interest if we can readily grip the concept, with our typical tenacity, that peace investments in this splitting world may relatively be the best of God-blessed bargains. I am saying that the stakes are just as great on November 24, 1947, this afternoon, as they were on June 29, 1944, when we appropriated \$59,000,000,000 in one uncontested shot, even though the situations are expressed in different terms.

By all means, Mr. President, let us be realists. As realists we must look to a wholly adequate armed defense until such time as dependable alternatives have proven their reliability. As realists we must ever guard our own resources against suicidal depletions. As realists we must zealously protect our own solvency. As realists we must protect our peace aids against exploitation, mismanagement and waste. As realists we know we cannot underwrite the world. As realists we must, at long last, get down to brass tacks in all these aspects. As realists we must know the total balance sheet. As realists we know these post-war recuperations must embrace Germany—permanently demilitarized—and the Far East. We must be hard boiled, if you please, when we face all of these calculated risks. But, as in the instant case, let us, with equal zeal, equal candor, and equal purpose, consider the calculated risks—not as sentimentalists but as realists—the calculated risks to us if we turn our backs upon our foreign friends and let them sink for want of aid which might have kept them alive and free.

I quote the quiet but impressive eloquence of Ambassador Douglas speaking a few days ago before our committee:

One has to measure the risks implicit in the program with the risks of doing nothing. While there are risks in undertaking the program, there are incalculably greater risks to the United States in doing nothing. * * * I think it is impossible to expect that the standards of living (in Europe) will be such that the traditional freedoms and liberties that have characterized that part of the world can be preserved. I think it is unrealistic to expect, doing nothing, that the political institutions from which we derive at least some elements of our own can long survive. I think it is almost a certainty that if we do nothing, such chaos, disorder, and confusion will exist that men's minds will take hold of queer ideas hostile to their own traditions and inimical to ours. In a Western World the consequences to us can be profound. The cost to us may be expressed in an incalculable number of billions of dollars. It may be expressed in impairments of our own historic free institutions. So it seems to me that our vital national interests are deeply concerned.

I wish to make it entirely plain that this is my own view. With the greatest respect for those who disagree with this premise, I can only assert my own deep belief that American rejection of this

concept may only postpone an ultimate conflict which otherwise need never occur, and which never should be allowed to occur.

Now, Mr. President, let us come directly to the pending bill. I want to make it plain that the Senate is not confronting in this pending vote any sort of an obligation to other and subsequent relief programs of greater magnitude. The only question here—and there are no other implications—is interim, emergency aid for France, Italy, and Austria for the period ending March 31, 1948. It is not a reconstruction bill. It is a human relief bill. In general categories it deals with \$301,000,000 for food; \$184,000,000 for coal; \$35,000,000 for petroleum; \$38,000,000 for cotton; \$35,000,000 for fertilizers, pesticides, and seed; and \$4,000,000 for medicine. We do not here pass upon the long-range, so-called Marshall plan. That proposal has not as yet even reached our committee. We here deal exclusively with an authorization not to exceed \$597,000,000 for interim relief terminating with the first quarter of 1948. Even this is not final because the actual appropriations must still be screened by the Appropriations Committee and then submitted to a final Senate vote.

I readily concede that there are interlocking factors between this interim plan and the ultimate long-range plan. There is a common consideration inherent in each. In each there is a common challenge if what we call western civilization is to survive in a decent, democratic world. One is to some extent the lengthened shadow of the other. The immediate interim problem cannot be considered in a vacuum. Our committee recognized this fact, and took sufficient testimony to establish the general outline of the long-range plan for background purposes. Furthermore, it is entirely true that the interim plan, like the long-range plan, is a plan to meet overall deficits in dollar balances—with the relief items arbitrarily segregated against our credits. Nevertheless, despite their common stem, the two bills are separate, and different. The long-range program will deal with a prospectus for economic recuperation for 16 nations on a contractual self-help basis running down to 1951, when its authors hope to see a reestablished western world which will no longer require our aid. It is a complicated formula of tremendous magnitude which will require exhaustive congressional exploration. But the pending proposal is comparatively simple. It is confined to offsets which measure the deficit needs in 3 countries, instead of 16, for just 1 ominous winter instead of 4 years. These needs press upon free sectors of the world where bare existence, to say nothing of free institutions, may be an early casualty without our aid. It furnishes food, fuel, fertilizer, cotton, petroleum, pesticides, seeds, and medicines. It involves elemental human survival in a free society. It is an appeal which would be valid without reference to any subsequent undertakings. It is, however, completely indispensable if there are to be any of these subsequent undertakings.

This is what I am trying to say, Mr. President. Senators inevitably will be

thinking of both short- and long-range plans in this debate. But Senators can support the short-range, emergency plan without any commitment in respect to subsequent attitudes. I am not for an instant minimizing the dreadful importance of the ultimate decision. But I am saying that it would be entirely understandable why a Senator might hesitate to take any action today which would be construed as committing him to subsequent decisions which he is not yet prepared to make, and which he ought not to make without far more information than he has at the moment. It is for this reason that the following colloquy may be found in the committee hearings:

Senator VANDENBERG. It is my conception that a Member of Congress can support this interim program on the basis of bare human need for a winter crisis without any commitment whatever to support the long-range program. In other words, what he does is to give himself an option upon sufficient time to adequately investigate the long-range program.

Under Secretary LOVETT. That is absolutely correct.

Now, Mr. President, whence come these immediate needs? I shall not burden the Senate with all the detailed figures which are completely available in the documents which have been furnished to all Senators. I particularly refer to the State Department's so-called blue book and the Senate committee's digest of all the relevant papers relating to this problem. I say, in general, that the problem is to keep the people of Italy, France, and Austria alive and free this winter.

The deterioration which has been occurring in the position of European countries regarding the means available to them to procure essential imports has reached an acute stage in the case of France, Italy, and Austria. The evidence indicates that these countries have practically exhausted all of their available means for paying for the essential imports which they need to feed and clothe their people and to prevent an immediate and drastic reduction in agricultural and industrial activities, with consequent unemployment and internal instability.

The financial position of these countries has been affected by the following factors:

(a) Severe losses in agricultural products, particularly grain, due to last winter's freeze and the past summer's drought. These losses can be made up only by imports of grain from abroad far exceeding normal import requirements;

(b) The general retardation of European production resulting from shortages of food, coal, consumers' goods, and industrial supplies. This has seriously limited exports to the dollar area and thereby restricted the availability of dollars for these countries;

(c) The higher costs of essential imports caused by rise in prices, particularly in the United States; and

(d) The effects of the unexpected inconvertibility of sterling. France and Italy had counted upon conversion of sterling holdings into dollars for imports of essential commodities.

The current assets of Austria are negligible and her essential imports at the present time are being supplied principally through the United States foreign-relief program.

France and Italy have acted forthrightly in scaling down the level of dollar expenditures by taking all feasible measures to eliminate supplies which are not absolutely essential. In June 1947, Italy stopped making governmental purchases of all commodities except cereals, coal, and petroleum products. France took action late in August in stopping the placement of all new dollar contracts, except those for cereal, coal, and petroleum products. Indications are that before the end of December, France will have no funds even to buy food and fuel. In the case of Italy, funds will be needed early in December to procure food, fuel, and other essential supplies for shipment in January.

After making allowance for all their available resources, it is estimated that these three countries need a total of \$597,000,000 for the period ending March 31, 1948, as follows:

Austria	-----	\$42,000,000
France	-----	328,000,000
Italy	-----	227,000,000
Total	-----	597

In meeting these necessities, Mr. President, I have said we must be realists. We have already been prodigal in previous postwar aid, which, unfortunately, seems often to have missed its mark and defaulted in its purpose. The average American citizen is tired of this sterile process. I am sure he still has vision, and that he understands "where there is no vision the people perish." I am sure he has not forgotten why we fought two wars. But he is fed up on expensive failures. He has a right to ask how these new plans differ from the old and why there is greater promise of success. I want to discuss this with him.

There can never be any guaranties of success in the affairs of nations. All life is the sum total of uncertainties. But, in my opinion, there has been more prudent and exhaustive preparation for these new programs than ever before. I think our administrators have learned their lessons from previous mistakes. I think we are getting down to business. Our committee has seen enough of the long-range plan to know that it is to be constantly and continuously geared abroad to co-operative results in self-help programs which can make western Europe stable and autonomous again. It will be proposed that our aid shall constantly be contingent upon satisfactory progress in these directions. All this we shall explore in detail later. But similarly, in the case of the interim plan now before us, I want to identify some of the reasons why I am urging its right to our confidence and support.

I have already referred to the amazing documentation which is available on every point involved. I now refer to the scrupulous screening which has been given the cost estimates. We have not simply invited these three hard-pressed countries to ask us what they want and

to come and get whatever they please—as seems to be the suspicion in some quarters. On the contrary, their requests have been carefully studied by every available device. The final figures are not theirs. The final figures are ours. They are cut to the bone. They represent a minimum basis of rock-bottom subsistence and survival in the kind of a world we want to save for our own sakes. France asked for four hundred and fifty-nine millions. She was cut one hundred and thirty-one millions. Italy asked for five hundred and seventy-five millions. She was cut three hundred and forty-eight millions. Austria asked for eighty-five millions. She was cut forty-three millions. Such ultimate figures are not the work of star-gazers. They are the work of realists. They will still be subject to further review when the actual appropriation is submitted.

But that is not all. Every relief commodity will be paid for in the local currency of the beneficiary country and these funds will be trusted in each country for whatever relief expenditures we can make in those local currencies or for other relief or rehabilitation enterprises in each country consistent with these recovery objectives, subject to our approval. Thus our aid does not become a windfall to release the budgets of these countries from the impact of these expenditures. It becomes what it purports and is intended to be, namely, the provision of food, fuel, and fertilizer, pesticides, seeds, and medicines which are only available for dollars which these countries do not possess and which they cannot get. This again is realism, I submit. It is not blind charity. It is humane and purposeful because it proposes to alleviate conditions of intolerable hunger and cold—I am quoting from the bill—and prevent serious economic retrogression which would jeopardize any general European economic recovery program based on self-help and cooperation. But it builds on a business basis.

Before any commodities or funds are made available—I am still discussing the specific short-range program here pending for present action—each beneficiary country must enter into a bilateral agreement with us for the faithful performance of its reciprocal obligations including an obligation “to give full and continuous publicity * * * as to the purpose, source, character, and amounts of the commodities made available by the United States.” We are not repeating UNRRA’s mistakes. The President is ordered to “promptly terminate the provision of assistance whenever he finds that any country is not adhering to the terms of its agreement.” The formula is down to hard-pan.

Let me point to some of the other specifications in the bill as reported by the committee.

We recognize the fact that no irrevocably firm commitments are possible if we have due regard for our own economy and if we are to avoid pledges which it would be unwise or impossible to complete. The pending bill says:

This act shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

In other words, we again are being realists. We are frankly recognizing the contingencies in the situation and protecting against them in advance. For example, there is only one point at which the figures of the Department of Agriculture collide with the figures of the Department of State and with the figures of the Herter committee of the House, namely, the availability of sufficient wheat to meet the Italian allocation. If wheat is insufficient, the Secretary of Agriculture points out that adequate and ample substitutes are available. This language permits the substitution.

We recognize that many other contingencies effect events in these tinder areas of western Europe. Therefore we must reserve other latitudes. Under the terms of this bill the President can promptly terminate this relief whenever he finds, by reason of changed conditions, that assistance is no longer necessary or desirable. This is no straitjacket which we recommend.

The original proposal left the President wide-open option to administer this relief to suit himself. The amended bill denies any such open-ended Presidential prerogative. It requires that, “in accordance with the direction of the President,” which certainly is appropriate, the responsibility for administering in Europe the program of assistance shall be vested in the field administrator of the United States foreign relief program appointed pursuant to the act of May 31, 1947. Thus, there is a warrant against any new or duplicating set-up. The present field administration of the post-UNRRA relief was approved by the Senate. By the testimony of all who have been in a position to get the facts, it is doing a notably efficient job. It has escaped from the mistakes of UNRRA in large degree. It will carry on in this new adventure.

There are numerous other protections in the bill. They speak for themselves. They represent the work of realists who do not propose that the errors of yesterday shall persist today and tomorrow.

As for the impact of this short-term relief program on our domestic economy—on prices and inflation—I want to be equally candid. Any exports of commodities in short supply will have some effect upon domestic prices. But the exports here concerned are relatively inconsequential in size and cannot become a major influence. Indeed, Secretary Harriman testified that our net export balance—meaning the over-all measure in dollars of the net drain of our goods and services going into foreign trade—has been receding since the second quarter of 1947 and seems unlikely to present larger pressures on our economy as a result of this interim foreign aid.

With continuing frankness, I am forced to say that I regret that the President saw fit to tie this interim aid program into his anti-inflation message. It could invite an erroneous public reaction. It may have seemed to imply that the interim aid program necessitates his discussion of inflation. That would not be true. I agree that there is vital need to intelligently fight inflation. I agree that the subject urgently requires congressional attention. I agree that it is

an important element of consideration in respect to any long-range, 4-year relief program which may be subsequently submitted. There are many other far more important elements, but this is neither the time nor the place to pursue them in respect to that problem. This pending bill, however, is not one of them in any significant degree.

Certainly we must be eternally vigilant in respect to conditions on the home front. We could ruin the world quicker by ruining America, as prayerfully prophesied from Moscow, than in any other way. But I revert for just an instant to my opening theme to say that it would be folly not to take judicial notice of the total regimentation which would be necessary in the United States to save our economic system if we ever find ourselves economically isolated in a Communist world. We must keep our feet upon the ground. But we must keep our eyes on the horizons.

I revert to the text of the pending bill just once more to say that, as realists, we recognize the changed inflationary conditions in the United States since the last relief bill was passed. Then we were seeking maximum domestic expenditure of the relief funds and required that not more than 6 percent of them should be spent abroad. Now our anxiety is to relieve these domestic pressures. Therefore the ceiling is raised from 6 to 25 percent and, in addition, a directive requires all petroleum under the program, so far as practicable, to be procured elsewhere.

I regret that the bill does not include interim aid for China. I think it should. But there seems to be no practical way in which this can be initiated by Congress. It will be heartening, however, to note that China will be included in subsequent plans which the State Department is developing. The stabilities of Germany and the Far East are indispensable to a sound, free, world economy—and time is running out.

One other comment: Neither this program nor its contemplated successor, Mr. President, is a declaration of economic war between western and eastern Europe, unless Moscow persists in its apparent pathetically mistaken purpose to make it such—to its own everlasting detriment. There is grievous need for the restoration of East-West trade and friendship in a “live and let live” world. Nothing projected in our short- or long-range plans will interfere—except on Soviet initiative. The only thing involved is mutual self-help and cooperation between war-scarred nations, staggering under the burdens of postwar disaster, determined to recuperate in the pattern of freedom, and turning to a friendly United States for aid in the achievement of a purpose which is almost as important to us as it is to them.

Mr. President, I think this bill should promptly pass. I think it is pertinent, as a final word in its behalf, to draw one last analogy in respect to the problem which here confronts us. We have been witnessing a dramatically significant coincidence in the life of the nation these recent days. Two special railroad trains have been steaming across the broad ex-

panse of our great and precious America. One is the Freedom Train. The other is the Friendship Train.

The Freedom Train, Mr. President, reminds our people that their heritage stems from liberty under law; that their richest blessing is a Constitution and a Bill of Rights which protect the spiritual dignity of man and the independence of the citizen; and that there are no values in life which could compensate us for the loss of these democratic privileges.

The Friendship Train, Mr. President, exemplifies the devotion of our people to the humanities which make most of the world akin; demonstrates our instinct, our tradition, and our impulse to feed the hungry and to heal the sick; and personifies the friendliness which is the genius of a lasting peace.

Mr. President, in my view this bill is both a Freedom Train and a Friendship Train when it reaches those for whom these benedictions are intended. I hope that Senators will choose to ride.

Mr. DONNELL. Mr. President, at the outset of the exceedingly persuasive, powerful, and eloquent address of the senior Senator from Michigan, he indicated that he was willing to respond to any and all inquiries which might be made of him. I am wondering whether the Senator would mind at this time responding to two inquiries which I should like to address to him.

Mr. VANDENBERG. I should be very happy to do so—or to any others.

Mr. DONNELL. The first inquiry is based upon the fact that the distinguished Senator pointed out that Austria needs \$42,000,000, that Italy needs \$227,000,000, and that France needs \$328,000,000. The distinguished Senator, in presenting these figures, used the same figures submitted by the President of the United States on November 17 with respect to the needs of each of these three countries.

The point to which I invite the Senator's attention, and to which I should like to have him give consideration, is that section 4 of the bill before the Senate, Senate bill 1774, while authorizing an appropriation of not to exceed \$597,000,000, which is the total of the figures mentioned by the President and by the Senator from Michigan, as I have stated them, representing the needs of Italy, France, and Austria, does not specify how the sum not in excess of \$597,000,000 is to be divided. Therefore, as I see it, in voting for Senate bill 1774 a Member of Congress would be authorizing an appropriation which, so far as the bill itself states, could be substantially all used for any one or more of the respective countries.

The inquiry which I desire to address to the Senator is whether he would be willing, not necessarily at this moment to commit himself, but would be willing to consider amending the first sentence of section 4 (a) of the bill so that it would read as follows:

There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this act: *Pro-*

vided, however, That of said sum there may be applied toward assistance to the people of Austria not to exceed \$42,000,000, toward assistance to the people of France not to exceed \$328,000,000, and toward assistance to the people of Italy not to exceed \$227,000,000.

Before the Senator makes response, I should like to call attention to the fact that this would still leave in full force and effect the sentence to which the Senator has carefully called attention today, which reads:

This act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

I now ask the Senator whether he would be willing to consider such an amendment as I have just read.

Mr. VANDENBERG. Mr. President, I am very happy to respond to the able Senator from Missouri. I share his anxiety that every obligation shall be as definite and specific as possible when we are completing legislation of the character of the bill before us.

I suggest to the Senator that it might be more appropriate for him to discuss specific limitations of the character mentioned when the actual appropriations are made under the authorization. I confess I dislike to write into the general authorization any sort of what might seem to be obligatory commitments.

The Senator has referred to the saving clause which is in the bill at a later point, which specifically denounces any special obligation. The fact remains that I think the Congress would be moving in the direction of at least inviting a feeling of commitment if in the basic act it were to undertake the allocation.

So far as I am concerned, I should have no particular objection to the amendment, except in the general way I have announced, because there is no question about the purpose and intent of the break-down of the figures. I merely ask the Senator whether he would not reach his objective just as well, and more logically from a legislative procedural standpoint if he were to direct his limitations to the actual appropriation bill, which the Senator knows will have to come to the Senate floor and be passed before anything happens even under the authorization.

Mr. DONNELL. Mr. President, I thank the Senator for his response. To my mind the logical place to make the insertion is in the fundamental act which creates the authorization to appropriate. As I see it, when the bill is passed, as I have no doubt it will be, either as it now is before the Senate or with some amendments, there will be no limitation with respect to how or with respect to the peoples of what countries any portion of this money shall be used. That is to say, there is no limitation which would require any particular proportion or amount of the fund to be recommended by the Committee on Appropriations for appropriation, and to be used. However, I shall certainly consider the Senator's suggestion before undertaking to offer

an amendment along this line, but my present view is that the logical place for the insertion is at the point I have indicated.

Mr. VANDENBERG. If I may make a further observation to the Senator—

Mr. DONNELL. Certainly.

Mr. VANDENBERG. I should not resist such an amendment, although I think it would be preferable in connection with the appropriation bill.

Mr. DONNELL. Now let me ask the Senator the second question to which I referred in my opening request.

I call attention to the fact that at page 7, lines 6 and 7, the President is authorized to delegate to any "official or officials of the Government any of the powers or authority conferred on him under this act." It thus follows that (a) the President may authorize any official, regardless of the department in which he is, or regardless of his rank or his experience, to determine the terms and conditions on which provision of funds may be made.

(b) The President may authorize any official, regardless of any of these considerations, namely, the department in which he is, his rank or experience, to terminate the provision of assistance and to make the determination of whether or not conditions have changed.

(c) The President may authorize any official, regardless of the department in which he is, or his rank or experience, to take step to encourage other countries to make available to recipient countries such assistance as they may be able to furnish.

(d) The President may authorize any official, regardless of the department in which he is, or his rank or experience, to direct the program of assistance to be vested in the field administrator of the United States foreign relief program.

(e) The President may authorize any official, regardless of the department in which he is, or his rank or experience, to determine whether or not supplies furnished to Austria are being distributed under control systems which assure compliance with the objectives of the occupation and with the provisions of the act.

Mr. President, I desire to call to the Senator's attention the fact that the very section in which this extensive power of delegation is granted to the President refers to the act of May 31, 1947, which was the act providing for relief assistance to the devastated areas, and that in that act, at page 4, the authority which the President is authorized to delegate is limited as follows:

The authority of the President under sections 2 and 3 and under this section may, to the extent the President directs, be exercised by the Secretary of State.

In other words, Mr. President, as I see it—I have no doubt the Senator has given thought to this consideration—the bill which we now have before us—goes further than is necessary and perhaps further than it should go, in authorizing the President, without any limitation, to select any official, regardless of his rank of standing, to carry out these exceedingly important functions.

I appreciate the fact, of course, that we should have confidence in the President. I have no doubt the President would use the very best judgment he has, and I have no doubt that he would exercise excellent judgment. On the other hand, we are legislating here, we are establishing precedents on the grant of the power of delegation, and it seems to me that one of two things should be done, either that the bill now before us should be so limited that the President should not have the right to delegate any of the authority, which lack of power would of course still leave it within his authority to use any officials he desired to carry out the administrative features of the authority which the President is exercising; or, if that be deemed too comprehensive, the authority of the President to delegate should be so limited that he should not have authority to delegate perhaps beyond the Secretary of State or some Cabinet official or officials.

I should like to ask the Senator to give us his views upon the point which I have endeavored to present along those lines, if he will.

Mr. VANDENBERG. The Senator has posed quite a question, in the magnitude of presentation, at least. Do I understand that the crux of the Senator's inquiry is this question of the delegation of Presidential power?

Mr. DONNELL. The crux of it is that I think the bill goes too far by authorizing the President to delegate, not only to the Secretary of State but to any other official or officials of the Government, any of the powers or authority conferred upon him under this act. It seems to me that it would be certainly sufficient if the President should be given the authority to delegate these functions to some official such as the Secretary of State, or perhaps some two or three of the Cabinet officers.

It seems to me that when he is given authority to delegate power to any official of the United States Government, without any limitation whatever, we are establishing an unwise precedent, regardless of the wisdom or soundness of judgment which the President might show in the instant case.

Mr. VANDENBERG. I am very glad to respond to the Senator. As the bill came down to us in its original draft form, it left the President with total and complete authority to choose any sort of administration he desired in respect to the enterprise. The Senate Foreign Relations Committee, sharing substantially the general viewpoint which the able Senator from Missouri asserts, felt that that was too wide open and was indefensible. Furthermore, the committee found that the existing field administration of the last relief bill, the post-UNRRA relief bill, under the general responsibility of Mr. Allen, is doing such a thoroughly splendid job that we wanted, if possible, to tie down this very temporary extension of further relief to the existing administrative instrumentality, particularly in view of the fact that it is already the instrumentality administering relief in Italy and in Austria. The only necessity is to expand it to France. Therefore we wrote specifi-

cally into the bill the provision which the Senator has noted:

In accordance with the direction of the President, the responsibility for administering in Europe the program of assistance provided for in this act shall be vested in the field administrator of the United States foreign-relief program appointed pursuant to section 4 of the act of May 31, 1947, providing for assistance to the devastated areas.

We felt that in that fashion we had very specifically identified the instrumentality which is to be used in the administration of this trust. I do not think it occurred to any of us—it did not occur to me—that there was any undue exercise of administrative option left in the President as the result of that directive.

Mr. DONNELL. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. I yield.

Mr. DONNELL. I have not made it clear, obviously, which sentence it is to which I refer.

Mr. VANDENBERG. Yes, I know the sentence to which the Senator refers.

Mr. DONNELL. I referred to the sentence preceding what the Senator just read, which reads as follows:

The President may, from time to time, promulgate such rules and regulations as he may find necessary in order to carry out any of the provisions of this act; and—

This is the portion to which I directed my remarks—

he may delegate to the Secretary of State or any other official or officials of the Government any of the powers or authority conferred on him under this act.

That is the sentence to which I directed my attention. I have no objection to the next sentence, to which the Senator has referred, but it does seem to me that the sentence which I have quoted goes much further than Public Law 84, namely, the act of May 31, 1947, which says:

The authority of the President under sections 2 and 3 and under this section, may, to the extent the President directs, be exercised by the Secretary of State.

I say that the sentence to which I have referred, and which I have now read, goes much further than that, enabling the President not only to delegate to the Secretary of State, but to any official or officials of the Government, any of the powers or authority conferred on the President under this act. It would appear to me that it goes too far. I submit that very respectfully to the Senator for his consideration.

Mr. VANDENBERG. I understood the Senator's point, and he misunderstood my reply. I was simply pointing to the subsequent language as an indication in my mind that this previous general delegation was sharply limited by the subsequent restraint, and that that was the reason why my attention had not lingered at all upon the language to which the Senator points. I am quite willing to take under consideration the point raised by the Senator.

My theory of writing the act was that we should preserve the structure of Public Law 84 very generally throughout, because I felt that since it was only for a 3 or 4 months' interim term, it was highly desirable to avoid all possible duplication

in administrative functions and concentrate as far as possible on those administrative agencies which are now operating under Public Law 84. I should be very glad to consider the point the Senator has made.

Mr. DONNELL. I thank the Senator.

Mr. VANDENBERG. I would immediately agree with the Senator, except that I should like to inquire of the State Department whether there is some other official, in addition to the Secretary of State, who might necessarily be involved in the evolution of the program.

Mr. DONNELL. It may be, Mr. President, that there is some such official. If there is, of course, I should have no objection to his inclusion. But it does seem to me that when the bill goes so far as to permit the President to select any official whomsoever, regardless of his experience, or of the department he is in, or of any other qualification, the bill is establishing an unfortunate precedent.

Mr. VANDENBERG. I suggest to the Senator that, for example, inclusion of the Secretary of Agriculture might be required in respect to allocations of wheat, and so forth.

Mr. DONNELL. That had occurred to me also, and I think it would be perfectly proper procedure.

Mr. VANDENBERG. I will inquire into that matter.

Mr. BALL. Mr. President, will the Senator yield to me for the purpose of asking him a few questions?

Mr. VANDENBERG. I yield.

Mr. BALL. The Senator from Michigan in his very eloquent address quoted a couple of paragraphs of the testimony of Ambassador Douglas, which begins on page 100 of the record of the committee hearings, and I certainly agree with the thesis of Ambassador Douglas that we cannot sit back and do nothing in this situation. But there was one sentence in his testimony which rather bothered me. It reads:

I think it is impossible to expect that the standard of living will be such that the traditional freedoms and liberties that have characterized that part of the world can be preserved.

The implication in that sentence seems to me to be one that has bothered me right along respecting one of the major approaches to this whole program, namely, that only a people who have achieved a very high standard of living can afford the luxury of freedom, which is exactly what the totalitarians are always trying to foist upon us. The actual fact, of course, is just the opposite—that only free peoples have ever achieved a standard of living anywhere near comparable to that of the people in the United States. I wonder if the Senator from Michigan would comment just a little on that.

Mr. VANDENBERG. Well, I agree with the conclusion which the Senator from Minnesota reaches regarding the relative opportunities of democracy and totalitarianism in terms of human advantages. I suspect that the able ambassador was referring particularly to the immediate period which lies ahead of us, and that he was undertaking to

point out that there is a level below which it is impossible to expect human nature to persist in its devotion to any ideals if it is driven to utter extremity.

Mr. BALL. The Senator from Michigan thinks it refers, then, to the particular situation that we are facing, hunger and starvation, rather than the long-range situation?

Mr. VANDENBERG. That is my view.

Mr. BALL. In his address the Senator from Michigan emphasized the fact that voting for this interim relief bill—and I think all of us feel we must do something to relieve the situation in Europe—would not commit any Senator, and certainly would not mean that he had passed judgment on the long-range plan, the so-called Marshall plan, or the economic recovery program for Europe, whatever it is called. But I call the Senator's attention to the last phrase in section 2 of the bill, in which it is stated that one of the purposes of the bill is "to alleviate conditions of intolerable hunger and cold and prevent serious economic retrogression."

I do not think anybody can quarrel with that. But then the section goes on to say, "which would jeopardize any general European economic recovery program based on self-help and cooperation." It speaks of "any general European economic recovery program." It seems to me that that is an implied commitment. Certainly if I were in the government of one of these countries in Europe I would say that the passage of the pending legislation with that language in it pretty thoroughly committed the United States Congress to go ahead with the general recovery program, whereas, as the Senator has said, what we are doing with this bill is buying time really to study the longer range program.

Mr. VANDENBERG. My comment on what the Senator has said is simply this. The language the Senator has read in section 2 is a statement of fact. Of course it is a fact, an indisputable fact, that except as the winter crisis is alleviated there is no chance subsequently to consider any sort of a general economic recovery program in Europe on a basis of self-help and cooperation or any other basis.

I would think that if that is a commitment, it is only a commitment to a reality which no one can deny. I would not think it was any sort of a commitment of the sort the Senator suggests, and if in my position as chairman of the committee handling this legislation my interpretation has any authority whatever, I reiterate that the Under Secretary of State himself, in the colloquy with me in the hearings, has agreed that he will not consider that any affirmative vote on the pending bill contains any commitment or implication whatsoever, and I reassert that as my own interpretation.

I call the Senator's attention to the language further on in the bill which categorically denies that the act itself is even any commitment.

Mr. BALL. Will the Senator yield further?

Mr. VANDENBERG. Yes.

Mr. BALL. Can the Senator tell us of any action which the President and the

State Department cannot take under this bill if we place a period after the words "prevent serious economic retrogression," and strike out the rest, indicating that that is all the bill is going to do?

Mr. VANDENBERG. No; this whole section is just a speech.

Mr. BALL. Well, it states a broad purpose, after all.

Mr. VANDENBERG. It is a pretty good speech.

Mr. BALL. And then sections 3 and 4 provide for authorization of appropriation of money to be spent for this purpose. But this is no initial installment of the Marshall plan.

Mr. VANDENBERG. Quite the contrary.

Mr. BALL. This is simply to prevent economic retrogression?

Mr. VANDENBERG. That is entirely correct.

Mr. BALL. Why could not the language stop there?

Mr. VANDENBERG. The Senator can stop there if he wishes. If the rest of the truth annoys him, why, it can be deleted.

Mr. BALL. Will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. BALL. In section 3, line 7, the President is authorized to carry out these purposes "by making funds available to the government of a recipient country." I have not yet had time to read all through the hearings. Is there any testimony as to just why that language must be in the bill?

Mr. VANDENBERG. My impression is that that is the same language that is in the present relief act. I would have to check on that. What is the point the Senator makes?

Mr. BALL. I just wonder if it is necessary. In view of our own tight economy in many of the items which are proposed to be shipped overseas, rather than providing funds to other countries to buy them from us, thus competing with those who wish to buy them in our own country, should not all this purchasing be done by the United States Government?

Mr. VANDENBERG. It is my understanding that insofar as it is practicable—and that covers most of the program—the purchasing is controlled by the Government of the United States, and the item is followed by the Government of the United States, not only from the moment of its purchase down through its delivery, but even into the hands of the final beneficiaries.

Mr. BALL. Where is that authorization to be used? That is what bothers me. I feel, as I think the Senator does, that the purchases, certainly those made in this country, and probably any purchases made abroad, should be made by the United States Government, so that it all will be one coordinated program.

Mr. VANDENBERG. That would be the precise fashion in which I would anticipate the program would operate, and I think the precise fashion in which the existing relief law is operated. I think this language deals with a bilateral situation, because the basis of the relationship is a bilateral contract made between the two governments, and it is

in that sense, I would think, that the word "government" is used in this part of the bill.

Mr. BALL. Actually, though, what the Senator calls a bilateral contract provides for the delivery of certain amounts of certain commodities rather than of money.

Mr. VANDENBERG. Bearing on the Senator's question further, I read from page 36 of the State Department's Blue Book, as follows:

It is proposed that, upon passage of enabling legislation and appropriation of funds to the President for interim aid, the President authorize the Secretary of State to control the allocation of funds to carry out the program as has been done in the case of the United States foreign relief program. These operations could then be integrated into the existing organization responsible for carrying out the relief assistance program. The increased burden placed on the organization will not be considerable, in view of the fact that France is the only country added to present operations.

Two methods of providing for the procurement and shipment of supplies would be used. Wherever it seems feasible, particularly in the cases of commodities in short supply where unified procurement is advisable, allocations would be made to the Department of Agriculture (Commodity Credit Corporation), the War Department, or the Bureau of Federal Supply in the Treasury Department, which would then enter into procurement contracts. To the extent necessary they would also contract for shipment of the supplies. Supplies would then be transferred to the receiving government, to be utilized by it in accordance with general understandings contained in an agreement with the country.

I think the process for which the Senator is asking is substantially the one which is in effect, and which will be followed.

Mr. BALL. That was my impression.

The next paragraph states that in certain cases the foreign governments would be authorized to procure certain supplies directly in this country through commercial channels. I wonder if the Senator's committee has any record of how extensive that kind of operation is under the present relief act, and how extensive it might be under the proposed act.

Mr. VANDENBERG. I do not have the testimony in mind if it is available. I invite the Senator's attention to the fact that we have just received today the first report to Congress on the United States foreign relief program, and I have not yet had an opportunity to read it. There may be some pertinent information in that document.

Mr. BALL. I thank the Senator.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MORSE. Before I ask the distinguished Senator from Michigan two or three questions, let me say that he has my sincere compliments for another magnificent address to this body on foreign affairs.

Mr. VANDENBERG. I thank the Senator.

Mr. MORSE. I think the record will speak for itself as to the complete support, without exception, which I have always given to the position taken by the Senator from Michigan on the foreign affairs and policies of this country.

Mr. VANDENBERG. The Senator is correct, and the Senator from Michigan is grateful.

Mr. MORSE. I have not lost hope in the ideal of a one-world philosophy because I still cling to the view that there can be no peace in a two-world globe. I think the Senator from Michigan is well aware of the views of the junior Senator from Oregon with regard to the relationship of foreign relations in Asia to world peace. I think the Senator from Michigan is well aware of the fact that in times past the junior Senator from Oregon has been somewhat critical of Republican leadership in the Senate, because of the fact that the west coast is not represented on the Foreign Relations Committee of the Senate. I still say that it is a committee policy that cannot be justified. We on the west coast are very much concerned about and not a little fearful of Russian policies in Asia. We think it very important that the Pacific coast viewpoints on Asiatic problems be represented at all times on the Foreign Relations Committee of the Senate. Some of the questions I am raising today are questions which should be publicly considered by the Foreign Relations Committee in cooperation with the administration if we are to have a bipartisan foreign policy in fact rather than just in name.

It seems to the junior Senator from Oregon that as we consider the bill before us we are once again confronted with the problem of making another necessary payment on the cost of winning the peace. If we are to have any hope of preserving world peace, we must support this bill as the Senator from Michigan says, first from the standpoint of justice; second, from the standpoint of national self-interest; and third, from the standpoint of humanitarianism. I was particularly interested in the statements made by the Senator from Michigan toward the close of his remarks. I think his language was to the effect that he regretted that the bill contained no provision for aid to China, but that the State Department has the problem under study and will, in due course of time, submit to this body a report in regard to a relief-aid program for China.

I make these remarks by way of preface because I do not believe that we can meet any one of the problems about which the Senator from Michigan has spoken, from the standpoint of international justice, from the standpoint of national self-interest, or from the standpoint of humanitarianism, without proceeding at a very early date to consider relief problems in Asia. When the Senator from Michigan talks about the danger of Russian conquest and the encirclement of this country by communism, I remind him that in my opinion we cannot afford to wait much longer to give early consideration to Russian policies in Asia.

Mr. VANDENBERG. I agree with the Senator completely.

Mr. MORSE. As the Senator well knows, the people of the west coast are very much concerned about Asiatic problems. I see the junior Senator from California [Mr. KNOWLAND] in the Chamber. I know that he will not deny

it. The people of California, Oregon, and Washington are very much concerned about Asiatic problems, because Asia is very close to us in these days of modern transportation. Every report which I have been able to obtain this summer from persons in China representing American commercial interests, from those in China representing the Government interests of this country, and from newspapermen who have made observations in China, points to the fact that there is a general breakdown of the economic life of China. I am sad to say it but I feel I must say it that apparently the national government of China is not living up to the great ideals of the San Francisco Charter, which the distinguished senior Senator from Michigan was so instrumental in writing.

When we come to questions of humanitarian principles, of course, humanitarianism knows no geographic boundaries; nor should it know any prejudice based upon color of skin. People are suffering and dying in Asia because of a lack of the necessities of life as well as in Europe. Both communism and economic fascism are suppressing freedom in China.

With that statement as a preface, I should like to ask the Senator from Michigan, with regard to procedure, whether or not the Foreign Relations Committee of the Senate is at the present time being apprised officially by this administration of the administration's contemplated steps in regard to an Asiatic program of relief.

Mr. VANDENBERG. We have been advised, in the official testimony of the Secretary of State, that the program is already in preliminary form for 15 months commencing April 1, 1948. My recollection is that it involves an ultimate amount of \$300,000,000 for 15 months.

Mr. MORSE. I should like to ask a second question.

Mr. VANDENBERG. I have not quite finished my answer.

Beyond that, I do not believe I can say that we are on official notice in respect to any aspect of the matter. However, I want the Senator from Oregon to know that, sharing his general feeling about the importance of China in our consideration, I have had many conversations on the subject with the Secretary of State. I feel that there is a far greater interest than heretofore being generated in the problem in which both the Senator and I are interested.

Mr. MORSE. The next question is another one pertaining to procedure. I am very much interested in our so-called bipartisan foreign policy. I am a strong supporter of the concept. However, I believe that if it is to be made to work it must be a program in which there is bipartisanship in its evolution, and not merely bipartisanship in rubber stamping it once commitments are made.

Using the Asiatic problem as a test, I ask the Senator from Michigan whether it is the policy of the administration to consult with the Foreign Relations Committee of the Senate in regard to factual information obtained by the administration from such sources as the Wedemeyer report, for example.

Mr. VANDENBERG. The identification of the so-called bipartisan foreign policy sometimes becomes rather difficult in respect to its application, because of the fact that from time to time there are formalities and informalities involved. I do not believe that the Senate Foreign Relations Committee has been consulted in any substantial degree regarding Asiatic policy during the past year or two.

Mr. MORSE. Mr. President, would the Senator from Michigan be willing to answer these questions? Do the members of the Senate Foreign Relations Committee have any information which has been made available to them by the administration about critical political, economic, and military problems in China? Has the administration taken the Senate Foreign Relations Committee into its confidence about shipping conditions, for example, on some of the Chinese rivers? I refer to what I think available proof will show is a fact, that there are many hundreds of tons of needed supplies, which could bring relief to many starving people in China, backlogged on Chinese rivers because apparently under the National Chinese Government policy no ships can get transport except Chinese-controlled transports. Has there been any discussion before the Foreign Relations Committee as to the existing economic, political, and military crisis in China?

Mr. VANDENBERG. We have not had the China problem before us in any detail whatever.

Mr. MORSE. I infer, then—it is the only inference which one can make from what the Senator from Michigan says—that when the administration has completed its apparently secret plans in regard to Chinese relief it will then lay the blueprint before the Senate Committee on Foreign Relations and that committee will then be asked to approve it or modify it according to the opinion of the committee as developed at that stage of a supposedly bipartisan foreign policy?

Mr. VANDENBERG. The Senator is correct. We shall then have a take-off point at which to enter the subject.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, I have a few more questions and comments, and then I shall be through.

Mr. CONNALLY. I have a question right on that point.

Mr. MORSE. I shall be glad to yield to the Senator from Texas.

Mr. CONNALLY. Let me ask the Senator from Michigan this question. Would the Senator say that the administration has in anywise discriminated as between the two parties who are members of the Senate Foreign Relations Committee about giving information or advising the committee as to the status of the different matters to be considered?

Mr. VANDENBERG. Oh, not at all. I am sure there was no inference of that sort.

Mr. CONNALLY. The Senator made no inference of that kind, but the Senator from Oregon raised the question.

Mr. VANDENBERG. Let us have no doubt on the subject. I have never found the Secretary of State unwilling to express complete candor at any time I have talked to him. Unfortunately, it is a pretty big world at the moment, and so far as the chairman of the committee has been concerned, he has had his hands pretty full with the immediate problems under his authority.

Mr. MORSE. First let me say the Senator from Texas is mistaken if he thinks I charge the administration with discriminating against Republicans on the Foreign Relations Committee. I want the Senator from Michigan to understand that I implied no criticism of the chairman of the committee or of the committee itself. I regret to express the personal view, however, that I think the American people, or a great many of them, are misjudging the meaning of the term "bipartisan foreign policy," as that so-called policy actually operates in this country today.

Mr. VANDENBERG. I entirely agree with the Senator.

Mr. MORSE. I say that because I think the American people think that the Senator from Michigan, as the distinguished chairman of the Foreign Relations Committee, and the other members of that committee are apparently in much closer consultation with the administration while our foreign-relations policies are being evolved than is the fact.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. VANDENBERG. Just a moment, before we leave the point just under discussion.

There are situations in which the bipartisan cooperation of which the Senator speaks starts at the very roots and goes to the utter finish. That was true with respect to the evolution of the charter of the United Nations. It was true in respect to the first two general assemblies, which the Senator from Texas [Mr. CONNALLY] and I attended. It was true in connection with the conference held at Rio de Janeiro. But the Senator is quite correct in saying that some people seem to have the idea that bipartisan foreign policy means that the chairman of the Senate Committee on Foreign Relations is sitting at the desk of the Secretary of State every afternoon and participating in all the detailed minutiae which go into the continuing evolution of foreign policy. That, of course, just is not so and could not be so. I have no complaint that it is not so. There is not time enough in the day, to begin with, for the chairman of the Senate Foreign Relations Committee to contribute his effort in that sort of an arrangement, and I know of no way on earth that the Secretary of State could proceed under any such inhibitions.

Mr. PEPPER. Mr. President, will the Senator yield for a comment?

Mr. VANDENBERG. Yes.

Mr. PEPPER. Nor does the able chairman of the Senate Committee on Foreign Relations, or, I am sure, the Senator from Oregon [Mr. MORSE], intend to suggest that the fact that we have what is called a bipartisan foreign policy means that the constitutional demarkation of

authority in respect to foreign policy is to be eliminated, namely, that there is to be any denial of the long recognized prerogative of the President to carry on the principal negotiations of the country in its relationship with other nations.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. VANDENBERG. May the chairman of the Foreign Relations Committee say, if the question is addressed to him, that he completely agrees with the statement made by the able Senator from Florida. He would hesitate to attempt to contemplate any other sort of system, because finally there must be nailed down, under our constitutional theory, the ultimate responsibility for foreign policy; and that responsibility is squarely on the President of the United States.

Mr. MORSE. May I make a brief comment on the statement of the Senator from Florida? The junior Senator from Oregon has no intention of interfering with the constitutional powers of the President of the United States. Those powers are delegated to him under the Constitution. However, I think there is a great difference between the junior Senator from Oregon and the Senator from Florida and, in the light of the last remarks of the Senator from Michigan, with the senior Senator from Michigan, I say that we cannot have a bipartisan foreign policy unless both parties in the legislative branch play a very definite part in the evolving of that policy as it comes into creation. The junior Senator from Oregon simply wishes to express the view that to too great an extent we do not have sufficient participation on this side of the aisle in the development of our foreign policy before the Congress is asked to rubber stamp or approve a policy or commitment already for all practical purposes entered into at the other end of Pennsylvania Avenue, or at least so highly propagandized throughout the Nation that Congress would seem to break faith with a so-called bipartisan foreign policy if we challenged it. That is the only point the Senator from Oregon is endeavoring to make. I think the present situation in China is a perfect example of my point, because I think it is very clear from what the Senator from Michigan says that the members of the Senate Foreign Relations Committee cannot take an oath and testify that they are familiar at the present time with the information available to the Administration in the State Department as to the deplorable conditions in China. Much of the responsibility for those terrible conditions of human suffering must be laid at the door of the national government of China. What the Senator from Michigan and the Senator from Florida say about the constitutional powers of the President of the United States does not change the fact that cooperation between the Congress and the President is as much his responsibility as ours. It must work both ways. We must have a bipartisan foreign policy in fact as well as in name. We cannot have it unless there is much closer consultation with the Foreign Relations Committee than I think is the case at the present time. We must eliminate the long lag

between the time the Administration has vital information as is contained in the Wedemeyer report and the time the Congress is asked in the name of a bipartisan foreign policy to approve some course of action that the Administration proposes to follow as a result of that information. My point is not answered by saying that in the last analysis it is the responsibility of the President. That does not answer the American people who I think very clearly are demanding a closer cooperation between the President and the Congress.

On the basis of the three major premises of the great speech delivered by the senior Senator from Michigan today, American self interest, international justice, and our national moral and humanitarian obligations, are we justified in directing our eyes entirely toward Europe while we are faced also with Russian encirclement in the Pacific? The people on the west coast are very much concerned as to what the Communists are doing in China and Korea. The Senator from Michigan referred to a future relief program for China. I am sure he meant to include in his reference to China Korea, the Philippines, and other areas in the Pacific in which there is a crying need today for a humanitarian relief program on the part of this country. Let us not forget that in the early days of the war many of the people of the Pacific bore a very large share of the brunt of the fight and suffering while we were directing, as we should have directed, our major attention to Europe, in finishing the war against Hitler. But I want to say, as one who is devoted to the one-world philosophy and who believes that the only way we can possibly maintain peace in the world is to demonstrate to free men in Asia as well as in Europe that we intend to help them within reason in their struggle for freedom. Only by the adoption of that attitude have we any hope of carrying out what the Senator from Michigan referred to when he talked about supporting the bill now before the Senate on grounds of international justice, humanitarianism, and national self interest. The meeting of the Russian program of expansion is as vital to the welfare and national self-interest of this country in Asia as it is in Europe today. Hence I think it about time this Administration makes clear to the country what its plans are in Asia as well as in Europe.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. VANDENBERG. Does the Senator ask me to yield? I am quite ready to yield the floor.

Mr. WHERRY. Mr. President—

Mr. VANDENBERG. Mr. President, I am quite willing to answer questions.

Mr. LANGER. I should like to ask a question.

Mr. LUCAS. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. LUCAS. Before propounding several questions to the able Senator from Michigan, I wish to take this opportunity to offer him my sincere congratulations upon the magnificent speech he made in the Senate this afternoon. It seems to

me that the logic in connection with the portrayal of the purport of this bill is unanswerable, and I am glad to ride on his train in connection with this important humanitarian program for the relief of those in Europe who are cold and hungry, as well as for our own safety and security in the future.

In the examination of any program of aid to Europe, it seems to me, Mr. President, that it is of the utmost importance that we give consideration to the necessity of seeing to it that Europe is adequately informed of the American purposes. I now direct the Senator's attention to paragraph (c) of section 6 of the bill, which is to be found on page 5. It provides as follows:

(c) To give full and continuous publicity within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available by the United States under this act.

I now read the report submitted by the Committee on Foreign Relations, which is as follows:

The committee was of the opinion that full information about the program should be disseminated with the assistance of the recipient government. Such assistance should include time over government-controlled radios, the allocation of adequate space in the newspapers, and such other facilities as will give to the people of the recipient countries a true description of American assistance with a view to avoiding misrepresentation of the motives and acts of the people of the United States in furnishing the assistance in question.

My question is: Under the bill, will the terms and conditions as set forth in the committee report be carried out by our Government, or will the bill stand as it is—which seems to me to be not entirely adequate for our own protection from the standpoint of disseminating the proper information about the source, character, and purpose of all we are attempting to do in aiding Europe.

Mr. VANDENBERG. I am sure the Senator has in mind the fact that we are to make with each country bilateral agreements which will contain the details of their obligations.

It remains to be seen whether an obligation can be written into those bilateral agreements covering Government controlled radios. I would rather think perhaps it can. But of course we could not demand a contractual promise to allocate adequate space in the newspapers, because that would be entirely beyond the control of the Government, except as it exercised an authority which under similar circumstances we would not tolerate for an instant under our theory of a free press. So my general answer to the question is that I would hope the bilateral agreements would undertake to be as specific as possible in arriving at the result which I agree with the Senator from Illinois is highly essential. I doubt whether it is possible to spell it out in the language of the bill.

Mr. LUCAS. I merely asked this question, let me say to my distinguished friend from Michigan, because of what has happened in the past, which was so adequately portrayed by the Senator in

his address today, I for one desire to have our Government do everything it can in a legislative way that will give to the people of France, Italy and Austria the true picture of what is going on with respect to this relief program. It does seem to me that now is the time for us to lay down the necessary propaganda program, in behalf of America and her principles, as well as to furnish information with regard to what we are doing in Congress in the way of giving aid and relief, if we expect to go through with the Marshall plan later, and many of us expect to support that. It did seem to me that this provision was wholly inadequate.

Mr. VANDENBERG. May I interrupt the Senator?

Mr. LUCAS. Certainly.

Mr. VANDENBERG. The paragraph to which the Senator has called attention is purely incidental, and relates only to the committee's thought that if it were possible to require or to attain the cooperation of the foreign implements of public information, it would be highly desirable. This has nothing to do with the fact that we, on our own responsibility, certainly must do everything the Senator is talking about by way of making this plain in the beneficiary countries. The purpose is to try to see to what extent in these bilateral contracts we can actually tie the recipient governments into this sort of cooperation.

Mr. LUCAS. Let me ask the Senator a question with respect to paragraph (b) of section 6. As I understand, under paragraph (b) of section 6, found on page 4 of the bill, there will be a revolving fund which could be used "within such country" by the United States of America up until June 30, 1948. I am wondering whether or not we could add an amendment to that section, after the word "expenses" in line 22, in these words, "incident to the dissemination of information in such countries concerning the program of assistance, including local currency expenses," so that it would read:

Such account will be used within such country, as a revolving fund, until June 30, 1948, only for such purposes as may be agreed to between such country and the Government of the United States, for relief and work-relief purposes, including local currency expenses, incident to the dissemination of information in such countries concerning the program of assistance, including local currency expenses.

In other words, what I am seeking is to have something included in the bill whereby this Government will be given the right to augment any program which may be laid down by either France, Italy, or Austria, when our Government feels that those Governments are not doing what they should in spreading the proper information about the origin, the character, and the source of the materials we are going to send to them.

Mr. VANDENBERG. I shall turn the Senator over to the able junior Senator from New Jersey for an answer to his question. The Senator from New Jersey has been making an intimate first-hand study of this whole subject abroad, and has brought home with him an amaz-

ingly comprehensive understanding of the entire situation.

I might add that my recollection is that the Senator from New Jersey inquired, in the course of the hearings, whether the precise thing which the Senator now suggests might not be done, and my recollection is he was discouraged by the Secretary of State. But I shall ask the Senator to speak for himself.

Mr. LUCAS. I shall be glad to have the Senator from New Jersey answer. I wish to preface my questions to the Senator from New Jersey by saying that the records will show that long have I been a supporter of the Voice of America, and when I saw it going by the wayside as the result of the economy action applied to it during the last session I thought the action was a grave mistake, in view of the fact that I knew what Russia was doing, and the Senator from New Jersey knows better than I what Russia has done and is doing, with respect to spreading false propaganda about this country throughout Europe and Asia. So it seemed to me that if we are to give any interim aid, or if we are ultimately to go into the Marshall plan, one of the finest things we could do for America and her free system of government, as well as in the interest of persuading the people of the other countries that we are doing the right thing for them would be to have the Voice of America operating overtime, so to speak.

I now yield to the Senator from New Jersey.

Mr. SMITH. Mr. President, I wish to thank the Senator from Illinois for raising this question, because it means a great deal to me in connection with what I have been studying the past summer. I thank the distinguished Senator from Michigan for turning the question over to me temporarily to make reply to the Senator from Illinois.

At the proper time I shall make an extended address on the floor of the Senate on this whole question of the Voice of America, because I remind the distinguished Senator that the so-called Mundt bill, which was the Voice of America bill, passed the House of Representatives before we adjourned last summer, it also was reported out of the Committee on Foreign Relations of the Senate, I think unanimously, or with only one or two dissenting votes, and is today on the Senate Calendar.

The Senator will recall that before we adjourned we did not bring the bill up, but it was provided that a committee be appointed from the Senate to study this matter in Europe last summer, and I am happy to report now that the distinguished Senator from Kentucky [Mr. BARKLEY], the distinguished Senator from Iowa [Mr. HICKENLOOPER], the distinguished Senator from New Mexico [Mr. HATCH], the distinguished Senator from Massachusetts [Mr. LODGE], and I were appointed as the committee. I was asked to be chairman of it by the distinguished Senator from Michigan.

We made an extended trip in Europe, about which I shall report at a later date, as I have said, when it seems

proper, and with the approval of the leadership on both sides bringing the matter up for debate and action in the Senate. I hope that can be done at this session.

We did find certain conditions which have prompted me to prepare some amendments to the Voice of America bill along the line of the questions raised by the Senator from Illinois, and I hope to have those amendments ready when the proper time comes to present the bill for discussion.

As the Senator from Michigan has said, at the hearings I raised the question why some of the funds which are to be received by us in foreign currency should not be used by us to develop the type of information referred to. I do not think we were absolutely turned down, but the suggestion was made that the accumulation of those funds might cause certain currency difficulties in the foreign countries, and the matter would have to be handled in connection with the governments themselves.

The point also was raised that we would not want to impose conditions in a form which might in a sense poison the gift we are making. We also do not wish to try to paint a grandiose picture of the great generosity of America when what we are doing is done from different motives. I think it will be possible to work out, possibly using some of these funds, a Voice of America program, which is absolutely vital if we are to enter upon the Marshall Plan.

There is no use in doing abroad the things proposed, I agree with the Senator, unless it is understood by the world why we are doing them and the motives behind our actions, because we are being misrepresented today. Right at this moment we are probably being misrepresented by the Russian radio to the whole world about our program. It is only intelligent to put out in the "Voice of America" propaganda we will need. That means cultural programs, it means working through libraries, and properly-handled radio broadcasts.

I am glad the Senator raised this question, because I hope to have the chance to speak on it later, and hope the Senate will pass the bill now on the calendar, and I trust that before long we can have the bill passed through the Congress and enacted, because it is a part of the integral program we will have to carry out. I certainly trust we may be able to do something along this line.

Mr. LUCAS. I am very grateful to the Senator for those remarks. His statement has cleared up for me the point I had in mind, and it helps me in my thinking about the program we are considering at the present time. While I for one am not in favor of bringing anything before this special session other than the measures which have been submitted by the President, on the other hand this so nearly fits in with what the President is requesting that certainly I for one would be glad to support the so-called Mundt bill which is now pending upon the calendar of the United States Senate.

I raise this question because I know, and the Senator knows, that we literally sent boatloads of goods to France, Italy,

and other countries, both before VE-day and since, and apparently no one in the Government anywhere saw to it that the people of those countries receiving our help understood just who was sending these materials to them. I contrast that to something that happened last year, when Russia sent one boatload of grain into one of those countries, in advance of an election, primarily for the purpose of controlling that election. I understand that when the ship entered the French harbor, whistles were blown, the ship was covered with banners, flags were waving, and a real celebration was held, all because one boatload of grain came into that port from Russia. I use that illustration to show what the Russian people are doing, and to point out how inadequate our "propaganda," so to speak, has been. Under our inadequate system the recipients of the goods do not thoroughly understand who is responsible for the shipments that have been made. A great number of people, I am told, have been led to believe that Russia was the prime mover and sponsor in the sending of a great amount of food, coal, and grain into their countries when the aid was actually sent by the United States.

Mr. SMITH. The Senator is entirely right. The illustration was brought to our attention this summer, and I may say, further, the Senator is right in considering that this is a measure which is closely related to what we are discussing in this special session. I would not favor anything that would divert our attention from what we are legislating in this special session, but I do feel that this is a part of the whole picture of aid to Europe, and that it is relevant to our discussion at this time. I am glad the Senator raised the point.

Mr. LUCAS. We are charged by the Russians with everything—American imperialism, dollar diplomacy, and exploitation of the needs of others.

Mr. SMITH. That is true.

Mr. LUCAS. We were told by the people of certain countries that there is a sinister motive back of all we are attempting to do for the people of Europe. Many of them have come to believe it, and it is about time that America awakes and acts, through the Voice of America, to counteract vicious propaganda of that sort, otherwise the value of a great number of things we are going to do, even in this interim-aid program, in my humble opinion will be lost.

Mr. SMITH. The Senator is entirely right, and I thank him for raising the question, because it gave me an opportunity to offer the simple explanation I have made. This matter will be brought up for consideration by the Senate at the proper time.

Mr. CORDON. Mr. President, I think the Senate would be interested in some of the information which certain members of a subcommittee of the Committee on Appropriations brought back from France, namely, with reference to the boatload of Russian grain that was delivered to France. It was paid for by the French Nation with American dollars.

Mr. LUCAS. That is very significant. That just adds more weight to what I previously said. The Senator speaks ac-

curately and eloquently, as far as I am concerned, for the very point about which I am talking, and shows why something should be done at once. I definitely think the pending bill should not be passed without proper amendments, unless we have a definite commitment, somewhere, that the Mundt bill, which the Senator from New Jersey is discussing, is going to pass the Senate at this special session, so that money may be appropriated to be used by the Voice of America in doing the very things which I hope can be done to counteract the propaganda carried on by Russia.

Mr. McCLELLAN. Mr. President, will the Senator from New Jersey yield?

Mr. LUCAS. I have the floor, have I not?

The PRESIDING OFFICER. The Senator from New Jersey has the floor.

Mr. LUCAS. I am sorry; I thought I had the floor.

The PRESIDING OFFICER. At the time the floor was yielded by the Senator from Michigan, it was assumed by the Senator from New Jersey.

Mr. SMITH. Unless there are other questions on this point, I may say, Mr. President, that I expect to address myself to the interim-aid bill tomorrow. I am not prepared to do so today. Unless there are other questions on this particular point, I shall yield the floor.

Mr. WHERRY. Mr. President, if the Senator from New Jersey has the floor, I should like to ask him a question before he takes his seat.

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. SMITH. I am glad to yield.

Mr. LUCAS. I do not have the floor, and I apologize.

Mr. WHERRY. I defer to the Senator from Illinois. I thought he had finished.

Mr. LUCAS. No, I have concluded. I have asked all the questions I wanted to ask of the Senator from New Jersey. He has been very kind.

Mr. WHERRY. I should like to ask the distinguished Senator from New Jersey if I heard him correctly a moment ago, when he said this was a part of the general-aid program.

Mr. SMITH. I think, whether one considers the Voice of America from the standpoint of the interim-aid program or of the long-range program, it is relevant to both.

Mr. WHERRY. The Senator is talking about the Voice of America?

Mr. SMITH. Yes; I am talking about the Voice of America; nothing else. I was speaking about the Voice of America, because of the point raised by the Senator from Illinois about our giving adequate publicity to what we are doing, and why.

Mr. WHERRY. Mr. President, I should like to ask another question, if the Senator will yield. It is the Senator's understanding, then, that the interim-aid bill is entirely distinct from and not connected in any way with the so-called long-range plan?

Mr. SMITH. My understanding is that the relief aid is what might be called a pipe line to keep nations in Europe

alive during this emergency, while we are considering what the next steps shall be. As the Senator from Michigan says, it has no definite relation to the long-range plan, except to that extent. It commits no one in voting for this bill. I agree with the Senator from Michigan absolutely that it commits no one to vote for the long-range program. The two programs are related in the sense that the question of our future program with respect to Europe is a continuing one. It is first a matter of keeping people alive, of giving them food and fuel. It is then a question of whether we can get into the economic reconstruction program. That is not a relief program, but an entirely different approach, which arose in the debates earlier in the year. Is that clear to the Senator?

Mr. WHERRY. Mr. President, I refer Senators to the report entitled "Hearings, Committee on Foreign Relations, United States Senate," to the matter found on pages 41, 42, 43, and a part of 44. I think it would be of interest to me, and I should like to have the information, either from the chairman or from the Senator who now has the floor, as a member of the committee, as to what is meant by the figures \$2,657,000,000. What I am trying to find out, and what I think the chairman of the committee was attempting to find out, is what was in the minds of the Secretaries of State and of the Army with regard to commitments, other than the commitments we have already made, up to and including the fiscal year 1948. Am I correct in my assumption of what that is?

Mr. SMITH. I yield to the chairman of the committee.

Mr. WHERRY. I do not want to take the Senator away from the subject he is discussing.

Mr. VANDENBERG. If the Senator from New Jersey will yield to me, I should like to answer the question of the Senator from Nebraska. The Senator from Michigan opened the hearings on the theory that Congress and the American people are entitled to a total balance sheet, to know precisely what it is they confront in respect to these necessities. Therefore, when the Secretary of State was on the stand, the chairman explored the other appropriations which may be required by collateral enterprises which may be in the mind of the State Department. It is from a sum total of those other projects that the Senator finds the final figure of \$2,000,000,000.

Mr. WHERRY. It is \$2,657,000,000, is it not?

Mr. VANDENBERG. Very well, now, how is that figure arrived at? Let me point out to the Senator that it starts with the \$600,000,000, in round figures, for the pending relief bill. Then it includes \$500,000,000 which will apparently be sought by way of supplemental War Department requests in connection with the military administration of Germany and Korea. Now we are up to about \$1,100,000,000. Then if the long-range plan were adopted effective the first of April, the figures for the present fiscal year would include 3 months of the long-range plan, the cost of which, on the basis on

which the Secretary is presenting the long-range plan, would be an additional \$1,500,000,000 for the last quarter in respect to the long-range plan, plus the contemplated Chinese program for the last 3 months of the year, at \$20,000,000 a month. In that fashion we got what I was after, namely, the total prospectus which might be in the mind of the State Department in respect to the requirements for additional appropriations.

Mr. WHERRY. May I rephrase my question so there can be no doubt that the Members of the Senate understand what they will be called upon to appropriate? If the long-range plan is not adopted, what in the opinion of the chairman of the committee is the amount of money the Congress will be called upon to appropriate if the interim aid bill is passed, if the requests which will be made for the Army needs in Germany and Korea are granted, and if the so-called Chinese loan measure is passed, or if any other relief measure is passed, or any other appropriation made which the Senator can think of that the Senate would be called upon to make in the event the long-range plan is not adopted? Does the Senator understand what I have in mind?

Mr. VANDENBERG. Yes; I understand what the Senator is saying. Of course, the only answer I can give is the answer based upon the figures that have been submitted in our committee. On the basis of those figures the total to which the Senator refers would be \$600,000,000, in round figures, for the pending bill, \$500,000,000 in additional military appropriations for Germany and Korea, which would make \$1,100,000,000, \$20,000,000 a month for 3 months for China, which would be \$60,000,000, which would all total in the neighborhood of \$1,200,000,000.

Mr. WHERRY. Is it the opinion of the distinguished Senator from Michigan that there is any difference between the China loan and the relief measure now under consideration? If the pending bill should be passed would it not be the same kind of legislation as the proposed China loan?

Mr. VANDENBERG. Well, I assume so.

Mr. WHERRY. Would not the China loan be a relief measure?

Mr. VANDENBERG. We do not yet know upon what basis the China program, which is to be a 15 months program, is to be developed.

Mr. WHERRY. In other words, all but 2 or 3 months of the proposed China loan would be absorbed by the long-range plan? Is that what the Senator means?

Mr. VANDENBERG. No, the China plan provides for payment for 15 months at the rate of \$20,000,000 a month, which is a total of \$300,000,000, of which \$60,000,000 is in this fiscal year and \$240,000,000 is in the next fiscal year.

Mr. WHERRY. So that the Members of the Senate may be advised, I ask this question: Then there could be legislation offered authorizing appropriations to the extent of \$1,200,000,000, if the long-range program were not adopted, and that \$1,200,000,000 would be used to

take care of the needs of not only Europe but Asia also between now and the end of the fiscal year 1948?

Mr. VANDENBERG. I think the Members of the Senate not only may be asked for such an amount, but I think it is almost inevitable that they will be asked for it, because I do not know how we can escape the \$500,000,000 which the Army will require for Germany and Korea.

Mr. WHERRY. So that in the consideration of the proposed appropriation of \$597,000,000 the Members of the Senate really should have in mind not only the long-range program, which the Senator says is distinct and separate, but also the commitments which will have to be made regardless of whether the long-range program is adopted or not?

Mr. VANDENBERG. Most emphatically.

Mr. WHERRY. To the extent of \$1,200,000,000?

Mr. VANDENBERG. And it would be a very imprudent Senate which did not survey the whole picture.

Mr. WHERRY. Is it the Senator's opinion that in the event that happens there will be a more severe impact upon the domestic economy than that which was discussed today in his speech relative to the \$700,000,000?

Mr. VANDENBERG. Well, I think the Senator's opinion on that point would be as good as mine. The size and character of the impact is relative in degree. Regardless of the impact, I know of no way in which we can escape the increased military appropriation.

Mr. WHERRY. Will the Senator indulge me for a further question?

Mr. VANDENBERG. Yes.

Mr. WHERRY. I read the hearings of the committee yesterday. I read the committee report. I have tried to read all the matter which the Senator from Michigan has suggested the Members of the Senate read. I cannot find anywhere any testimony, except, I think, a short statement by Secretary Harriman, relative to the severity of the impact resulting from the proposals for relief and what might happen relative to controls. Now, I ask the distinguished Senator a question which he can either answer as chairman of the committee or personally, or decline to answer, because I am not sure that the question should be asked of the Senator. Is it the Senator's opinion, as chairman of the committee, and has any evidence been adduced to show, that if the legislation providing for \$597,000,000 were enacted, or if legislation providing for the appropriation of \$1,200,000,000 were enacted, or even if the long-range program were adopted, the severity of the impact under either one of those programs would be such as to involve the enactment of controls?

Mr. VANDENBERG. The Senator will have to realize that he has asked me really to look into a crystal ball.

Mr. WHERRY. Such a suggestion, however, appears in the President's message.

Mr. VANDENBERG. However, I am perfectly willing to look into the crystal ball as far as I can see, which is not far. The reason why there is no substantial

body of testimony in the record regarding the domestic economic impact of the short-range plan is that all the investigations of the Harriman committee; the Krug committee, and the Nourse committee, deal with the long-range plan. Therefore, the best we could get out of the witnesses presenting the reports was a pretty sketchy opinion respecting the impact of the short-range plan. But I believe all of them, if my memory serves me correctly—and by all of them I mean Secretary Harriman, Assistant Secretary Warne, of the Interior Department, speaking for Secretary Krug, and Secretary Anderson, speaking for Agriculture—agreed that the impact of the pending short-range plan is relatively inconsequential, and I think the most either of them ever said would be required, if anything were required as a result of the impact, would be export controls, and perhaps some sort of domestic allocation. I think the Senator will find also in the testimony a categorical denial that there is anything in the interim short-range plan which by any stretch of the imagination could require price controls or rationing.

Mr. WHERRY. Does the Senator mean at the consumer level?

Mr. VANDENBERG. That is correct.

Mr. WHERRY. Do the allocations which the Senator mentioned, and with respect to which he referred to testimony adduced, refer to point 5 of the President's message relative to livestock?

Mr. VANDENBERG. I cannot give the Senator a bill of particulars. My impression is that the reference to allocations, when made by Mr. Harriman and Assistant Secretary Warne, had more to do with perhaps the basic need for steel or something of that character.

Mr. WHERRY. Did Secretary Anderson, to the Senator's knowledge, testify anywhere in the hearings relative to the necessity of controls—either of allocations or prices—which might have to be invoked if the impact upon the economy was more severe than some others thought it would be?

Mr. VANDENBERG. If the Senator will bear with me a minute—

Mr. WHERRY. I am very much interested in that point, and should like to get the Senator's opinion in the RECORD, because I think we ought to know about it. It is one thing to make the appropriation requested, if it is the opinion of all those in authority that the impact upon our domestic economy will not be so severe but that we can continue to operate as we have operated heretofore. However, with the controls and policies which have been suggested, I should like to know if there is any evidence anywhere, especially from the Department of Agriculture, showing that the Secretary feels that the appropriation of interim aid or the commitments we shall have to make, not included in the long-range program, will require the imposition of controls in any form in our domestic economy.

Mr. VANDENBERG. I think the best thing I can do is to let the Secretary speak for himself.

Mr. WHERRY. Is that in the record?

Mr. VANDENBERG. It is not in the printed record, because the Secretary's testimony came too late to be included, in view of the fact that the Printing Office was not operating Saturday and Sunday.

I now read from Secretary Anderson's testimony in response to a question relating to crops in connection with interim relief. I read from page 48 of the transcript for November 18:

I would say that they—

He is referring to Members of Congress who vote for interim aid—

are not voting themselves into controls except as it relates to allocations and set-asides. It seems to me that this interim aid program is not, on the food front, so greatly in excess of what we had normally planned to ship, and would ship, to these countries. The most it would do would be to require us to use some allocation powers, and maybe some set-aside powers, in those fields where grain became somewhat scarce next spring as a possible result of the publication of an unfavorable crop report.

That is the end of that particular quotation. Later Secretary Anderson agreed generally that the aid proposal would not, by itself, be responsible for the necessity of any further controls. On page 58 he was asked the following question:

You do not think it calls for any price controls in foodstuffs? That is my question.

Secretary ANDERSON. I do not. But I say to you, as I tried to say a minute ago, that the publication of an extremely adverse crop report might change all of our calculations, but that would not be a direct result of interim aid.

My recollection is that he was constantly warning us that there are some crop reports which must be made this winter, which, in spite of anything or everything, can have an impact one way or the other, which might be contemporaneous with the interim aid, although interim aid would not be responsible for it.

Mr. WHERRY. Is there any place in the testimony of Secretary Anderson or of anyone else who testified, where there is a definition of what the supposed allocations and set-asides might be with reference to agriculture? At the moment I am not interested in steel.

Mr. VANDENBERG. I do not think so.

Mr. WHERRY. Did anyone ask the Secretary what the proposed program might be so far as allocations are concerned?

Mr. THYE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. THYE. I heard the Secretary make the statement just read by the senior Senator from Michigan. The situation now depends upon the condition of the winter wheat crop in the Southwest. We have had excellent rains in the past week or 10 days. Should there be additional moisture in that area, we might have a crop which would insure sufficient grain to carry us through. That is a question which no one can answer until we go through the season and determine what the winter wheat crop will be.

Mr. WHERRY. So long as the Senator has taken a part in this colloquy, I should like to ask him a question. What I am trying to find out is not whether the crop will be greater than the estimate, but whether the Secretary of Agriculture or anyone else defined what was meant by allocations and set-asides. What is the proposed control to be, in the event it comes? Is there any evidence in the hearings which shows what would be suggested in the event that controls were to be imposed? I am interested primarily in agriculture. The statement which was read indicates not that the interim aid would be responsible for the controls, but that eventualities beyond control might cause the administration, through the proper authorities, to impose controls. I am interested in knowing whether there was any evidence as to what allocations or controls would be used in the event the President desired to control agriculture.

Mr. VANDENBERG. To repeat, my answer to the Senator is that the subject was not pursued in detail by the committee. The impact which the Secretary's testimony made on me—and I think on the other members of the committee—was that no sort of control will be primarily necessitated by the thing which is proposed here. The Secretary constantly referred to the effect of the publication of an adverse crop report on wheat, and referred rather slantingly to allocations and set-asides in connection with what might happen as a result of such a report. But at no point was he discussing—or so it seemed to me—what he considered to be any sort of necessity for new controls of any nature arising from the interim arrangement, except export controls.

Mr. WHERRY. I trust the Senator will place the Secretary's letter in the RECORD at this point. I think it is informative.

Mr. VANDENBERG. I am speaking of his testimony before the committee.

Mr. WHERRY. Of course, that will be made available in printed form.

Mr. VANDENBERG. Yes.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. VANDENBERG. I yield.

Mr. WHERRY. With respect to the 25 percent which those in authority are to be empowered to spend outside the country, was there any testimony in the hearings with respect to acquisitions which have already been made, or agreements which have been made with other countries to supply, for example, farm machinery to Argentina, which in turn will supply grain to France?

Mr. VANDENBERG. Will the Senator repeat his question?

Mr. WHERRY. Was there any evidence in the hearings to show what is contemplated in connection with the 25 percent which those in authority are to be authorized to spend outside the country? Was there any evidence as to how it was to be used? Was the question raised in the hearings, or has there been any evidence offered as to what any agricultural agency has done with respect to exchanging farm imple-

ments with Argentina for grain, which, in turn, will be shipped to France?

Mr. VANDENBERG. I have no information in response to the latter part of the Senator's question. So far as the first part of his question is concerned, the 25-percent ceiling on so-called offshore purchases was a purely arbitrary figure which the State Department said would be a safe maximum in respect to offshore purchases. The Department had no objection to it, although as originally written the bill would have had no ceiling in respect to offshore purchases. Among the categories of commodities which are to be purchased offshore is petroleum. The Senator from Massachusetts [Mr. LODGE] was responsible for the additional amendment, with which the Senator from Nebraska is familiar, requiring all petroleum purchases, so far as practicable, to be made outside the country. As I understand the Senator's question, it is, What offshore purchases are contemplated by the Department of Agriculture? That would refer to cereals and other foods.

Mr. WHERRY. As I understand, an exchange of manufactured products for grain was proposed, under the theory that the inflationary effect would not be so great if the grain were obtained in Argentina. It does not make any difference whether we furnish implements or grain. It seems to me that the inflationary impact on the domestic economy is the same.

Mr. VANDENBERG. The Senator will understand that agricultural implements and machinery are not contemplated under the terms of this bill.

Mr. WHERRY. None whatever?

Mr. VANDENBERG. None is contemplated.

Mr. WHERRY. Is there none contemplated in connection with the 25 percent procurement offshore? Is it not contemplated that there might be such an exchange in the case of food commodities to be sent to France?

Mr. VANDENBERG. There is no other purchase contemplated under this bill, with the possible exception of spare parts for agricultural machinery.

Mr. WHERRY. There is one further question which I should like to ask with regard to the bill.

Mr. VANDENBERG. Does the Senator wish the information with regard to off-shore purchases?

Mr. WHERRY. Yes. I did not know that the Senator had it before him.

Mr. VANDENBERG. So far as cereals are concerned, there are apparently no off-shore purchases. With respect to other foods, the only offshore purchase is \$6,000,000 for Italy. With respect to coal, there is contemplated an off-shore purchase of \$11,000,000 for Austria, \$9,000,000 for France, and \$10,000,000 for Italy, or a total of \$30,000,000. With respect to petroleum products, offshore purchases of \$13,000,000 are contemplated for France, and \$8,000,000 for Italy, a total of \$26,000,000. With respect to fertilizers and other agricultural supplies, offshore purchases are contemplated to the extent of \$1,000,000 for

Austria, \$6,000,000 for France, and \$10,000,000 for Italy, or a total of \$17,000,000.

With respect to medical supplies, no offshore purchases are contemplated.

Mr. WHERRY. Would the Senator answer this question, please? On page 2, section 3, subparagraph (a), there is this language:

(a) procure, or provide funds for the procurement from any source, food, seed, and fertilizer; coal, petroleum, and petroleum products; other fuel; fibers; pesticides; medical supplies; and such commodities as the President finds are necessary for the accomplishment of the purposes of this act.

What other commodities are contemplated?

Mr. VANDENBERG. I do not think the Senator's question can be answered specifically. This latitude is intended, as I understand, to cover exigencies which might arise in which some trucks might be needed to deliver supplies. It is purely incidental to the administration of the act, with the single exception of cotton in France, which is specified in the report.

Mr. WHERRY. Will the Senator advise me if it would be possible, with reference to goods which are to be fabricated, to make a loan through the Export-Import Bank under that portion of the relief bill?

Mr. VANDENBERG. I do not think there is any such portion of the relief bill. The commodities are admittedly incidental, with the single exception of cotton.

Mr. WHERRY. In other words, it is a very small amount.

Mr. VANDENBERG. A very small amount, and only one commodity.

Mr. WHERRY. My understanding is that cotton for France would amount to approximately \$38,000,000.

Mr. VANDENBERG. That is correct, and that is all.

Mr. WHERRY. So that the Senator feels that this is not a broad power?

Mr. VANDENBERG. Quite the contrary.

Mr. WHERRY. There are some other questions I should like to ask, though, I did not intend to ask them today. Inasmuch as this point was brought up, however, by the distinguished Senator from Illinois, I should like to ask this question for the information of myself and other Members of the Senate. Referring to the goods sent over in the food train, they are in a different category, and go over as charity?

Mr. VANDENBERG. Entirely.

Mr. WHERRY. I want the Senator to know that I am just as much interested as anyone else in seeing that people who are starving and hungry are fed. I voted for the relief bill. But as I understand, the food we send to France and Italy is literally sold to those governments and paid for in their currency, the money being placed in a revolving fund. After the Government buys the food, where does it go, and what assurance can the Senator give to the Senate that it actually gets down to the level of the ones who are hungry and need to be fed? What assurance is there that those persons will get it? The Senator well

knows that the Secretary of State said that the same agencies would be used in this relief as under the general relief act.

Mr. VANDENBERG. Somewhere in the miasma of papers before me I have specifications regarding the way in which Mr. Allen's organization works, and I have been trying to put my hand on it.

Mr. WHERRY. That is the organization which is now distributing post-UNRRA relief?

Mr. VANDENBERG. That is correct. I think the Senator will agree with me, from anything which he himself has seen or heard in Europe or from reports from other Senators who have come home, that the administration of Mr. Allen's responsibilities has been very substantially satisfactory, relatively speaking.

Mr. WHERRY. If the distinguished Senator will bear with me, it is my opinion that things have not changed very much over there, and that is why I think that if any further safeguards can be written into the bill which will make possible better distribution, it might be helpful. Let us consider wheat. After it is sent over, the allocation is made, and the money is put up, then it is certified to, and the money is paid out of the loan. As I understand, under the present plan the wheat is sold to the millers and they distribute it to the wholesalers, it goes down through the retail channels, and finally gets to the consumer, who pays for it under a ration card and an alleged price ceiling. He is given that card either by the one who has charge in the municipality or in the rural district. The system is similar in Austria, where the burgomaster hands out a ration card. Am I correct in my assumption that that is the way it is distributed?

Mr. VANDENBERG. I think that is substantially the system.

Mr. WHERRY. I should like to read the distinguished Senator from a report which was handed me, prepared by the staff of the Appropriations Committee. Under the heading of "Appraisal of the agricultural situation in France and interim aid requirements," figures are given showing commodities to be supplied to France during the period from December 1, 1947, to March 31, 1948, expressed in terms of millions of dollars. I am not sure where they obtained the information, but no doubt it is material which has been assembled by the Department of Agriculture.

Here is a point which I should like to raise in the mind of the Senator, for one purpose only, that is, whether any safeguards can be written into the bill. I think there should be, if the distinguished Senator wants to accomplish the purpose which he so dramatically, forcefully, and eloquently described in his speech. We should get the relief to those in Europe who actually need it. There is a big question in my mind as to whether it actually gets to them.

I read from the report to which I have referred, as follows:

French agricultural recovery has been hampered by the exceptionally poor wheat harvest in 1947, which is expected to reduce food production in 1947-48 to about 80 percent of the prewar average; the inability to enforce agricultural and food controls effectively—

When I was in France it certainly was ineffective. That has been within the past 10 months.

With the black market—

Mr. VANDENBERG. We did not have much luck here, either.

Mr. WHERRY. We should have some guarantee that the people who are hungry will receive the food.

I did not finish reading. The report continues:

with the black market and the illegal feeding of food grains to livestock reducing the amounts available for rationed distribution; the shortage of labor and of work stock.

There is quite a difference between the food going in the ordinary way and that going on the Friendship Train. There is a lot of difference, I think, in distributing the food to the millers who in turn sell it. I suppose that is about the way it will have to be done in order to continue those political societies, which I am not going to quarrel with because if the purpose is to keep them going that is probably the only way to do it.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WHERRY. Just a moment. There is a difference between that system, and filtering the food down through the different channels of trade, if we do not have closer supervision than we have had. If we are going to distribute food according to that system, what assurance have we that those who need the food will receive it? If the Senator can write any safeguards into the bill such as have already been written in the Relief Act, that is what should be done in this interim-relief bill or any other relief bill with reference to any countries other than France and Italy.

Mr. VANDENBERG. Now may I answer the Senator?

Mr. WHERRY. Certainly.

Mr. VANDENBERG. My answer will be very brief. If the Senator can devise any language which would amplify the protections which we have tried to write into the bill, I should be delighted to consider them, because I agree fundamentally with his point of view that we wish to pursue the protections to the last practicable degree.

Mr. WHERRY. Yes.

Mr. VANDENBERG. In regard to the question of guaranties, I remind the Senator that when I began to speak this afternoon I specifically said that there are no guaranties that can possibly be made in respect to enterprises of this nature, either at home or abroad, and that all we can do is do the best we can.

Mr. WHERRY. So if price ceilings are ignored and if black markets flourish in France, and if price ceilings cannot be enforced or black markets prevented there, what will be done?

Mr. LODGE. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. LODGE. I think there are three paragraphs in the bill which bear on that point.

Mr. WHERRY. Does the Senator refer to the withdrawal of aid?

Mr. LODGE. That would be one of them. Of course that is the underlying power behind everything.

Mr. WHERRY. Certainly. But once we make a commitment, we have a moral obligation to keep it or carry it out. Would not it be worse for us to make the commitment and then withdraw the aid after we had said we would give it to them? The Senator knows that it would be very difficult to handle the distribution under the method set forth.

Mr. LODGE. I should like to state that section 2 of the bill provides that "it is the purpose of this act to provide immediate assistance to alleviate conditions of intolerable hunger," which, of course, is a condition.

Then we find that on page 5, subsection (e) provides the following:

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this act.

I think that is very clear. I believe that if a government violates the provisions of that subsection, we should suspend the aid; and I think that would be an extremely good thing to do, and a thing which would enhance our popularity in the recipient country.

Mr. WHERRY. Directly on that point, let me inquire whether the Senator thinks we can supervise the distribution of this aid any better under any requirements we write into this measure than has already been done by the government in France.

Mr. LODGE. I think we are getting to know more and more about this business every year, and are getting smarter; at least, I hope we are.

Mr. WHERRY. I thank the Senator.

Mr. LODGE. In connection with the Senator's question, I wish to present a point which has arisen in my mind. The Senator attributes the poor wheat crop in France to the bad weather—which of course is true—and also to the fact that some of the farmers in France are feeding wheat to their cattle or other animals, as a result of which they get a better price for the wheat when those animals are sold in the black market.

Subsection (f) reads in part as follows: not to permit any measures to be taken involving sale, distribution, or use of any articles of the character covered in this act—

Which includes feeding wheat to cattle—

which would reduce the locally produced supply of such articles or the utilization of foreign sources of supply other than the United States.

In other words, there is something that can be, and I am sure, will be written into every agreement our representatives make with the recipient country; and if it were not lived up to, we would be justified in suspending the aid, and I think we should.

Mr. WHERRY. How would that be policed? Does the Senator know how many farmers there are in France?

Mr. LODGE. I do not know.

Mr. WHERRY. Certainly the number of farms in France is very great. How would they be policed?

Mr. LODGE. That could be done only by means of spot checks here and there; and if a case of that type of wrongdoing

were found, the enforcement authorities should crack down good and hard. When that is done, they will begin to learn the lesson, in my opinion.

Mr. MILLIKIN. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. MILLIKIN. The distinguished senior Senator from Michigan began a while ago, as I understood, to read from a report which will show the exact system of distribution which will take place in the case of these particular materials. I think it most important that that be presented, because then we shall know how the law as to the distribution will read.

Mr. WHERRY. I appreciate that. However, I understood the Senator from Michigan to say that it will be the exact procedure now used in connection with the relief bill, which is under the head of Mr. Allen, and is set forth in the report.

I ask again, very humbly, what assurance will we have, if we pass the bill, that the wheat and the bread will reach the people we are trying to feed? To my mind, that is the vital point. I am sure the people of America do not understand it. We are to sell the wheat, and France is to put up the money and then allocate the wheat to the millers, who will sell it to the retailers, and they will sell it to the people we are feeding for humanitarian purposes. Will they get it? It seems to me that we must enforce that administration if they are to receive the desired assistance.

It seems to me that the humanitarian appeal is not sufficient. After all, is it not one of the purposes of this bill to provide that each government have a currency that will operate effectively? When I was in Paris, I was told, believe it or not, that there were 34,000 persons on the pay roll of that city. Just think of that. I do not know whether that is true; I was told that by a high official in government.

Furthermore, I think we should know the number of persons who are on the pay roll of the entire French Government, because, after all, if we are going to help bolster the French political economy by selling this food and helping maintain the status quo of that government until a long-range program is inaugurated, I think we should have something to say about the administration of the food and something to say about how to stabilize their government and their currency, all the way down the ladder to those to whom we expect the food to go.

Mr. VANDENBERG. Mr. President, I know the Senator is in good faith about this matter.

Mr. WHERRY. Certainly.

Mr. VANDENBERG. I should like to ask the Senator whether he thinks that a relief program which expires in 90 days can be preceded by the setting up of a system which will follow the food all the way down to the ultimate consumers.

Mr. WHERRY. That question was asked during the hearings, and I think the Secretary of State replied that it could not be done, and that they thought the system would be reasonably satisfactory. There is not much in the report to show what they have done. From

reading the report, I cannot find any change in the conditions under this general administration, as compared to the situation under the administration they had before.

I am simply saying in good faith that if in connection with this legislation there is anything that can be done which will give our Government more authority and more power to make the necessary checks and supervise the distribution of the food so that it will go where we want it to go, certainly that will be in the interest of those who are hungry and who need the food. That is not an unfair request; is it?

Mr. VANDENBERG. I have not suggested that it was an unfair request; but I am trying to find out precisely how the Senator would pursue his objective, because I should like to join him in it. I know of nothing along the line the Senator suggests that cannot be done under the authority that is provided in the bill.

Mr. WHERRY. If the Senator from Michigan will bear with me, let me say it was my humble opinion that it could not be done under the bill as it is now written. If the grain were sold and were to go down through the various segments of their economy, I do not know how it could be done.

I appreciate the suggestions of the Senator from Massachusetts, namely, to make some spot checks and if a black market is found, to stop it. But I appeal to the Senator that it will be most difficult to stop it even if we find from a spot check that there is a violation. Is not that true?

Mr. VANDENBERG. I am trying to explore the Senator's mind. Is he suggesting that he objects to the plan of making payment in the local currency?

Mr. WHERRY. No. I think one way to find out whether the food reached the people to whom we wanted it to go would be to make a check through an organization such as the Red Cross. I am not sure; I am simply giving my reactions to the proposed legislation, because I do not have a constructive plan to offer. I am not criticizing the relief program or the general procedure under which we are operating, but I wish to do all I can do to make sure that those who need the food get it. I venture to say to the distinguished Senator that if the distribution works as it worked 10 months ago, I think he will agree with me that there is grave doubt whether those we want to feed will get the food.

Mr. VANDENBERG. At that very point I wish to reiterate that the mistakes which were made 10 months ago were so grotesque that they are almost beyond apology, and in my opinion neither the Senator from Nebraska nor any one else has heard criticism against the post-UNRRA administration, which is headed by Mr. Allen, remotely approaching the criticisms that were made of UNRRA.

I do not know whether we are guilty of a lapse in not making an investigation overseas on our own responsibility to determine to what extent the administration of these new relief funds has succeeded in rising above these previous mistakes, but when we find an almost uniform agreement among all our re-

turning colleagues that they do not find a repetition of the old mistakes in the new administration, I submit to the Senator as a matter of fairness that for a period of 90 days we are entitled to assume that things are very substantially improved in the aspects to which the Senator very appropriately adverts.

Mr. WHERRY. From where does Mr. Allen operate?

Mr. VANDENBERG. From Rome.

Mr. WHERRY. Would it be necessary to set up a branch agency in France?

Mr. VANDENBERG. They do have a mission in Austria, and they will have a mission in France.

Mr. WHERRY. That has to be set up?

Mr. VANDENBERG. The mission in France has to be set up.

Mr. MILLIKIN. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I yield.

Mr. MILLIKIN. I should like to take, for example, a boatload of wheat landed in Naples, and trace it to the hungry person we desire to feed. Is there anything in the report giving such information, or can anyone tell us what will happen to the wheat that lands in Naples until it gets into the mouth of the hungry person?

Mr. VANDENBERG. Did the Senator say inside the mouth of the hungry person?

Mr. MILLIKIN. I should like to get it inside the mouth of the hungry person.

Mr. VANDENBERG. I do not think we have gotten quite that far, but I think that is a fair question, and I should like to have a written reply to that question from the administrators of the bill.

Mr. MILLIKIN. That is a very important question. That is the one concern and the only concern in the minds of the American people, that the food shall get into the mouths of the hungry people, and that it will not be a gravy train for the black marketeers.

Mr. VANDENBERG. If the Senator thinks there should be any guaranties written from Washington against gravy trains for black marketeers 5,000 miles from home, I suggest to him that we look at our own experiment in that aspect and see to whom we might turn to show us how to achieve this ideal purpose right here under our own roof.

Mr. MILLIKIN. I have despaired, as far as the local implications are concerned. I think we are entitled to have perhaps the Italian Government's statement to us as to how it will administer the wheat from the port to the mouth of the hungry person.

Mr. VANDENBERG. Let me remind the Senator that bilateral contracts are written between the Government of the United States and each of the beneficiary governments, in which our requirements are set forth in detail, and it is just our fault if we do not make the requirements what they should be.

Mr. MILLIKIN. I should like to find out exactly what they should be.

Mr. VANDENBERG. I cannot over-emphasize, as I tried to cover in my original statement, the totally different reactions we had from the State Department, the Department of Agriculture, and the Commerce Department, in re-

spect to the kind of preparation which is being made now in the light of the mistakes from which we have learned our lesson. I think the picture is a very encouraging one.

Mr. MILLIKIN. I do hope that during the course of the debate we shall have in detail an illustration of the type I have mentioned, or some other fair type, so that we can trace a shipment from the landing in the port of the foreign country to the ultimate recipient to see that the people we want to get the food do get it.

Mr. VANDENBERG. I publicly instruct the chief of staff of the Senate Committee on Foreign Relations to demand that the State Department forthwith prepare a complete written timetable and inventory showing precisely what the Senator wants to know, from the port at which the commodity lands, clear down to the ultimate consumer.

Mr. MILLIKIN. I appreciate that very much.

Mr. VANDENBERG. Let me call the attention of the Senator from Colorado to one other matter. There is on our desks here a report which has just been released, and I have not had time to read it in detail yet. It is the report on the first quarter of the United States foreign-relief program, the post-UNRRA program. From what I have seen in glancing at it, I think the Senator will find a large mass of pertinent and persuasive testimony and information bearing upon the type of question he has submitted.

Mr. MILLIKIN. I may say that I have at least skimmed the material that has been furnished us, and the same questions have lingered in my mind that have been in the mind of the Senator from Nebraska. At least, in the State of Colorado, I have found no objection to the type of aid proposed, but I find a uniform desire on the part of the most enthusiastic supporters of the program that this time the commodities shall go where we intend them to go, and shall serve their intended purposes.

Mr. VANDENBERG. I now repeat myself once more, and finally, in this connection, because I do not think there should be any misconception in the Record. All those prejudices—and that is really the wrong word, because it is far more than prejudice, it is a highly justified condemnation—all these condemnations to which the Senator refers go back to the UNRRA period, without exception.

Mr. WHERRY. That is correct.

Mr. VANDENBERG. The Senator will find nothing of the sort applying to the post-UNRRA administration under the foreign-relief program during the last 90 days, certainly, with very few exceptions, and even those are generalities.

I submit that a tremendously advantageous advance has been made in the technique of this administration. I state that, from the information that comes to us, the administration of these matters has overtaken, practically, all the outstanding outrages against which American public opinion rebelled. I think the people are entitled to feel some degree of confidence as they approach this post-UNRRA evolution.

Mr. LUCAS. Mr. President, will the Senator from Nebraska yield for one question?

Mr. WHERRY. Just a moment, and I shall yield. I should like to express my appreciation to the Senator from Colorado for the observations he has made. I am glad he has asked the distinguished Senator from Michigan a question which brought out a very constructive suggestion as to requiring the State Department to give us the picture of the procedure that is followed from the time the food lands in the port until it is inside the mouths of the people.

I hope conditions have changed. I have not read the report which is on our desks, but I hope that what the distinguished Senator from Michigan says is absolutely correct. If conditions have changed, if we have assurance that the food will reach the people for whom it is intended, that will eliminate one of the big obstacles in the way of the pending bill or any other bill under which aid is extended.

I was dumbfounded when I read the report of the Committee on Appropriations that was referred to on Saturday night. If there has been such a revolution in practice in Europe and conditions have grown so good, it seems to me that kind of report would not be made relative to the situation in France today.

I attended a farm sale in Europe during the past summer and saw a 2-year-old colt, which in my section of this country would sell for \$75, or perhaps \$50, bring 187,000 francs.

Just think of it. Currency does not mean anything over there. The man sold the colt because he wanted to buy a cow, and the other man sold the cow because he wanted to buy a horse. It was a case of barter. The only medium of exchange over there is gold, and I am not sure but what it ought to be the medium today, if we are going to stabilize the currencies of those countries. Gold would bring the desired results, but the currency would not. All I am asking is, If we are going to distribute food into the black-market channels referred to on page 19 of the report, which was handed to me just a day ago, and which indicates that it will go right into the black markets unless we have some supervision over it or some way of investigating or some way of handling it, are we accomplishing the purposes sought to be accomplished in the bill? I am just as anxious to see the relief distributed, and almost anything done in order to get the food to the hungry, as is any other person in the United States, but I do not want to see the food that is to go to the people who are hungry and starving pass into the black market, to be sold for gold or sold to people who can afford to buy it while others go hungry. That is just what I would like to see eliminated.

I appreciate that the distinguished Senator from Michigan has brought this legislation to the floor at this time, and that it is an emergency matter. I want to cooperate absolutely to the best of my ability. I was glad that the Senator from Massachusetts referred to the one or two restrictions written into the bill, but if there is any way in the world in which we can send our representatives with the

shipments, it seems to me we should do so, because we know now from reports just what we might expect if we send it over there without them. I do not know whether enough Americans can be sent with the shipments and whether they could be paid with currency, or whether it would be possible to enforce what we should like to have enforced, so far as the proper distribution of the food is concerned.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. LUCAS. The Senator has raised a very important point, and I agree with him, that the food ought to get to the hungry people of France. The amendment I am going to propose to this bill deals with the revolving fund that is set up in one of the sections of the bill, and this would permit our Government to go into France and do some work in newspapers and over the radio. It would not only be a challenge to Russian propaganda but it very well could do what the Senator is suggesting in the way of informing the people of France just exactly what is being done, and that, itself, would seem to me to be a strong deterrent to corrupt politicians or black marketeers who hope to profit through this interim aid plan.

I think the Senator has made a powerful argument in behalf of the amendment that I am going to offer, which will give our country the right to use some of the money in the revolving fund for propaganda purposes. It could well be applied to what the Senator is discussing now, and at least over the radio and through the newspapers, the people of France, in that part of society that really needs it, could obtain the proper information from our country and perhaps cause the individuals who are ready to violate the law to have a more respect for it.

Mr. WHERRY. Let me ask the Senator a question, since he has referred to the revolving fund. I read about it on Sunday. I remember the admonitions given, and also the reasons urged as to why it should not be used for the very purposes suggested. Will the Senator tell me for what purpose the revolving fund is to be used? As I gather it, the only use we could make of the fund is to pay relief workers and those who are on our staff handling relief. Is that correct?

Mr. LUCAS. It is for relief, and totally for relief purposes.

Mr. WHERRY. That is correct.

Mr. LUCAS. I want to add an amendment to that.

Mr. WHERRY. I understand.

Mr. LUCAS. I do not want to do anything that will interfere with the sovereignty of France, and I do not believe that my proposed amendment would do so. I believe the countries involved in the program would accept the amendment, without serious objection.

Mr. WHERRY. Can the Senator answer me, or will the chairman answer, as to what the revolving fund is set up to do? Are we restricted from doing what we want to do? What is to be done with the revolving fund? What is to be done with the currency? Why can we not pay an ambassador's com-

plete personnel? Why can we not pay our American workers out of this fund, if they are working in France? We paid the soldiers in francs, did we not? Why can we not place a provision in the agreement that if we are to send the food and administer it, the fund can be used in the manner suggested by the Senator? The money can be used in many ways to help pay expenses in connection with relief.

Mr. LUCAS. I think we can do anything, if we can get the agreement between the two governments.

Mr. WHERRY. It would be in the agreement.

Mr. VANDENBERG. That is correct.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. McCLELLAN. As I understand the revolving fund, it emanates from those commodities that we make available directly to the government, or the cash that we make available to the governments of those countries.

Mr. WHERRY. That is correct.

Mr. McCLELLAN. If they can accept our cash, to be used for relief purposes, I see nothing that would prevent an agreement that the revolving fund should be continuously used for that purpose, or used to reimburse the United States. We are not undertaking to get reimbursement, except that we do not want the money we turn over to a government to be used to make a profit for that particular government. If so, then I think the purposes of relief will be thwarted, because those who are most able to buy will be the ones who would get the benefit of commodities that would be for sale. If I may, I would like to ask one or two questions for information.

Mr. WHERRY. I shall be glad to yield the floor, if the Senator cares to have me do so.

Mr. McCLELLAN. I should like to ask the chairman of the Foreign Relations Committee one or two questions.

Mr. WHERRY. I yield the floor.

Mr. McCLELLAN. Mr. President, I should like to ask the distinguished committee chairman whether it is contemplated that any of the relief to Austria would be made available to that part of Austria now occupied by the Soviets.

Mr. VANDENBERG. The Senator will find a special section of the bill relating to the situation in Austria.

Mr. McCLELLAN. I did not discover it in reading the bill.

Mr. VANDENBERG. It is section 10.

Mr. HOLLAND. Page 7.

Mr. VANDENBERG. I shall have something to say to the Senator about that. The Senator will note at the bottom of page 7 of the bill that special arrangements have to be made in connection with the agreements in Austria, due to the fact that, while Austria has an independent government with which we make our contact, all of Austria is occupied under military control, in four military sectors. Therefore it is impossible for us to make the same type of independent agreements with the Austrian Government that are made with France or Italy, because they have to be subject to the negotiations of the high

commissioner with his opposite members in control of the other militarily occupied areas. The relief goes to the Austrian people as a whole regardless of the area in which they live. But the relationships in respect to the distribution in these various sectors are on the basis of an agreement negotiated by the high commission; and the testimony we have had, believe it or not, is that we are obtaining more from the Russian sector in Austria in connection with this arrangement than is going into the sector, and that except as the existing arrangements were continued there would be grave danger of an arbitrary division of Austria and the Austrian Government.

Mr. McCLELLAN. I do not quite understand how we are getting more from the Russian sector.

Mr. VANDENBERG. Well, I cannot explain in detail to the Senator except that there is a common pool made of the supplies for feeding Austrians, and the sectors themselves contribute in addition to the thing that we are talking about. We are advised that at the present time the contributions coming in from the Russian zone are greater than those going into the Russian zone.

Mr. McCLELLAN. I was concerned about that point, because the opposition to this program being what it is from that source, I did not feel that this country should carry out a relief program in the Soviet controlled area unless there were a clear understanding with respect to what we were spending in that area. I understand, of course, that this is primarily a humanitarian program, but at the same time we are going to undertake a much larger program, or it is urged that we do so, and it is likely that the larger program is going to be opposed, obstructed, with all power, I assume, economic and political, that the Soviet Union and communism the world over can bring against it. I do not feel like assuming a part of the burden and obligation of the Soviet Union in a country which they are occupying, to feed and support its people out of the funds of the United States, while still having to spend money and further burden ourselves by trying to put over a humanitarian reconstruction and rehabilitation program.

I am speaking now for the same reasons which led me to speak against and vote against the last \$350,000,000 general relief bill. At the time that measure was presented I wanted to support a general relief bill, but I offered an amendment to exclude Russia and all her satellite countries from participating in and receiving any benefits from it. Assurances were given to the committee by Secretary of State Marshall that neither Russia nor five of her satellites, as I recall, would not directly receive any benefits, but the right was reserved to give relief to Poland and Hungary. It was not very long after that that the Communists took over Hungary. That is the very point I am making now. We do not have such an abundance that we can take care of all the distressed peoples of the world. If we are to make a choice, I want to see our strength and our charity and our help—whatever we can give to

distressed peoples—go to those who have a chance to survive and to retain their freedom.

Mr. VANDENBERG. The Senator understands how completely I agree with his general thesis, because my entire record underscores that fact. So far as Austria is concerned, I submit to the Senator that the situation is slightly different from that to which he has adverted. Here is a country which has a unitary government, and yet which is occupied four ways, and for which we have been seeking the emancipation of a peace treaty for many months, and still are seeking. It is highly essential that we should hold together this Austrian unity pending the time when it can be released as a unit.

All I can say to the Senator is that the testimony which comes to us is that if there were to be a split in respect to the relief administration of the Austrian Government as between various sectors it would very seriously jeopardize the ultimate Austrian unity which we hope very shortly to certify as a treaty finality. We are told that the way to proceed is in the fashion herein indicated; that there is no net burden on our relief supplies as a result. I remind the Senator furthermore that the Austrian part of this program is a very minor part, and that again the one of the four zones becomes a still further minor part. I think upon inquiry the Senator would agree that it is not advisable for us to attempt to excise any one of those occupied zones at the present time in respect to our policies.

Mr. McCLELLAN. Yes, I can agree with the Senator that a difference exists. But I was just wondering how the Government of Austria could give the assurance required in the agreement with beneficiary governments, as provided in section 6 of the bill, and whether by reason of the agreement we could feel assured that we would be permitted to go into that part of Austria occupied by Russia to make certain that the agreement was kept in that area.

Mr. VANDENBERG. Let me respond categorically to that question. That is the precise point involved in the language in this exception, which reads:

Provided, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that supplies furnished to Austria hereunder are being distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the provisions of this act which are consistent therewith.

The situation is, as explained to our committee, that American administrators and inspectors are not allowed to follow relief supplies into the Russian occupied zone, but for some reason or other thoroughly responsible Austrian inspectors and administrators, who are completely satisfactory to us and known by us to be totally trustworthy, are allowed to enter. Therefore the system operates on the basis of inspection and administration in that little sector involved in this bill by dependable Austrians entirely acceptable to us, and certified to us by our Administrator, Gen-

eral Keyes, to be completely adequate for the purposes which we seek.

Mr. McCLELLAN. I appreciate the Senator's explanation. We do have some slight measure of control and opportunity to know what is going on.

Mr. VANDENBERG. Oh, yes, indeed.

Mr. McCLELLAN. But not as adequate as it would be in other areas?

Mr. VANDENBERG. I will say to the Senator, in conclusion, that he will readily recognize the fact that in dealing with a tinder area like Austria, where there are these four zones of occupation and where we are engaged in this long-time effort to achieve a unitary emancipation, we cannot be quite as free agents in writing legislation—I mean free in respect to not taking cognizance of the military conditions we confront—as we are in other places. I can only say to the Senator that I think the committee itself is fully impressed with the fact that this arrangement is entirely satisfactory, entirely adequate, is not a burden upon American relief, and is the advantageous thing to do.

Mr. McCLELLAN. As the Senator points out, only a small proportion of the entire relief program, \$42,000,000, is allocated to Austria. That is only a small proportion of the over-all total of the relief bill, and we might make some concession. However, I say to the Senator that I should be most reluctant to vote for an over-all relief bill in the amount of this one if we were not to have any more control or supervision over the relief than I think we shall ultimately have in the area of Austria now occupied by Soviet Russia.

Mr. VANDENBERG. I join with the Senator. I would not even be vicariously sponsoring this legislation in behalf of the Administration, its President, and its State Department, if I thought there was the remotest danger that we would not have adequate administrative controls.

Mr. LUCAS. Mr. President, I wish to bring before the Senate briefly what seems to me to be a very serious situation with respect to this program. I am thinking now of the unusual number of people who are on strike in Italy and France. I respectfully ask the attention of the Senate while I read an article from the New York Times of Wednesday, November 19. The caption of the article is:

TWO UNITED STATES CREWS BACK FRENCH STRIKE, BAR TROOPS FROM UNLOADING SHIPS

MARSEILLES, FRANCE, November 18.—Crew members of two United States ships in strike-bound Marseilles supported 85,000 Communist-led French dockworkers today in demanding that Moroccan troops cease unloading vital coal and food cargoes.

Seamen aboard the *Henry Gilbert Costin*, out of New York with a cargo of coal, walked out in sympathy with French stevedores. They issued a statement supporting French Communist attacks against antilabor legislation and the imperialist Marshall plan—

Because—

we believe each nation has a right to its own form of democracy.

On page 14 there is more which I think should go into the RECORD:

Police cordoned the United States ships, refusing to give newspapermen permission to speak to crew members. Troops and police manning submachine guns guarded

tough Moroccan soldiers acting as stevedores for the second day.

EXCHANGE OF MESSAGES

The cablegram from the ship committee to NMU headquarters, 346 West Seventeenth Street, follows:

"French longshoremen on strike. Government threatens use of military to discharge cargo. Picket lines established around ship. A threat of possible violence with endangerment of the safety and lives of crew members. Cite article 2, section 19, of present agreement. Await immediate reply. Am sending copy of World Federation of Trade Unions for information. Further request that New York membership be informed of this dispatch."

The cablegram was to Mr. Curran. Mr. Curran replied as follows:

Contract calls for safe working conditions. If they do not exist you cannot work. However, there must be no interference in labor disputes there, unless and until we are asked for assistance by the World Federation of Trade Unions officially. Advise immediate contact with American consul to prevent crew from possible false charges of mutiny.

I wish to point out what Mr. Curran said to that crew:

There must be no interference in labor dispute there unless and until we are asked for assistance by the World Federation of Trade Unions officially.

Following that, I read from the Chicago Tribune of Friday, November 21. The article is headed "France orders 140,000 troops back to colors."

At Marseille French army specialists continued to unload the flour cargo of the American freighter *Empire State* after the American consul, Cecil Wayne Gray, had persuaded the crew to furnish power for the ship's winches.

That is a very important point. Unless some part of the crew operates the ship's winches certainly no one can be employed to remove the food or other materials upon the particular vessel.

The crew had expressed sympathy with striking Marseille longshoremen and at first had objected to the French Army's unloading the ship.

Mr. President, it seems to me that here is a pattern which may be followed by the Communists in connection with the emergency relief which we are now getting ready to send to France and Italy. In the New York Times there is also a picture of the Friendship Train passing the famous Statue of Liberty on its way to France and Italy. But if the Communists have their way, when these foodstuffs get to the ports in France and Italy they will not be unloaded. It seems to me that it is time to call a halt with respect to American crew members who refuse to permit anyone other than longshoremen—and Communists at that—to unload those ships when they reach the harbors of France, Italy, or any other European country.

I should like to ask the distinguished chairman of the Foreign Relations Committee whether this question was discussed before the committee at any time.

Mr. VANDENBERG. I assume the Senator is referring to strikes.

Mr. LUCAS. I am referring to American crews who refused in the beginning

to permit anyone but the union members, the so-called longshoremen, to unload their vessels, and expressed sympathy with the Communist strikers in France while they were there. I am saying that in my judgment that may be a pattern of what may happen in an attempt to destroy not only the interim aid program, but also the Marshall plan as well. The crew members of one ship not only went so far as to protest against soldiers unloading the ship, but they also denounced the Marshall plan. This incident indicates definitely what they were attempting to do. These American seamen were in total sympathy with the Communists in that port. If that is the pattern to be followed, I am wondering what we can do by way of legislation with respect to a crew outside the jurisdiction of the United States which refuses, for example, to permit troops to unload a ship when strikers refuse to do so, or the union members who are supposed to do it refuse to do it.

To me that is an important thing. I can visualize a communistic program which may tie up every ship in every harbor if American seamen take the same position which these two crews did with respect to those ships. It seems to me that the question ought to be raised now; and if any legislation can be drawn in connection with this bill which would protect the delivery of such goods to the French or Italian people, whether the goods are unloaded by union members or by soldiers, it ought to be done.

Mr. VANDENBERG. All I can say to the Senator is that we have not explored that subject.

Mr. LUCAS. Does the Senator think there is any merit in the point which I have raised?

Mr. VANDENBERG. Most certainly, because anything which subverts the program is at war, so far as the Senator from Michigan is concerned, not only with the best welfare of our friends abroad, but with the naked welfare of the United States itself, because of its self-interest in these matters. I shall be very glad to have the Senator from Illinois pursue the subject.

Mr. McCLELLAN. Mr. President, I merely wanted to inquire, in line with the subject under discussion at the moment, whether under the provisions of the bill as now written, without any further amendments, provisions, or safeguards, the commodities which we send to France, Italy, or Austria could be used for relief of strikers in coal mines while we supply them with coal from America when they will not dig coal for themselves.

Mr. VANDENBERG. I cannot reply categorically to the Senator's question. All I can say is that the whole subject of commodity use is a matter of bilateral contract between our Government and the recipient governments.

Mr. McCLELLAN. The contract of which the Senator speaks could be so drafted that it would preclude any of this aid or relief to strikers in vital industries, could it not?

Mr. VANDENBERG. I would think it could. I can understand the Senator's point of view, and I sympathize greatly with his ultimate objective. But I seri-

ously doubt whether it is desirable or advisable for us to attempt to become too specific in the detail of obligation or inhibition which we require of these very hard-pressed governments for a 90-day period when they are struggling on a life and death basis to survive as free nations.

Mr. McCLELLAN. I can appreciate that; but it might be that our requirements would bolster them in endeavoring to make some requirements of their own. I can appreciate also that when this program is started and some of the people who ought to be working go out on strike, and we tax the American people in order to pay those who are on strike and are not producing the things they need, we shall be put into a pretty awkward position, and some of us will be hard pressed when we go back home next year.

Mr. VANDENBERG. The subject which is now raised interests me particularly in connection with the long-range program, which is the rehabilitation program. I do not want to anticipate that debate at the present time. I do not want to say, however, that one of the things in connection with the long-range plan which appeals to me as being highly sensible and perhaps highly prudent is the fact that each one of the recipient countries will set down for itself in a contract its objectives by way of self-help and self-improvement, which it is bound to do if it is to justify our aid. Our aid is to be continuously contingent upon the degree in which the recipient country hits the target it has set up for itself.

My feeling is that if local sabotage and local subversion in any of the recipient countries become responsible for their failing to hit the target they will have directly identified themselves and their actions as the reason why the aid is withdrawn and why their countries are going to starve, and I think that would finally create an indictment of the subversions and sabotage abroad which would be very largely calculated to discourage them.

Mr. McCLELLAN. The only safeguard in the pending bill in connection with the question which I have raised is that the President has the power at any time, for any reason, to withdraw aid.

Mr. VANDENBERG. Yes. I do not hesitate to say on this point, Mr. President, that the Senator may remember that the words "if it becomes desirable" are used in connection with the President's authority.

Mr. McCLELLAN. That is what I mean; that is the safeguard which is in the bill as it is now written. It is entirely at the discretion of the President.

Mr. VANDENBERG. I am sure that I do not have to spell out the word "desirable" to the Senator from Arkansas in order for him and for me to find ourselves in agreement as to what we are talking about.

Mr. MAGNUSON. Mr. President, will the Senator from Michigan yield for a question?

Mr. VANDENBERG. Certainly.

Mr. MAGNUSON. The committee saw fit to include section 5 in the bill, which gives some measure of protection, it is

hoped, to the American economy. In other words, at least 75 percent of the aid must be purchased in America, and that will help the American economy. I am wondering why the committee did not go further and at least put a protective clause on another segment of American industry which might be aided by this program, namely, the maritime industry, and give it some protection in the same ratio in which aid is now being accorded in relief tonnage as between the recipient countries, so that American bottoms might haul these goods in the same ratio.

Mr. VANDENBERG. I have no objection to stating categorically my hope and expectation that American bottoms will be used in the transportation of relief commodities to the maximum practicable degree. I do not think it is possible to start writing specific percentages into the bill or specific exceptions in connection with the requirements, because we might defeat our own purposes. In the final analysis our purpose is not to protect the American merchant marine or to protect American petroleum. Our purpose is to help free citizens to remain free during a winter when their starvation might drive them into virtual slavery.

Mr. MAGNUSON. I appreciate that.

Mr. VANDENBERG. But whatever contingency may arise, I will say to the Senator from Washington that in order to achieve our purpose there ought to be enough latitude to make that possible. I am familiar with the protest to which the Senator refers, and I have so stated to the shipping interests of the country. I think he ought to be satisfied with the statement that the whole purpose and impulse will be to use American bottoms to the utmost practicable degree. But we are dealing with emergencies, and we shall not be able to tie ourselves down to specifications in connection with them.

Mr. MAGNUSON. I appreciate the purpose of the bill. I am inclined to think that perhaps Section 5 should not be in the bill. But as long as the committee did decide to include this type of restriction, and for the very proper purpose of having some protection, I was wondering why it went so far and then omitted one segment of the American economy which could really be benefited by the deliveries.

I say to the Senator from Michigan that representatives of the maritime unions, that is, the AFL and the CIO, and several members of the American shipping federation, are quite alarmed. Time magazine and several periodicals and news stories recently have indicated that unless some direction be given to Mr. Allen's organization or the State Department that what I have suggested be done, probably not over 10 percent of the goods specified in the long-range plan would be hauled by American bottoms.

This is about the only business left on the seas. The American maritime industry is getting into a sorry state, even worse than after World War I. Either we are going to have to let them in on this business, with some directive to the State Department that they use American bottoms, or our ships will go off the seas. I appreciate that the Senator from Michigan feels that they will do the best they

can in that connection; but I am afraid that unless we give them some directive, just as we have done as to the purchase of the goods, possibly the program will work to the detriment of American flag ships, and they will go off the seas.

If we go into the long-range plan, it will provide the only really substantial business the maritime industry will have.

Mr. VANDENBERG. I think the point raised by the able Senator from Washington is highly pertinent in connection with the long-range program.

Mr. MAGNUSON. Yes; much more so than in connection with this program. I appreciate that.

Mr. VANDENBERG. I doubt whether it is particularly pertinent in connection with a 90-day crisis which involves food and fuel and medicines and a type of relief which simply does not lend itself to the commercial point of view in respect to its administration.

Mr. MAGNUSON. Certainly section 5 involves the commercial point of view.

Mr. VANDENBERG. I do not think so, because the truth of the matter is that section 5 is written for the purpose of taking as much pressure as possible off the purchase of domestic commodities in the United States as can be done within the plan by the Department, and they tell us that 25 percent is their ceiling. So the figure is left just as a concession to the general idea that in connection with the expenditure of relief funds we usually want to protect domestic purchases as far as possible, although the actual objective is to be sure that we buy as much as possible abroad, inasmuch as we want to take the pressures off our domestic economy.

Mr. MAGNUSON. I think the mail bags in the Senator's office would be stacked rather high if most of the goods were purchased somewhere else, because if the American public are paying out their tax dollars for commodities that are to be purchased and taken to Europe, they would like to have as much as possible purchased from them, because that puts some of their tax dollars back into their pockets, with the result that the program for foreign aid does not cost them as much as it otherwise would.

Mr. VANDENBERG. Unless—and I am sure the Senator from Washington will agree—the commodity is in short supply and the increased purchases at home tend to inflate the price which the purchaser here at home has to pay. At that point I do not think he would cheer very loudly about the added pressures placed upon the American economy.

Mr. MAGNUSON. Of course, I know what the argument at the State Department will be: Namely, that it will cost more to ship it in American bottoms, and it will be cheaper to ship it in a Norwegian vessel or a British vessel or in a vessel flying the Panamanian flag. Some of the Greek people are now making money by living in New York and registering a ship in Panama and hauling supplies from New York to Greece. Under those circumstances they do not pay taxes in either country, and it is much cheaper to haul the goods in that way, and the crews they employ are paid lower wages.

But in connection with the long-range plan, we have this alternative. I know the Senator from Michigan will keep it in mind. We have a choice as between either subsidizing American shipping by an outright grant or subsidy, or else bringing them into the long-range program, even though it will cost a little more to ship these materials to their destination on American flagships. If we do not make such provision, the American flag will soon go off the high seas.

Mr. President, I shall submit an amendment to that effect. I know the Senator from Michigan will oppose it, but I wish to call it forcibly to the attention of the Senate and the country, because our shipping has fallen off in tonnage over 62 percent since 1939. American ships are tied up everywhere, and ships of other nations are plying the high seas. This program presents the biggest plum of all.

Mr. VANDENBERG. Oh, no.

Mr. MAGNUSON. I mean the long-range plan.

Mr. VANDENBERG. Of course. I would distinguish between this program and the long-range plan.

Mr. MAGNUSON. However, this plan will involve a considerable amount of shipping, for it applies to cargoes similar to those our ships carried during the war.

Mr. President, I know the amendment will not harm the bill, because it will provide what the Senator from Michigan wishes to have provided, as well as what the Senator from Washington wishes to have provided.

Mr. VANDENBERG. I wish to have the maximum protection provided, and in this bill I wish to subordinate any restrictions which may cause it to fail of its true and legitimate objective.

Mr. MAGNUSON. I wish it to be clear that had not section 5 been included in the bill, I would not have proposed such an amendment. But section 5 is a section—a commercial section, if you please—to provide for the purchase of the goods involved in such a way as to protect the American economy, whereas the only segment of the American economy that could really benefit has been left out.

Mr. VANDENBERG. If the Senator wishes to compromise by taking off all percentages as to anything, I should be particularly interested in doing so.

Mr. MAGNUSON. Yes, and I think the Senator from Michigan did not particularly like to have this section included in the bill.

Mr. WHITE. Mr. President, I wish to say a brief word about the situation. I dislike to find myself out of harmony with the Senator from Washington [Mr. MAGNUSON] on the amendment he has in mind, for there is no one in the Congress of the United States more loyal to the American merchant marine than he, and no one who knows more of the history and the problems of the American merchant marine. But, in my opinion, the Senator from Michigan has given the sound and the correct answer.

The problem we are discussing is not the problem of the American merchant marine, but it is the problem of providing food for starving people in the

countries of the Old World. From that point of view, it does not make any difference whether the ships used are American-flag ships or British-flag ships or ships of some other nation. The point is to get the food to Europe by means of whatever ships are available.

I know there is a shortage of tankers; and what harm it might do to the present services if tankers were taken out of the present services and were put into these new trades and new services, I do not know.

If we refer to dry-cargo ships, let me say that the ships under the American flag now engaged in the dry-cargo business are seasonably and properly and profitably, I think, in operation.

If we turn to the laid up fleet of the United States and if it is proposed that we pick out from it 20 or 50 or 100 ships, I have no idea how long it would take to recondition them and make them proper instruments for the carriage of these goods.

So, Mr. President, although I repeat my dislike to be in disagreement with the Senator from Washington, nevertheless I should not look with favor upon the amendment at this time and in this place, and with the purpose of this legislation first and paramount in our minds.

Mr. MAGNUSON. Mr. President, of course, I am inclined to agree with the premise that as to this emergency program, possibly the matter of percentages should not be provided for in the bill. But I respectfully submit that the committee has said that when we send wheat to France and Austria and Italy, we do not buy Argentine wheat with our dollars, but we buy wheat from the American farmers; and when we buy medicines, we buy them from American pharmaceutical manufacturers. However, they do not say how those materials should be transported. The American merchant marine is a sick industry. The trade we are discussing is practically the world trade. Other trade has fallen off.

Perhaps the 90-day program is different. I am merely calling the attention of the Senate to the fact that I hope that when the 90-day program goes into effect, after all that program will reach and aid the economy of the United States from the time the cargoes go to sea until the time they are delivered.

Mr. WHITE. Mr. President, let me repeat that I regard the Senator from Washington as one of the authorities in late years in respect to our American merchant marine. He has in mind, I am sure, that just before the summer adjournment was taken, I appointed a subcommittee on marine problems, and the Senator from Washington is the minority representative on that subcommittee. I may add that I have been spending much time and effort on the merchant-marine problem during the adjournment. I hope that at some time in the future he and I, in company with the others upon the subcommittee, may be able to frame some merchant-marine legislation which will deal with the problem referred to by the Senator from Illinois. It is a real problem, a most troublesome problem, and we are put in jeopardy, it seems to me, as a result of the efforts and pur-

poses of stevedores and others in foreign ports and even in our American ports. Unless something is done which will effectively stop that sabotage of the American merchant marine, we shall be in a sad way upon the seas, because we cannot go on maintaining an American merchant marine and have the sailings from our ports interrupted, and have seamen or others refusing to unload American ships when they reach a foreign port. It is a very vital, a very basic, and, as I say, a very troublesome proposition.

Mr. DONNELL. Mr. President, I should like to ask the senior Senator from Michigan one or two very brief questions, if I may. I refer particularly to the revolving fund which he emphasized so appropriately in his remarks earlier today. I understand he referred to page 4 of the bill. The revolving fund arises out of the amounts of local currency for which the government of a receiving country sells supplies. Is that correct?

Mr. VANDENBERG. That is the form in which the text stands. The understanding of the Senator from Michigan was, when the bill was taken up, that all commodities covered, whether sold by the recipient country or not, were to be covered by payments in local currency. I may offer an amendment to the bill, to cover all commodities. I am trying to ascertain how the discrepancy arose.

Mr. DONNELL. I thank the Senator from Michigan for the response. It seems to me that if there is no obligation on the part of a government to pay for the commodities in currency, there can of course be no assurance as to the amount of the revolving fund.

Mr. VANDENBERG. I agree with the Senator completely, and I think he will have an opportunity, before we are through with the bill, to vote for an amendment which will require the payment in local currency for all commodities, and I may say that was the language contained in the original proposal of the State Department itself.

Mr. DONNELL. I shall examine the amendment with much interest. I thank the Senator for his courtesy.

Now let me ask this further question. On lines 19 and 20 of page 4 there is a reference to the use of the revolving fund. I quote:

Only for such purposes as may be agreed to between such country and the Government of the United States.

I should like to have the Senator's interpretation as to whether the agreement that is mentioned in what I just read, from lines 19 to 21, is to be a part of the agreement entered into prior to the furnishing of the supplies, or whether it is some future agreement which is to be entered into between the recipient country and the United States.

Mr. VANDENBERG. It is an agreement preceding any operations under the contract or the act.

Mr. DONNELL. I ask also a similar question with respect to subparagraph (c), beginning at line 23 on page 4, to and including line 3 on page 5, the language being:

Any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such pur-

poses as may be agreed between such country and the Government of the United States subject to approval by act or joint resolution of the Congress.

I ask the Senator if he does not think this language would indicate that the agreement referred to in those six lines, from line 23, page 4, to line 3, page 5, both inclusive, is an agreement subsequently to be made, after the extension of the relief has been had?

Mr. VANDENBERG. That is not my understanding of the matter, and I do not see why this language the Senator has just read has any bearing on that construction.

Mr. DONNELL. The point I have in mind is that the language of lines 2 and 3, on page 5, obviously contemplates some submission back to Congress, either by way an act or a joint resolution, of the terms of the agreement referred to in those six lines which I have quoted, because it says:

Any unencumbered balance * * * will be disposed of within such country for such purposes as may be agreed between such country and the Government of the United States subject to approval by act or joint resolution of the Congress.

Mr. VANDENBERG. But that is when it is all over, and everything is finished.

Mr. DONNELL. I think perhaps the Senator and I are in agreement. It would seem to me that clearly the language there indicates that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of as the recipient country and the United States shall then or thereafter agree.

Mr. VANDENBERG. That is exactly correct, as the Senator from Michigan understands it.

Mr. DONNELL. So the reference in those six lines is not to an agreement to be made prior to the rendition of aid to the country?

Mr. VANDENBERG. The Senator is correct.

Mr. DONNELL. I call attention, not critically at all, but I think it should be noted in the RECORD, that there is no assurance as to what will happen with such unencumbered balance, if any—and I emphasize “any”—as may remain in the account on June 30, 1948. It cannot be disposed of, unless there be an agreement both by the recipient country and by the United States; so that if by any chance there should be any residuum left on June 30, 1948, the Government of the United States would not control the disposition of that fund. It would simply be a joint controller with the recipient country, and if the recipient country and the United States should not agree no disposition could be made of the fund. Does not the Senator agree with that view?

Mr. VANDENBERG. The Senator is correct. On the one hand, we do not have power of disposal; on the other hand, we do have power of veto.

Mr. DONNELL. That is correct. I wish to ask, further, one or two brief questions about the Austrian situation.

I refer to page 7 of the act, where it is provided, beginning with line 14:

The provisions of this act relating to United States supervision, control, or observation of distribution of supplies made available under this act shall not apply to distribution of supplies in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that supplies furnished to Austria hereunder are being distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the provisions of this act which are consistent therewith.

There are two points in the bill that I have read, to which I respectfully direct the attention of the Senator. In the first place, it seems to me that under the language I have quoted, and particularly that which appears in lines 18, 19, 20, and 21, on page 7, whether or not the provisions with respect to supervision, control, or observation by the United States are to be applicable, is, under the language as written, not possible of determination until after supplies have been distributed in Austria without such supervision by the United States. I do not think that was the intention of the draftsman, and it would seem to me that it would probably be cleared by striking out, in line 20, the words "are being" and substituting the words "will be." Obviously it is not intended that there shall be a determination of whether goods can be distributed without supervision by the United States, but that there can be no determination that that until after there shall already have been a distribution without such determination. I submit that for the consideration of the Senator and the advisor of the committee.

Mr. VANDENBERG. In connection with the provision of the bill dealing with Austria, I am quite willing to pursue the whole subject anew with my able friend from Missouri, if he wishes. I simply suggest to him that in his absence from the floor this section was explored at great length with the Senator from Arkansas. Was the Senator here during that colloquy?

Mr. DONNELL. I have been here continuously since 12 o'clock noon.

Mr. VANDENBERG. I beg the Senator's pardon. I thought the Senator was out during that time, and I was going to refer him to the Record with respect to those facts.

Mr. DONNELL. I do not think, if the Senator please, that the discussion that was had covers the point to which I have referred.

Mr. VANDENBERG. The Senator is fully familiar with the Austrian situation, as I defined it?

Mr. DONNELL. Yes.

Mr. VANDENBERG. That is fine. Now, will the Senator repeat his question?

Mr. DONNELL. The question is this: The provisions beginning with line 14 contemplate that under certain circumstances, the provisions of the bill which relate to supervision by the United States shall not apply to distribution of supplies in Austria, and the circumstances

are that the President shall have made a determination that supplies furnished Austria under this bill are being distributed under control systems provided in agreements with the High Commissioner, and so forth, which assure compliance with the objectives of the occupation and with the provisions of the bill which are consistent therewith.

The point I make is that under the language I have read, a determination that the United States is entitled to supervision of distribution cannot be made until the President shall have first determined that supplies are then being distributed free from such supervision. In other words, it cannot be determined whether the United States shall supervise, until it is determined that it has not supervised, and that the provisions of the agreement under which the distribution is made are satisfactory in the respects mentioned in the section.

Mr. VANDENBERG. So the Senator proposes what?

Mr. DONNELL. I should propose that the words "are being" in line 20, be stricken out, and the words "will be" substituted.

Mr. VANDENBERG. The Senator may be right. Suppose we give the suggestion consideration overnight.

Mr. DONNELL. Very well. The final point to which I respectfully refer has to do with the four last words on line 25 of page 7. The words are "which are consistent therewith." Now, as I understand, lines 24 and 25 require as a condition to the nonapplicability of United States supervision, provisions that the distribution under the control systems shall be embodied in agreements which assure compliance with the objectives of the occupation, and with the provisions of the act which are consistent with such occupation. I submit respectfully that it is advisable that if supervision by the United States is not to occur and not to be required, the control systems embodied in the agreement shall assure compliance with all provisions of the act regardless of whether they are consistent with the objectives of the occupation or not. The effect of the language of the bill, as I see it, is to make unnecessary in any such control agreements, compliance with any such provisions of the act as are not inconsistent with the objectives of the occupation. I think we want in the bill a provision that if the United States is not to supervise, the control arrangements or control systems shall be such as are consistent with the agreement, regardless of whether they are consistent with the occupation, and that if any provision shall not be consistent with the agreement, we shall have the right of supervision.

I should like to submit that for the consideration of the Senator.

Mr. VANDENBERG. I thank the Senator. I am unable to follow him to a conclusion at the moment. I prefer to look at his remarks in the Record, and I shall be very glad to comment tomorrow.

Mr. DONNELL. I appreciate that it is somewhat of an involved statement, and it is rather difficult, at least for me,

to phrase. I think there is a point which is worthy of consideration, and that we should not waive all right of supervision merely because the control agreement in the foreign country contains no provisions that are inconsistent with the occupation. I think we ought to reserve the right of full supervision unless we are satisfied that there is no provision of the agreement that is inconsistent with the act, regardless of whether it is consistent with the occupation purposes or not.

Mr. VANDENBERG. I thank the Senator from Missouri for his interest.

Mr. LUCAS. Mr. President, on tomorrow the senior Senator from Texas [Mr. CONNALLY] desires to address the Senate upon the pending business before the Senate. While it is somewhat out of order to ask unanimous consent that he be recognized on tomorrow, I am going to do so, with the hope that whoever may occupy the chair will recognize the senior Senator from Texas at the beginning of tomorrow's session.

Mr. WHITE. Mr. President, I express concurrence with what the Senator from Illinois has said. I think it is a courtesy which we can well afford to extend to the Senator from Texas [Mr. CONNALLY], who is the ranking minority member of the Foreign Relations Committee, and who has played such an intimate part, along with the Senator from Michigan [Mr. VANDENBERG], in all the negotiations of late years in our foreign field.

The PRESIDING OFFICER. I think it would be proper to say to the Senator from Illinois that the present occupant of the chair will pass on the observations which have come from both sides of the aisle to the occupant of the chair when the Senate convenes tomorrow.

FELICITATIONS TO SENATOR BARKLEY ON THE SEVENTIETH ANNIVERSARY OF HIS BIRTH

Mr. LUCAS. Mr. President, it is to be regretted for more reasons than one that the minority leader, the senior Senator from Kentucky [Mr. BARKLEY] could not be present today. The Senator is grounded at some place in the Midwest trying to get back to the Capital by air.

Mr. President, today is the seventieth birthday of Senator ALBEN W. BARKLEY, and in his absence I desire to call attention to it. I for one want to congratulate the minority leader on arriving at this seventieth anniversary. My experience in the United States Senate covers a number of years. During all that time I have listened with tremendous interest on many occasions to debate carried on by the Senator from Kentucky. Over a long period of years he has rendered high public service, in time of war and in time of peace. He has been a true friend to all of us. I have gone to him many times for advice and counsel. I know of no man in the Senate who is more resourceful, more energetic, and who has more patriotic zeal and legislative fervor than this brilliant and distinguished leader.

I rise for the purpose of congratulating him upon reaching that favored milestone of three score years and ten as the morning Washington Post said in an editorial of today, and also upon something else that the Post had to say about him

establish Nazi-type totalitarian despotism in Yugoslavia and Albania. At the present moment the Rumanian Communists are following the farcical trial and conviction of Juliu Maniu with the suppression of all democratic elements. From Poland and Hungary come daily stories of the flight or arrest on trumped up charges of leader after leader who might in any way threaten the power of Moscow's quislings. Even in Czechoslovakia, where a courageous stand has been made against Soviet tyranny, a mounting tide of oppression seems to be getting under way.

The Petkov case thus fits into a pattern. In the words of an editorial in a Geneva, Switzerland, newspaper:

Petkov died because he stood in the way of the policy of the Soviet Union's agent, Dimitrov, of stamping out all opposition and imposing upon an unwilling peasantry the tyranny of the Red bureaucracy. * * * Petkov is dead, but to remain silent before such a crime would be tantamount to complicity. Hitler has disappeared but his methods live on after millions of men, women, and children gave their lives to free Europe from political oppression and police terror. * * * The conscience of civilized mankind cannot remain indifferent or apathetic in the face of this prostitution of justice.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. POTTS (at the request of Mr. KEATING), on account of illness.

To Mr. REED of Illinois (at the request of Mr. ARENDS), for 1 day, on account of illness.

To Mr. GILLIE (at the request of Mr. HALLECK), for an indefinite period, on account of illness.

To Mr. ELSAESSER (at the request of Mr. LATHAM), on account of official business.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. VURSELL] is recognized for 30 minutes.

(Mr. VURSELL asked and was given permission to revise and extend his remarks.)

ECONOMY OF WESTERN EUROPE

Mr. VURSELL. Mr. Speaker, as a member of the Herter committee which made a 5-week study of the economy of western Europe, I want to report today my observations as to conditions as they appeared to me, paying particular attention to Germany, Austria, and with some reference to England, France, and Italy. What I shall say is in no sense intended as a reflection of the views of other members of this splendid committee. They are my own personal opinions which I give to the Congress in the hope that it may clarify to some little extent the European problems before us for consideration.

The problem of aid to Europe confronting us is indeed a grave one. We are being asked to take from the American people in money and supplies at a critical time of shortages on every hand, \$597,000,000 for immediate emergency relief. We are being asked by the administration to enter into a 4-year contract to furnish some \$20,000,000,000 or

more in money and supplies to implement the Marshall plan. These are, indeed, grave problems before us for solution. In the interest of our own people and Nation, we must not approach them in an atmosphere of hysteria and emotion; we must think as realists.

Mr. Speaker, we all want to stop or retard communism if we can. The State Department and the administration think we can stop it with emergency relief and with \$20,000,000,000 or more to follow. Before this Congress blindly follows their suggestions, in the interest of the American people, the record of their judgment in the past should be tested out on the anvil of their past recommendations and experience, to determine if we can safely follow their recommendations now. Trial and error of the past is the best yardstick with which to judge the future.

THEIR PAST MISTAKES

Our intensive 30 days' study of Germany and Austria, from the most reliable sources of information has convinced me, and I believe other members of the subcommittee making a study of Germany and Austria, that our difficulties in Germany and western Europe stem from three great mistakes made by the State Department and the administration leaders, namely, the Yalta and Potsdam agreements, the Morgenthau plan, and the failure to allow the allied British and American forces to drive right on into Berlin rather than to hold them back and allow Russia to capture the capital city.

To escape falling into the hands of the Russians, the German Army would have probably surrendered in the closing days of the war to the American forces without putting up much further resistance. Had we done this we would have been in a much stronger position in Germany and western Europe and we would not be unwanted guests in Berlin today.

I think it important we briefly discuss these three mistakes, to clarify our thinking.

The Yalta agreement as you will recall gave to Poland and Russia 25,600,000 acres of the best agricultural land of Germany. This agreement put Russia in the driver's seat in Europe and placed her in a position to starve the rest of Germany which has cost the United States and Britain combined over \$500,000,000 a year to supply foodstuffs for western Germany.

It put Russia with its army of occupation in control of eastern Austria again in charge of the best agricultural section of Austria and in control of the great Austrian oil fields so important to the economy of western Europe and so helpful to Russia. Germany is short of food today because of this agreement. In the dividing up of the administrative sections of Germany all of the territory surrounding Berlin is under Russian administration. The same is true in Austria, with the capital city of Vienna of 1,000,000 people completely surrounded by the Russian zone of occupation. To fly into Berlin or into Vienna we had to fly down a narrow air corridor and out the same way. Both capitals of these nations are completely surrounded by

Russian power and influence. We are in a weak position in both of these sections by reason of the Yalta agreement.

Mr. Speaker, reparations to Russia in billions of dollars were agreed to extending from Italy up through Austria and Germany. Manufacturing plants by the hundreds needed for the rebuilding of the economy of Germany, Austria, and western Europe have been dismantled by the Russians and England under reparation agreements. I believe it was General Eisenhower who once said:

When Germany was divided at Potsdam for administrative purposes, Russia got the bread basket of Germany, England the industrial section, and the United States the scenery.

At the Yalta Conference nearing the close of the war and with other agreements, we placed Russia in a position where she has successfully thwarted the writing of a peace treaty for Austria and for Germany. Some have said in support of the Marshall plan, if it is not approved, we may lose the peace. It is my candid opinion, if we lose the peace, the responsibility for losing the peace must be placed on the door step of the Yalta conference, and the failure to allow British and American troops to go on in and take Berlin. And, the Potsdam agreement has contributed to the debacle as well as the Morgenthau plan.

The question now is, Will \$20,000,000,000 retrieve or balance off our past mistakes and contribute to the peace of the world?

Mr. Speaker, the Morgenthau plan forced upon Premier Churchill at a conference with President Roosevelt at Quebec, designed to prevent western Germany from again becoming an industrial nation and compel her to live as a pastoral or agricultural nation in the future was the second great mistake. Because of it we have lost 2 years' time in the rebuilding of Germany as an industrial state, and have furnished 50 percent of the food for 45,000,000 people out of the pockets of our taxpayers. The Morgenthau plan in all will cost our Government a loss of over a billion dollars.

Finally, after realizing the recovery of western Europe depended largely on the coal of the Ruhr, the manufacture of steel and the re-industrialization of Germany, the Morgenthau plan was thrown out of the window permitting Germany to re-industrialize with such strict controls as will prevent her from the manufacture of any munitions or implements of war, or the maintenance of any semblance of an army or military force.

It has cost western Europe and the United States billions of dollars through the mistake of the Morgenthau plan. We are now upon the first rung of the ladder moving toward the rehabilitation of all western Europe. As the manufacturing plants begin to turn out billions of dollars worth of finished products, they will go to Norway, Sweden, Denmark, Holland, France, Italy, all western Europe and to the marts of the world in exchange for other products and for currency with which they can buy the food the United States and England has been furnishing, because of

the mistakes of the Yalta agreement and the Morgenthau plan.

Largely because of the Morgenthau plan the production of coal and steel has been greatly retarded in Germany. This shortage of coal and steel has retarded the rehabilitation of France, Italy, and all western Europe. I have a letter from the Department of State of November 17, which states, and I quote, "by the end of this year the United States will have exported about 38,000,000 tons of coal to Europe." Millions of tons of this coal should have been produced in the Ruhr and shipped to all of these countries which would have lightened the load on the American taxpayers. Millions of tons of steel are provided for under the Marshall plan, which should have been manufactured in Germany, again greatly lightening the load of our American taxpayers.

Mr. Speaker, I cite this record of the past major mistakes on the part of the State Department and the administration leaders, that we may better determine whether in the light of past performance the Congress is justified in trusting the judgment of our leaders in their new plan for rebuilding western Europe.

Now let me give you my impressions of conditions in Germany as I saw them. You have heard much through the press and over the radio in this propaganda campaign about the starvation of the people of Europe. Our committee worked day and night meeting with the American, British, and French officers and civilians delving into the economic problems confronting them, as to agriculture, public health, industrial development, manufacturing, imports and exports, and stabilization of the currency. Our first concern was food and the health of the people. I am glad to say that nowhere in Europe did we hear anyone talk about starvation. We have only heard that here in America. This is administration propaganda. It is true that the people in Germany and Austria generally do not have all of the food, or the variety they would like or need. We saw some evidence of malnutrition, but certainly no evidence of starvation. There is malnutrition in our own country. We visited the schools, and saw the children coming through the line receiving heavy, hot, nourishing soup lunches once a day, each bowl containing 350 calories. I had pictures taken of a number of school children which are the best evidence of their physical well-being. If not otherwise informed you would think they were American children in American schools. Every child between the ages of 6 and 18 in the schools of Germany are receiving these extra hot lunches. These pictures were taken in cities like Stuttgart which was badly bombed, and Berlin where conditions are naturally the worst with relation to food.

In Berlin we talked with George B. McKibben, a prominent lawyer of Chicago, who as an American official, is helping to direct the government of Berlin. He has charge of education, public welfare and other duties. His statement to our committee was, "the health of the people here is excellent, no epidemics

and not too much tuberculosis." I would consider him highly competent authority.

There has been great destruction in many of the big cities of Germany and it will require years to rebuild the damage done. The German people, however, have not lost their will to work and they are making a supreme effort. Those in heavy industrial and mining sections are receiving a higher ration of food because of the necessity of greater industrial production in Germany. The farmers in Germany are working intensively. All of the people in Germany and Austria as well, are putting forth in my judgment their best efforts. Our military and civilian government overseeing and advising the officials of the various state governments are working in harmony with the Germans who have been elected to the state legislature and are doing a good job.

Western Germany, by reason of the Yalta Conference, that gave 30 percent of the agricultural production over to Russia and Poland is only 50 percent sufficient in agriculture and the crops have been reduced some by a very severe summer drought.

The German state governments encourage the farmer to do his utmost to produce food. When he has produced the food the German Government allows him to retain only enough of it for seed and to feed his livestock and family. The government buys all of the remainder and then distributes it out to the people of Germany. That is one of the reasons, in addition to the food we are sending them, that the German people are as well fed as they are.

In addition to conferring with the military and civilian leaders, we conferred in each state with the elected Germans of the state legislatures and asked them to lay their problems before us. Many times at night we conferred with religious and educational leaders as to their schools and the thought of the people for the future. After traveling over 1,000 miles through Germany and Austria, making such investigations we gained considerable information as to the most serious problems confronting them, and their outlook for the future. We found that the German people and the Austrians, by religious convictions and habits, are opposed to communism.

In the last mayoralty election in Berlin; that part of Berlin which is controlled by Russia voted overwhelmingly against the Communist candidates for mayor and city offices. If a free election was held in all Germany and Austria today, it is my personal opinion that less than 5 percent of the people would vote Communist.

While in Berlin we had several sessions with General Clay and with Ambassador Robert D. Murphy. We tried to get at the roots of the situation in Germany. We held long sessions with General Mueller in Munich, with the officials of Government in Bremen, with the British officials at Hanover Dusseldorf, with the Lord Mayor and other officials in Hamburg, and with the French officials in the French zones.

At all of these places we held sessions with the Germans who were working under the advice of the officials of the army of occupation. We visited the Ruhr, the coal mines, and we had a most interesting session with Dr. Mueller, a leading steel manufacturer of Germany. We had a long session with the Economic Council which directs largely the economic affairs of all Germany. This council is made up of British, Americans, and Germans, all working together for the rebuilding of Germany. We had the same type of conference in Vienna and other cities in Austria with General Keyes, Ambassador Erhardt and the top elected Austrian officials who were directing the affairs of the Austrian Government.

Mr. Speaker, we sought information on the following questions. How can we stop communism from spreading into western Europe? Will Russia at this time push the expansion of communism to the point of war? We raised these questions with General Clay, General Keyes, Ambassador Murphy, and others. We held one very important session with another group who know, if any one in Europe knows, what Russia is up to and what we may expect. From the information we obtained it is my opinion that Russia does not want war now and will not commit an overt act of war. My information is that Russia has been so badly hurt when her territory was invaded for 1,000 miles in depth, with Russia adopting scorched earth policy of destroying and burning everything as they fell back and the destruction of what was left as Russia drove the Germans back, that Russia does not want war now. It is my opinion, however, that Russia is the worst enemy our Nation and the world has to deal with. That in her own good time she intends to take all of the continent of Europe.

We asked the question, "What about a few years from now?" The answer was, "That raises a different question. Anything can happen." Then we asked this question: "Suppose the United States spends in the future \$20,000,000,000 in the rebuilding of western Germany and it becomes prosperous, would there be anything to prevent Russia from then taking over all western Europe?" The answer was, "I see nothing to prevent it when we take into consideration that controls will be placed on Germany that will prevent her from having munition factories or an army." When you realize that France and the low countries will not be able to build a potent military force, one can readily see it is next to impossible to stop Russia from taking the continent of Europe if she so desires, especially, if Russia is building the war machine that she is reported to be building at the present time. We may just as well face the facts rather than to try to fool ourselves, and deceive the American people.

Mr. Speaker, if we spend \$20,000,000,000 over the next 4 years in rebuilding western Europe we may be building up a richer prize to later fall into the hands of Russia. I do not believe any responsible military man will contend that we could land and maintain in western

Europe a sufficient force to stop Russia from extending her boundaries out to the Atlantic.

If we help rebuild western Europe we must simply bet that something will happen that will cause Russia to change her mind and not want to take it over.

It adds up to this: You cannot stop communism with \$20,000,000,000 in western Europe, unless you have the power to stop Russia. Hysteria and sentiment will not do the job. Why not tell your people the true facts?

Mr. Speaker, now let us look at France and Italy for a minute. The Congress is asked for \$328,000,000 for emergency aid to France covering food, coal and other items. If we furnish some emergency aid to France and to Italy, it may have the political effect of strengthening their governments and prevent them from going further Communist at this time. Likewise the continuance of food and other materials to Austria and Germany will have the same stimulating effect though there is little danger of Germany and Austria ever accepting communism.

When one reads in the papers that 117,000 coal miners are striking, that the civil-service public officials are threatening to strike, that 87,000 dock workers are striking and refuse to unload the food and wheat for the French people we are shipping and giving to France, that Premier Ramadier has been forced out by the Communists and the labor crowd and that for weeks they have been unable to form a cabinet, the picture is not too promising. I think it is a fair statement when I say that if we send \$328,000,000 to France to shore up her tottering government, to help feed her people, and coal to keep them warm, we should do it knowing that her present condition is due to the mistakes of their weak and incompetent public officials of France.

Mr. Speaker, they failed to make a real effort to stabilize their currency and stamp out the black market. They have failed to balance their financial budget. They have failed to encourage the farmers to plant more wheat; they have failed to collect sufficient taxes from people who are able to pay to finance their government. For political reasons they have failed to properly cope with the labor organizations. They have failed to collect the food from the French farmers and have failed to lay sufficient taxes on the French farmers, again for political reasons. They have failed to purge their federal pay rolls of thousands of needless civil servants. In fact, the farmers during the last year planted 20 percent less wheat because it was difficult to sell their wheat on the black market, and because the government put a price on wheat so low that they preferred to feed it to livestock which would bring them more money on the black market. The farms of France are teeming with livestock today, yet the taxpayers of the United States are called upon in the name of humanity, and to stop communism, to send millions of dollars of food and supplies to the French Government because of its bad political leadership.

If the French farmers were working under the same supervision and the same plans under which the German farmers work, France, an agricultural nation, could be feeding herself and exporting food to the other countries of Europe today.

Mr. Speaker, the conditions in France raise the question in my mind whether or not the United States is obligated to increase inflation at home, and dig down in the pockets of the taxpayers, to feed and warm the people of a government, who find themselves in need today, because of the mismanagement of their own government.

Let me give you some relief figures I obtained last week from the Congressional Library which show how much money in loans, aids, and grants we have furnished France since VJ-day:

Loan from the Export-Import Bank.....	\$1,200,000,000
Loan recently for coal and wheat.....	93,000,000
France was given by the Maritime Commission, ships in the amount of....	42,163,000
Our Foreign Liquidation Commission gave to France since VJ-day in surplus property.....	300,000,000
Lend-lease from us during this time.....	365,000,000
Total amount given to France.....	2,000,163,000

If the French Government and the French people had used this help wisely, and if they had gone to work and fully helped themselves they would not need a dollar from the United States Government today.

I have other figures furnished last week by the Congressional Library which show that since VJ-day the United States Government has given to the world in loans, gifts, and relief grants, \$24,100,000,000.

I call your attention again to a letter I received last week from our own State Department and I quote:

It is estimated that by the end of 1947 the United States will have exported between twelve and thirteen million tons of coal to France.

And the French miners are on strike. Nearly a million people are striking in France today.

Mr. Speaker, we must be careful when we consider writing the 4-year Marshall plan contract with the nations of western Europe to supply the food, coal, steel, oil, and thousands of manufactured products in helping them to rebuild their nations. Some several months ago the Export-Import Bank, on the recommendation of the State Department, and other public officials, loaned \$40,000,000 to Poland with which to buy from us 100 finished locomotives and tenders and other steel and tools to use in their transportation system. I am informed this week by the officials of our Government that 29 of these locomotives have been shipped and all of the \$40,000,000 has been obligated to carry out the contract. Of course, everyone knows today that Poland is in fact as much a part of the Russian Government as are the states of Russia. Of course the loan

will never be paid. The administration sent millions in lend-lease to Russia after all lend-lease was supposed to be stopped. President Truman, last week, said, and I quote:

I see no reason to stop the sale of heavy machinery and farm machinery to Russia at this time.

The Russians have purchased \$115,000,000 in goods from this country during the first 9 months of this year including 216 freight cars and 145 locomotives at a time when we are short of steel and freight cars in this country. Due to our shortage of supplies, such shipments raise the question of the danger of hastily agreeing to the signing of a 4-year contract to spend \$20,000,000,000 for the rebuilding of western Europe under the proposed Marshall plan.

Referring to the Marshall plan again. When we were in Germany we obtained the requests sent in to the 16-nation Paris Conference for Germany under the Marshall plan. One of the requirements was, for the manufacture in the United States and the shipping to Germany of 800 locomotives and tenders. In the course of our investigation, realizing that transportation in Germany was vital, we had a long session with those in charge of transportation. We asked them as to the need for 800 new locomotives. They told us frankly that in their judgment Germany would not need new locomotives built in the United States and shipped to them. They said what they needed most was spare parts and a couple hundred thousand tons of steel. That with repair parts and steel, they had the facilities and the workmen to repair their bad order locomotives and railroad cars. They said they were now repairing locomotives faster than they were going bad order, and that they were now repairing railroad cars faster than they were going bad order; that it would be better and cost much less to furnish them with extra steel and parts and let them do the work.

Now the Marshall plan and the interim aid plan calls for the shipment of vast quantities of fuel oil, gasoline, and by-products. It calls for the shipment of complete refineries from this country and we are short of refineries in America today. In fact, the oil supplies on the Atlantic coast for industrial and heating purposes at this time, is 17½ percent less than it was a year ago and we were short a year ago. We are short 11,800,000 barrels of gasoline on the east coast today.

Throughout Central United States reaching up into Wisconsin we have 3½ percent less fuel oil, gasoline, and by-products than we had a year ago. Only on the Texas coast we find a surplus of 3½ percent more oil than a year ago. We have this surplus in Texas because the Government has sold so many of our oil tankers for a fraction of their cost to other countries that oil transportation from Texas through the Gulf of Mexico up the east coast has been reduced until we have a 17½ percent shortage in that area. The oil suppliers in Chicago suggest ice-breaker ships be used in the Mississippi and Illinois canal this winter so oil barges can bring fuel oil to prevent

great suffering, this because of a shortage of oil tank cars.

We are short of railroad tank cars, and we are short of railroad cars of every kind because of a shortage of steel, yet the Marshall plan provides for the export of locomotives, railway cars, and millions of tons of steel to western Europe. There is a shortage of steel all over this Nation, and many of our veterans who helped win the war in Europe and in the Pacific cannot get a roof over their heads now because of the shortage of steel, other supplies, and high prices.

Mr. Speaker, these are but two of hundreds of danger signals which, in my judgment, set themselves up as indisputable and indestructible facts that cannot be silenced, that should not be ignored, and cannot be obscured or blown away by the hurricane gale of propaganda that has been unleashed from Washington in an effort to whip up a wave of hysteria that will influence the Congress to go all out for the expenditure of \$20,000,000,000 on the Marshall plan.

The American people ought to be told by everyone interested in this Government from the President down that you cannot reduce the cost of living, that you cannot fight inflation by shipping thousands of trainloads of food out of this country every year. The people ought to be told that you cannot supply the dollars and material called for under the Marshall plan without prices going higher and higher. The President should admit the fact, and the people should be told, were it not for the billions of bushels of grain and supplies of every kind shipped out of this country in the past 3 years, the cost of living would have gone down 40 percent rather than going higher and higher.

Mr. Speaker, we all want to stop communism if we can. Communism is a dreadful menace. We all hate it. The leaders of communism are Godless men, unworthy of confidence or belief. Few members of the House have fought communism more fervently than I during the past 6 years. We all want to block it if possible, but we must be realistic in our efforts and approach.

Lenin, 25 years ago, and Stalin more recently, have prophesied that the capitalist form of government of the United States would finally bankrupt itself and become an easy prey to Communist control.

Is it not possible that the cunning Communist leaders notwithstanding their apparent opposition to the Marshall plan, are hoping that we will spend \$20,000,000,000 on the rehabilitation of western Europe in the belief that it will weaken us by shipping away our natural resources and by expending this vast amount of money, to the point where we may destroy the strength and financial solvency of our own Nation?

It is my opinion that the Marshall plan should be rejected for the reason that it will place a greater financial burden on the United States than we are able to carry, for the reason that we do not have the supplies of steel, oil, and grain and supplies of many kinds to spare, to carry out a 4-year contract

if it is written. For the further reason that the requirements are fantastic and far beyond the amount of aid needed, and to attempt to furnish it, will increase inflation to a point unbearable by the American people. It is an attempt to set up a world-wide WPA we should not, and cannot carry through.

WHAT SHOULD WE DO?

Mr. Speaker, it is my opinion we should reject the Marshall plan and refuse to write a 4-year contract with 16 nations. We should continue to aid in the rehabilitation of Germany and Austria. We are in a different position in Germany than in any other country of Europe because as one of the victors, our flag floats over that country as a symbol of our authority and their control. That places the responsibility on us to aid them till we haul down our flag and move out. Furthermore, the revival of western Europe depends largely upon the rehabilitation of Germany. If France and Italy reform their governments, we might be justified in giving them some further aid. After rejecting the Marshall plan, we should deal separately with nations that need help, and the minimum amount of help should be given these nations as will compel the maximum effort on their part to rebuild their own countries. In considering any further relief it should be in such amounts as can be given or sold out of the surplus products we can spare without further increasing the inflationary pressure against our own people.

Rehabilitation so far as possible should be supplied on a loan basis with the hope of finally recovering a substantial amount of their costs. A program of this kind would enable us to help such nations as would put forth the maximum effort to help themselves at a fraction of the amount required under the Marshall plan.

England, due to financial strain, wants to be relieved of further financial aid in Germany and is anxious for us to take over her burdens there as we did in Greece. We should and probably could arrange with England to turn over to us control of the production of coal and steel in the Ruhr. As in England, her management has failed to sufficiently increase the production of coal. After such an agreement we should send, at once, the best coal and steel engineers obtainable into the Ruhr to help get greater coal and steel production.

Inasmuch as Russia has violated most every agreement made at the Potsdam Conference, and if she fails to agree to reuniting Germany at the Peace Conference now in session at London, our Government should demand that because of these broken promises she move out of Germany completely so that the nation can be reunited as an economic whole as was so agreed at the Potsdam Conference.

One move can, and certainly should be made without further delay. The President and the Department of State should insist on prohibiting the further dismantling of any factories in Germany. Six hundred and eighty-two factories and plants have been recently marked for dismantling under repara-

tion agreements. Since the agreements have been broken and since the United States, England and France have agreed to the rebuilding of Germany, it is madness and unnecessary to tear down these manufacturing plants and at the same time ship steel, machine tools and other supplies, a part of which later on will likely be used in building new plants.

Mr. Speaker, Members of Congress who have visited Europe are alarmed as are the German people with the destruction of these plants now so much needed in the revival of the economy of Germany. Under past agreements, by our State Department and Administration leaders, we have been tearing down Germany, holding down the production of coal and steel, rather than building it up which at the same time is costing countless millions of dollars.

Mr. Speaker, then if you want to be effective in stopping the further encroachment of communism on western Europe, expend some of the billions you would waste over there under the Marshall plan in making our Air Force the strongest in the world, with a plentiful supply of atomic bombs. Strengthen our military departments wherever it is needed and be prepared to strike with power in any emergency. Cooperate more closely with South America on hemispheric defense.

When Stalin and the Russian leaders understand we are making such moves to strengthen this Nation from a military standpoint, rather than wasting our money and resources, they will most likely hesitate to make a further move into western Europe for fear such acts will precipitate war with a powerful nation that is prepared.

Force is the only language the Russian mind understands. Force and the ability to strike with the strongest air force in the world, and atomic bombs, will do more to stop Russia from moving further into western Europe than to set before them a \$20,000,000,000 banquet table as provided in the Marshall plan. Twenty billion dollars spent in western Europe, plus the efforts of those countries, should build up a prize worth \$50,000,000,000 within the next few years.

It is too great a temptation to place before Stalin and the Russian war lords. As a Nation we are \$300,000,000,000 poorer than we were, by shipping out and shooting away our natural resources to win the last war, plus the great cost in human life, and many billions of dollars in the future for hospitalization and care of veterans.

We are subsidizing by the Government the production of many metals in this country today. We should be stock piling strategic materials necessary for national defense without further draining our natural resources.

We are short of oil today and many materials so vital to national defense. It is the first responsibility of the Members of Congress to protect the interests of our own people and preserve the financial solvency of our own Nation. The greatest contribution we can make for the future peace of the world is to keep America strong.

Mr. BUFFETT. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Nebraska.

Mr. BUFFETT. Is it not true that the present Secretary of State was one of the responsible American officials at the Yalta conference?

Mr. VURSELL. He was there with the late President Roosevelt.

Mr. YOUNGBLOOD. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Michigan.

Mr. YOUNGBLOOD. Does not the gentleman believe the President is inconsistent in his request for \$20,000,000,000 for the Marshall plan to curb communism in Europe, and lax in the exercise of his prerogatives by continuing to permit goods and materials purchased with American dollars to pour into Russia?

Mr. VURSELL. I think he is inconsistent, of course. They have been inconsistent most of the time on many matters.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield.

Mr. H. CARL ANDERSEN. Does not the gentleman feel that the President is entirely in error in his statement that he saw no reason to stop the sale of heavy machinery and farm machinery to Russia at this time?

Mr. VURSELL. I agree with the gentleman who asked the question. I do not think we can stop communism by feeding it; and we fed it for 2 years under the advice of this Administration under UNRRA.

Mr. H. CARL ANDERSEN. Does not the attitude of the President smack too much of the attitude that prevailed some time ago in reference to the shipments of scrap iron to Japan that eventually came back to kill our own boys?

Mr. VURSELL. The cases cited by the gentlemen are quite analogous.

Mr. H. CARL ANDERSEN. The gentleman from Illinois is absolutely right in his contention relative to the shortage of fuel oil. Only 2 weeks ago my local dealer back in Minnesota told me that it would be impossible for him to supply my farm with fuel oil for the purpose of doing a little corn drying.

Mr. VURSELL. The gentleman is only one of thousands who are being denied necessary fuel oil.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. The gentleman is making a most excellent speech and giving the House information that I think it should have. I both thank him and congratulate him for it. The gentleman has referred several times to the Marshall plan and he made reference to what it contains. What I would personally like to know is where can we see the Marshall plan. I know nothing about it. I do not know of its ever having been placed in the RECORD. The little I know about it is from reading the newspapers, and I have yet to find anyone who knows

what the Marshall plan is. Would the gentleman enlighten us on where he got his information about what the Marshall plan is?

Mr. VURSELL. I will be very glad to answer that question.

Mr. CUNNINGHAM. Is there a Marshall plan, and has the gentleman seen it?

Mr. VURSELL. Yes; there is a Marshall plan, and I have the first section of it, containing some 200 or 300 pages. I have seen the second section of it, containing 500 or 600 pages. I have not received all of it. It has not been given to Congress yet. It is in preparation.

Mr. CUNNINGHAM. There is no completed plan yet ready for Congress; is that right?

Mr. VURSELL. Not completed. I have seen, I think, about half of it and I have read about half of it.

Mr. BUFFETT. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Nebraska.

Mr. BUFFETT. Can the gentleman tell the House whether or not the so-called Marshall plan is directly comparable to the so-called Dawes plan and Young plan for European recovery which blew up in the twenties?

Mr. VURSELL. I think the Marshall plan will prove to be a great and costly mistake to the United States if approved.

The SPEAKER pro tempore (Mr. SCHWABE of Oklahoma). The time of the gentleman from Illinois has expired.

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to proceed for 15 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield further?

Mr. VURSELL. I yield.

Mr. CUNNINGHAM. I would like to get more information about the Marshall plan. I understood the gentleman from Illinois to say, first, that there was a Marshall plan, and he had seen, at least, a part of it. Now, can the gentleman tell me whether or not there is a Marshall plan, and if there is none, is one being prepared and who is preparing it?

Mr. VURSELL. The Administration and the State Department are preparing it. I have about half of it in printed form, which I will be glad to send to the gentleman's office. I think it is being printed at the present time.

Mr. CUNNINGHAM. Is the gentleman able to give us a digest of it at the present time?

Mr. VURSELL. Not within the time allotted, and I have some important thoughts that I want to get across.

Mr. CUNNINGHAM. I thank the gentleman.

Mr. SADOWSKI. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Michigan.

Mr. SADOWSKI. I have enjoyed very much what the gentleman is saying. The information he is giving us shows he has

really given the subject matter a lot of study. May I ask this question:

While the gentleman was in Germany, did he have a chance to observe whether the predominating German opinion is that the Stinnes family, that owns the coal mines, the Krupp-Von Bohlen family, that owns the war plants, and the Vereinigte-Stahlwerke gang, that owns the steel mills, should be put out of business because they are the old warmonger families in Germany, and that these industries should be nationalized or socialized?

Mr. VURSELL. I got the impression that they want all the war lords to be dealt with very severely, but we did not go into the other angle.

Mr. SADOWSKI. You did not find there was a national demand for taking away these properties from these big, powerful families of Germany?

Mr. VURSELL. The Farben group, yes, but I do not have sufficient information to answer the question as to the others.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Iowa.

Mr. JENSEN. Is the gentleman, who is making a very fine presentation, satisfied with the method which is presently being used and that has been used in the past to distribute food, clothing, and other things we have sent over to those suffering people?

Mr. VURSELL. I do not think it has been well handled. I think a different set-up of some kind should be worked out. Further, I think there has been great waste and favoritism on account of incompetent governments.

Mr. JENSEN. Did the gentleman find any indication that too much food was going into the black market?

Mr. VURSELL. There is no question about that.

Mr. BUFFETT. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Nebraska.

Mr. BUFFETT. Does the gentleman feel there will be any genuine debate on the Marshall plan in this House unless the opposition party, the Republican Party, furnishes a vehicle for such two-party debate?

Mr. VURSELL. I am afraid there will not be sufficient debate and great sacrifice will follow as a result unless Members of Congress make a determined effort to protect the interest of our own people.

The SPEAKER pro tempore (Mr. SCHWABE of Oklahoma). The time of the gentleman from Illinois [Mr. VURSELL] has again expired.

SPECIAL ORDER

The SPEAKER pro tempore. Under special order of the House, the gentleman from Massachusetts [Mrs. ROGERS] is recognized for 15 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks to include a description of the hemiplegics.

I would like to divide my remarks into three parts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

MEDICAL DEPARTMENT, VETERANS' ADMINISTRATION

Mrs. ROGERS of Massachusetts. Mr. Speaker, this morning I received a letter from a patient at the Framingham Hospital. He gave me a list of some of the hemiplegics and this shows how their brain interests affect them. I would like to bring these cases to the attention of the House today because I have learned that General Hawley has definitely decided to resign and has sent his resignation to General Bradley today. I saw General Hawley in Europe. He was responsible for my visiting the European theater hospitals and field stations, where I saw the first aid given to the men in the field. He was head of medicine and surgery in the European theater. He began his work for the disabled over there. Almost miracles were performed, and he is performing almost miracles today.

Nothing has ever been done that I know of with the aphasia cases in veterans' hospitals comparable to General Hawley's work there today. This summer I saw those cases at the VA hospital at Framingham, Mass., and at the VA hospital at Birmingham, Calif.; many of them learning to talk all over again. It is amazingly interesting to talk with the doctors who are guiding them out of the darkness and to watch and talk to these seriously handicapped veterans. They work so hard to talk again and to coordinate their various functions. There is a description of these cases here, sent to me by a patient who has overcome many of his handicaps—they are a brave set of patients—which follows:

CUSHING VETERANS' ADMINISTRATION HOSPITAL,

Framingham, Mass., November 15, 1947.

Mrs. EDITH NOURSE ROGERS,
House of Representatives,
Washington, D. C.

MY DEAR MRS. ROGERS: On your visit here at Cushing Veterans' Administration Hospital last August, you will remember that two other patients and I discussed with you the matter of aphasia. As you requested, I am sending you a summary of our cases which are typical of the general condition of aphasic patients. In case you care to have medical information in regard to aphasia, you could consult with Dr. Bailey and Dr. Cole.

We are most appreciative of your interest in our problems.

Respectfully yours,

We are all hemiplegics due to brain injuries which have paralyzed either one side or the other of the entire body. Many of us have periodic convulsions. But this is not the most serious handicap under which we labor. The injury to the brain in our cases has seriously affected our memories, our mathematical abilities, and our reasoning powers. In short, we are in the same class as adolescents on skilled labor, with our faculties impaired to the extent that we would be hopelessly lost in competing for even the most routine of jobs.

Individual cases follow, outlining the various difficulties each of us faces with our type of injury:

"I had completed my law school training before I was drafted, but after my injury in combat 3 years ago, I was forced to start

learning to speak all over again, beginning with the basic elements of everyday speech. Following my operation I found myself unable to speak one word, unable to write my name; my memory and spelling greatly impaired.

"I have been taking speech retraining at Cushing for the last 3 years. As a result I am now able to speak but with great effort and much hesitation. Due to my paralyzed right arm I have been forced to use my left hand, consequently I find that it takes me a full hour to write a short composition.

"Frequent mental examinations during the past year have shown that my mental powers have been seriously impaired, some more noticeably than others. A case in point is my inability to write words with correct spelling, even though verbally I have no difficulty in that respect.

"I fully intend to continue with my law training but I realize that with such handicaps as I now have it will be doubly hard."

"I had a year's college training at Princeton University previous to my being sent overseas, but since the bullet wound received in Germany 3 years ago, I had to start from scratch, retraining my speech, my spelling, and my mathematical operations. Upon returning to the United States I came to Cushing where I received speech lessons and yet my present speech is choppy, my train of thoughts ever so slow. I can't express my ideas because of poor vocabulary and reading with retaining comprehension is difficult.

"Since I have lost the use of my right arm and have difficulty writing with my left one, I find it practically impossible to phrase an idea and try to write it down. As I try to remember how to spell the words, I lose the train of my thoughts and vice versa."

"After shrapnel wounds received in combat, I found myself paralyzed on my right side, subject to convulsions, and unable to utter a sound. Now I am at Cushing and have had 3 years of speech retraining. At the present time it is very difficult for me to write or talk, because I am not able to formulate a phrase in my mind and express it since I can't find the proper words. For example, I can't place a long-distance telephone call and carry on a conversation with my party, nor can I write a letter to my family. My mathematical computation and comprehension of spoken language is also greatly impaired. Because of my hemiplegia and convulsions, I can't go back to the jobs I once held, nor learn a new trade, since my aphasia prevents me from doing so."

"I am an hemiplegic with a marked aphasia for the last 2½ years. At first, my aphasia was such that my vocabulary consisted of only three words, 'Ma, Pa, and Hello.' I have great difficulty in understanding conversation carried on at normal speed, as well as lack of adult reasoning. For example, it is possible for me to understand moving pictures such as westerns and comedies only. It is impossible for me either to read or write because letters, words, and phrases do not have any meaning. My mathematical computations are of the level of a first grader. I can't follow directions, even though my memory is quite good, because my mind is in complete confusion."

"I have been in an aphasic condition from a blow on my head which I received in Italy, close to 3 years ago. Previous to my enlisting in the service, I had attended 2 years of pre-med at Boston College and at Brown University. After the operation, I felt at a loss for words, thoughts, and actions. The ability to talk, comprehend spoken language, reading and writing was greatly impaired. Since then I have had 2 years of speech training therapy and yet I find it practically impossible to think of letters, words, and the correct pronunciation of the individual sounds. I can't follow normal conversations. I hear numbers but cannot grasp the meaning of them. My present dictation material is of the fourth-grade

level and my arithmetic is even lower. One of my major problems is not only to organize my speech, but also to form a complete sentence in my mind and write it without forgetting it."

"I have been suffering from aphasia and even though my aphasia condition has improved through years of patient speech retraining therapy, I am far from normal in the use of language communication skills, some of which are speech, writing, reading, comprehension and ability to concentrate for any length of time.

"My inability to speak fluently, to write quickly with my retrained left hand, to read with retaining comprehension, my limited power of concentration, short attention span, all because of excessive fatigue, totally handicap me in relation to earning a living.

"The combination of right hemiplegia and aphasia rules out even unskilled jobs for which the loss of speech alone would not disqualify one.

"The enforced leisure due to the disability has certain special problems for an aphasic. Along the communication limitation, there is a partial loss of emotional control, making one subject to changes, varying between elation and depression. Because of my aphasic condition, reading and conversing, two common means of spending leisure time pleasantly, are limited to me. Conversation difficulties and susceptibility to fatigue make it impossible for me to keep up with social groups of my age.

"Another of my problems is a great difficulty in making quick decisions when necessary; for instance, telling the difference between right and left is now a problem.

"It is this combination of difficulties that leaves me much handicapped in all my contacts with the outside world, and that makes it uncertain to establish a normal emotional life and to be self-supporting."

Mr. Speaker, I sincerely regret that General Hawley is going. I visited a great many veterans' hospitals during the past summer, and I think I voice the feeling of the patients there that it will be a tremendous loss to them to have General Hawley leave as the head of the medical service of the Veterans' Administration. Many of the men in the hospitals in California told me that the doctors were bringing into the practice of medicine the family physician feeling and interest in each individual case, with the highly developed specialized skill of those doctors. It makes for a very happy and I think beneficial situation. General Hawley has instilled an enthusiasm, an enthusiasm in the Veterans' Administration medical service that will be hard to equal. His leaving I believe is a calamity.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks regarding the insurance department of the Veterans' Administration.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I have in my hand a little document that was printed for the Subcommittee on Insurance of the Committee on Veterans Affairs at the request of the chairman, the gentleman from Tennessee [Mr. PHILLIPS] and myself, and I am sending to every Member one of these copies. Since the print was made I have received thousands of requests from all over the United States for copies.

I also ask unanimous consent, Mr. Speaker, that an article by George Bev-

account and his lockbox because of official knowledge.

When a group of Purple Heart veterans went to the Meyers hearings, one of them spoke words that would have done for millions of veterans. "We heard lots of gossip about civilian war profiteers," said T-Sgt. Herman Gretsky, who was injured in the Battle of the Bulge, "but someone in the Army—you didn't expect that."

Bennett Meyers was a long way from the Battle of the Bulge, but he was right up front in the thrust for the bulging bankroll.

Carl R. Gray, Jr., New Administrator of Veterans' Affairs

EXTENSION OF REMARKS OF

HON. EDWARD J. DEVITT

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. DEVITT. Mr. Speaker, President Truman has appointed Mr. Carl R. Gray, Jr., of St. Paul, Minn., as Administrator of Veterans' Affairs. Mr. Gray lives in my home city, and I have known him for many years. He is a competent and experienced business executive and has served with distinction in responsible military assignments in both World Wars. He is highly regarded and respected by his friends and neighbors who know him best. I feel confident that he will discharge the duties of this office with fairness, with intelligence, with dispatch, and with marked success.

Mr. Gray has had wide experience in the field of business. Presently he is serving as vice president of the Chicago & North Western Railway System with headquarters in St. Paul, Minn. He is the illustrious son of a former president of the Union Pacific Railroad. He has held important executive positions with large and successful business organizations of the country in the field of wholesaling, retailing, and banking. He is a man who has a reputation for getting things done.

His military career has been as successful as his business life. During World War II he successfully directed our far-flung military railway services in North Africa, Italy, and on the European continent. Previously he served with distinction in World War I and rose from the rank of captain to that of colonel in the military engineers. For his part in World Wars I and II he has been awarded many decorations from his own and foreign governments. Presently he is serving as president of the Society of American Military Engineers.

Mr. Carl R. Gray, Jr., has been closely identified with the civic progress of the city of St. Paul. In return for his community efforts he was rewarded by the citizens of that city by being chose as "king" of the famous St. Paul Winter Carnival. This is an outstanding civic activity known throughout the Nation. St. Paul is the winter sports center of the United States.

Mr. Gray brings to his new office the fruits of many years of executive ex-

perience and close association with military life. He is eminently qualified to administer the huge veteran-aid program involving some eighteen million veterans at an annual budget cost of almost eight billion dollars.

I predict that Mr. Gray will enjoy an outstanding tenure of office. President Truman has manifested a high degree of intelligence in having chosen Carl R. Gray, Jr., of St. Paul, Minn., as the new Administrator of Veterans' Affairs.

Justice for Poland

EXTENSION OF REMARKS OF

HON. PHILIP J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. PHILBIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include therein an excellent address recently made by the Honorable Arthur Bliss Lane, former Ambassador to Poland, over Station WSBR, Springfield, Mass. on the "Justice for Poland" program.

Mr. Lane speaks with authority and knowledge and his remarks warrant careful consideration. It is clear that until the great injustice being presently visited upon Poland is corrected, there will be no confidence anywhere that our Nation and our wartime allies really intend to work for a democratic world.

The address follows:

Some 6 months ago I returned from Poland, where I had served as American Ambassador since July 1946. I returned because, contrary to the Yalta and Potsdam decisions to hold free and unfettered elections, a fraudulent election had been held in Poland on January 19, 1947. I felt that I could no longer conscientiously remain accredited to a Government which had established itself through the flouting of its solemn international obligations. And, furthermore, I wanted to be able to tell the story of the tragedy of Poland without any diplomatic restrictions on my speech.

The Poles, who had endured almost 6 years of Gestapo terrorism, were from the very moment of their expected liberation in 1944 compelled to undergo the same police-state treatment at the hands of their so-called Soviet allies, who were determined at all costs to destroy every organized nationalistic element within the country. The valiant underground army, which had rendered such an important service to the Allied victory, was the first to be purged. After exhorting the Warsaw underground, through the Moscow radio on July 29, 1944, to start an insurrection against the Nazis, the Soviets did not give the assistance which they had promised. Suddenly they termed the insurrection an adventurist undertaking. They even refused permission, until it was too late, for United States Army planes to land on Soviet territory after dropping supplies to the insurgents. The Soviets permitted this glorious insurrection to be suffocated. Why? Because its success would have meant that the communistic Committee of National Liberation, chosen by the Kremlin and then functioning in Lublin, was not to be the nucleus of the future Polish Government. It was a heartless, ungrateful decision. It showed plainly that the Soviet Government was still

pursuing its policy of September 1939, which it made jointly with Hitler, to destroy the independence of Poland. Once the insurrection collapsed after 63 days of glorious fighting in the face of overwhelming Nazi odds, the Nazis took vengeance, as the Soviets knew they would. After moving the Warsaw population to a concentration camp at Pruszkow and elsewhere, the Nazis fired the city with incendiary bombs. Warsaw was destroyed block by block, house by house. Only those buildings which housed the Nazis were spared.

The Red Army entered Warsaw on January 17, 1945, followed by the secret police and the Lublin puppets, who had already been recognized as the Government of Poland by Stalin, despite President Roosevelt's earnest request to await the Crimean Conference. Not only did the Red Army drive out the Nazis to the west, but it deported to the east those Poles who were considered to be an element of opposition to Communist totalitarianism. And the Lublin puppets who profess to be patriotic Poles and who claim today to be sovereign government, signed a pact with the Soviets permitting them to deport to Russia those Poles who were judged to be dangerous.

As a result, in March 1945 15 Polish political leaders who had distinguished themselves in the underground fighting the Nazis were arrested and deported to Russia, where they were convicted of the oddly named offense of diversionary activities. Thus was broken up an important nationalist element within the country. From that time on, the Russian-educated secret police in Poland little by little firmly secured control over the entire country. This is the normal means of the dreaded police.

Finally a so-called provisional government of national unity was formed in Moscow in June 1945, including within its numbers some democratic leaders from Poland and from London. The United States recognized this government. But the democratic leaders never had a chance. It was soon apparent that the Communist minority in Poland intended to rule the country with or without the aid of the Red troops in the country. It would be only a matter of time before the opposition would be obliterated. At the time we did not know whether it would be through arrests, Red army violence, or fraudulent elections. Actually it was through the intimidation of the voters by threat of imprisonment, loss of jobs, homes, and ration cards, through the suppression of freedom of speech of the opposition by denying newsprint and radio time, and through the deliberate violation of the election laws by not permitting the opposition to participate in the counting of the ballots. As a result, the Polish Peasant Party, comprising well over 80 percent of the total electorate, won only 28 out of 444 seats in Parliament.

And if by chance you might feel that I have exaggerated or misstated the situation in Poland, let me point out that in Hungary we have just had an almost exact replica of the Polish elections with the Communist minority gaining control of the government machinery through voting fraud and pre-election intimidation. The only difference is that in Hungary a Soviet general with his army is in control, while in Poland the armed forces, secret police, and militia are, for the sake of appearances, in Polish uniforms. Nevertheless they take their orders from Bierut, Berman, Sypchalski, and Radkiewicz—all of whom are Soviet stooges. In Bulgaria you have read of the recent arrest and sentencing to death of Petkov, the leader of the agrarian party. Here again is proof of the Soviet aim to destroy all elements representing democratic strength. The Soviet army in Bulgaria is assurance that this aim will be fulfilled.

I speak to you all today as friends who, like myself, have a deep love for Poland and the

Polish people. But primarily I speak to you as American citizens who, in the defense of our own country and civilization, must reject emphatically all attempts of propaganda on the part of false prophets that communism is not directed against our institutions. Recently, Wladislaw Kiernik, a member of the Polish Peasant Party and former Minister of Public Administration, had the effrontery to say in the United States that the elections were free in Poland, that freedom of speech exists in the Sejm, and that Poland is not controlled by the Soviets. How does he then explain that his own party protested the fraudulent elections, that the speeches of Zygmunt Zulaszski, an elected deputy on the Peasant Party list, were expunged from the CONGRESSIONAL RECORD; and that his party colleagues, Scibiorek and Kojder, were mysteriously liquidated? Obviously Mr. Kiernik wishes to retain the favor of the Communist ruling clique, so as to return to Poland.

I warn you also of false prophets who come in the guise of diplomats preaching the desire of the Polish Government for friendship with the west, while that Government continues to revile the United States for our refusing to contribute to the economic power which that clique desires for itself rather than for the Polish people. I had warned the Polish Government a year ago of its short-sighted policy of hostility toward us in the light of its needs for assistance. They do not seem to realize that they cannot eat the cake and have it too.

I warn you of false prophets who, in clerical guise, come to this country to bring about dissention in the Polish American community and who try to make apologies for the group which has trodden down all opposition by force and by fraud and which will when the appropriate moment comes, attempt to destroy religious freedom in Poland.

And lastly, let me warn you of those misguided or malevolent Americans who condone, under the guise of liberalism, the acts of tyranny of the Soviet-created police states in Poland, Yugoslavia, Hungary, and Bulgaria. Yet they were among the most vociferous to condemn the same Nazi outrages against the peoples of those unfortunate nations. Tyranny is tyranny, intimidation is intimidation, and murder is murder, no matter whether ordered by Hitler or by the puppets whom the Kremlin controls.

Aid for Europe

EXTENSION OF REMARKS OF

HON. MARGARET CHASE SMITH
OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mrs. SMITH of Maine. Mr. Speaker, when I returned from Europe at the completion of the Appropriations Armed Services Committee investigation and study of conditions there and in the Middle East, I found many requests to speak before various groups in Maine to tell them what I saw and what I had found. I received these invitations with gratification because I was eager to tell the people of Maine these things—to report to them on my mission of having been their ears and eyes in Europe and the Middle East. I particularly wanted to tell them how what I saw and heard made me all the more proud that I am an American—and how humbly grateful I am that I am fortunate enough to be an American.

I wanted to tell them—and I know that they wanted me to report—what the conditions are in Europe, not only because of the threats and dangers created by conditions that I saw over there, but also to describe those conditions as accurately as possible—so that they, too, would be as proud and as grateful to be Americans after hearing about the insufferable conditions over there.

I went to Maine and started reporting at various meetings. My message was simple—it was that the conditions abroad were so bad as to constitute grave threats to our country and to permanent peace—and that these threats made it imperative that we act unhesitatingly to bolster our armed forces and to provide emergency aid to the people of Europe.

But shortly after I had started my series of reports throughout the State, disaster hit Maine—the forest and field fires which destroyed whole towns and sections. It was Maine's greatest catastrophe. I canceled the rest of my scheduled reports so that I could do my part in Maine's hour of crisis. I called Washington for Federal aid. After I had done all that I could in Maine, I returned to Washington for conferences with the various Federal agencies to enlist all of the possible aid that I could for the Maine victims of the fires.

Maine people were and are sympathetic to troubles of the people of Europe. But they have had their own disaster and troubles. They want to take care of first things first.

Maine's loss took many forms. The immediate loss was suffered most by the people of southern and western Maine. Their loss was immediate for they lost their homes, their property, their livestock, and those things by which they gained their livelihood. The greatest future loss was in eastern Maine, particularly in the Bar Harbor area, where much of the summer vacation industry is located. Greater financial loss in this area was that of the summer residents. These summer residents are of such financial means that the loss of merely their summer homes is a financial loss rather than the loss of vital shelter, food, and health. But this is a future financial loss to Maine because these summer residents were sources of substantial revenue.

All of this was also a national loss for the forests of Maine are one of our Nation's foremost resources. We could ill afford this timber loss in the midst of our housing and lumber shortages and ever-increasing prices that stem from shortages.

Maine's disaster and Europe's plight have much in common. The fires that destroyed so much of our forests, towns, and property were the result of atmospheric conditions of extreme dryness, caused by a long drought and shifting winds, and by lack of preventive measures and lack of facilities with which to fight the fires. Once the fires started, it was practically impossible to stop them. Men worked frantically to stop a fire and save a town only to find that other fires started in other places and that constantly shifting winds left them unprepared to fight the fires in several

directions. The result was that forests and towns were levelled by the fires.

Symbolically, such a fire swept across Europe and the Pacific in World War II. That fire was war. European conditions now are such that the fire of communism can sweep across Europe and ultimately create a third World War. Like the drought-stricken dry fields and forests of Maine, which were ideal fuel for fire, so are the hunger-stricken people of Europe an ideal fuel for the fire of communism. The hunger drought of Europe must be eased lest the fire of communism spreads, for just as Maine had its shifting physical winds, so does Europe have its shifting political winds—political winds that are so delicately balanced that they may at any time turn from the direction of communism to democracy or from democracy to communism. Just as physical fires began at many places in Maine, so are smouldering political fires interspersed throughout Europe ready for open flames if fanned by Europe's shifting political winds and fed by Europe's hunger drought.

Just as Maine must now tighten up on its fire prevention measures and fight the carelessness of smoking and making campfires in the forests and fields, whether working or hunting—and just as Maine must augment its fire-fighting equipment and expand its fire warden staff—so must similar measures be taken to fight the spread of communistic fires in Europe. Our forests and fields in Maine needed rain—something that man could not produce. But Europe's hunger drought needs food—something which we can provide and thus avoid the fire of communism. Let Maine be a lesson to us and let us take the necessary preventive measures unhesitatingly while we can now stop communism in Europe. Let us do it now when it costs far less to prevent destruction than later to rebuild that which has been destroyed. We can't let false economy eliminate our necessary preventive measures.

But let me make myself clear. The United States cannot be a permanent Santa Claus—it cannot foster and finance a world WPA, a permanent world dole program. Charity can be carried too far lest the other nations of the world become financial wards of the United States and their people permanently supported from our own money through the perpetuation of high taxes.

In this respect, the people of Europe can well follow the example of the people of Maine—and this is the most important part of my remarks and the matter on which I have the deepest conviction. The people of Maine have been victims of the fire disaster. They have received help from outside of the State—from the Federal Government—and they are most grateful, not only for that aid, but more particularly in the prompt manner in which Federal agencies responded. But they want no more aid than is absolutely necessary. The people of Maine pride themselves in their ability to take care of themselves—in not being a drag on anyone. We of Maine are taught from infancy to be charitable—but we are also taught to help ourselves and to be thrifty. Waste

is not tolerated in Maine. Independence and maximum self-sufficiency are emphasized in my State.

In applying our aid to Europe, we must make it quite clear to the European people that this is only emergency aid and that it is solely for the purpose of helping them get back on their feet. True—we must give them food until they can start planting their own fields. But we must tell them that they have a specific time and amount beyond which that aid will not be forthcoming. They must be told that they will be expected to be thrifty—that they will be expected to help themselves—that by a certain time they will have to produce for themselves—that waste will not be tolerated—and that there will not be a dole. We should send food only until such time as they can begin to harvest their own crops. In the meantime, we should concentrate on sending farm equipment rather than food, after the initial period of emergency.

In other words, my main point on the European aid and America's message to the people of Europe in aiding them is that they must be told in very clear terms that they must work for American aid—that there is a definite limit to the amount of aid we can furnish because we have our own troubles and our own problems at home, such as Maine's fire disaster, which we must take care of. This is the firmness that we need in the administration of the program. It is not an undue firmness or an un-American firmness. It is truly an American firmness for we require of our own people the same degree of work and cooperation as a prerequisite to granting aid. In other words, we ask no more of the Europeans we aid than we do of the Americans we aid. We ask them both to work for that aid.

The Late Hon. Raymond S. Springer

EXTENSION OF REMARKS OF

HON. JOSEPH P. O'HARA

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. O'HARA. Mr. Speaker, it was indeed a profound shock to me to learn that death had called our colleague, RAYMOND SPRINGER, whom I considered one of my close personal friends during all the time I have served in Congress.

My first service was with him upon the House Judiciary Committee. There he demonstrated that he was a thorough student of the law. He had the type of judicial mind which made him as highly respected by the bar and the judiciary as he was by his colleagues in Congress.

He was preeminently qualified and fitted as a Member of Congress in these difficult times for he was an intense patriot and a student of our American form of government and possessed the training, background, and intellectuality which makes for the highest type of national legislator. It was natural for him to approach a legislative problem

thoughtfully, to study and analyze it and to arrive at his judgments carefully, and I know of no Member of the House who was more conscientious about his duties and multitudinous responsibilities to his district and to the Nation.

Those of us in Congress who admired his sterling qualities, treasured his friendship and who sought his counsel and advice, share with his family and his friends the loss which we sincerely and deeply feel in his death.

For a tireless, conscientious, and most able public servant, we reverently ask, "Eternal rest, grant unto him, O Lord."

President More Interested in Shortage of Bureaucratic Power Than in Work Shortage

EXTENSION OF REMARKS OF

HON. GEORGE B. SCHWABE

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. SCHWABE of Oklahoma. Mr. Speaker, the following article by David Lawrence is very illuminating, and deserves the serious consideration of this Congress.

He clearly shows that the President is more interested in the shortage of bureaucratic power than he is in work shortage.

The public is demanding that Congress decrease the number of bureaucrats on the Federal pay roll. But the President apparently not only wants to keep all of the bureaucrats on the pay roll who are now so expensive to the taxpayers, but he wants to increase that number by setting up a new group to control the activities of our people. Mr. Lawrence's article follows:

TRUMAN'S TALK—POWER SHORTAGE BOTHERS
HIM MORE THAN LACK OF PRODUCTION
(By David Lawrence)

WASHINGTON, November 19.—All possible remedies except the principal one were recommended by President Truman in his message outlining proposals to fight inflation.

The principal remedy, of course, is increased production. In a message of many thousands of words, Mr. Truman gave only a single sentence to this underlying difficulty in an inflationary era—a work shortage.

For everybody who knows anything about inflation knows that it is the lack of goods and the oversupply of purchasing power that bids up the prices of scarce articles. Likewise, prices come down only when the supply of products exceeds the demand.

Mr. Truman talked about the rise in industrial prices and made a reluctant confession that wages really have had something to do with the rise in prices. Up to now he has been inclined always to use the argument that high prices were due either to the ending of OPA or to the failure of industry to absorb rising costs without increasing prices. Mr. Truman in his message spoke of getting all sorts of authority and power which he promised not to use unless absolutely necessary. He intimated that voluntary controls would be more effective if the Government held the club of legal controls over the heads of business, labor, agriculture, and consumers.

This is a rather hazardous undertaking because so many businesses and industries are interrelated. If one is controlled and the other is not, all sorts of maladjustments arise. What is even more embarrassing is that the moment legal controls are imposed, black-market operations begin.

Mr. Truman's message assumes a grant of authority by Congress to permit the Chief Executive to threaten the return of controls whenever an industry or group in business or labor grows recalcitrant and refuses to accept the mandate of a committee or agency of government.

It is not likely that Congress will grant such unlimited or undefined powers. Congress has had some experience with wartime controls and knows the pitfalls.

The real answer to inflation is increased industrial production. Mr. Truman had only this to say about it in his entire message: "To expand industrial output, we need a long-range program to overcome basic shortages in capacity and equipment."

This is a vague statement which avoids the real issue. The real barrier to increased production is that which has been imposed by the Government itself on overtime production. The wage-and-hour law, for example, places a penalty on increased production. Some means of allowing straight time to be worked above existing overtime schedules which are payable at time-and-a-half rates would do more to increase production and bring prices down than any single proposal made in the President's message.

The United States today is suffering not from a goods shortage but from a work shortage. The materials are available if workers were permitted to work longer each day to get them into the hands of processors. Instead, in many businesses, there are six-hour days and 35-hour work weeks and the penalty of time and a half payable at high hourly rates is enough to deter production.

The Republicans will certainly be derelict in their duty if they swallow the President's program on inflation without accompanying it with some specific legislative standards for the exercise by executive agencies of such new control powers as are granted by Congress. Likewise the Republicans will be culpable politically if they do not sponsor an alternative program which removes the many barriers against increased production to be found in labor-union contracts. All agreements that ban labor-saving devices and all provisions thereof that endeavor to curtail production might well have attention.

It is unfortunate that the President did not deal with the work shortage but dealt only with the shortage of bureaucratic power which has been a source of great regret to the "planned economy" and Government-control folks hereabouts who sadly miss their wartime powers. Inflation is curable provided the President and the Congress care to avoid politics and give workers the incentives that will increase output.

Jewish Homeland in Palestine

EXTENSION OF REMARKS OF

HON. F. EDWARD HÉBERT

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. HÉBERT. Mr. Speaker, at this time, when the eyes of the world are on this session of the United States Congress in our work to ward off starvation in Europe, it does not seem out of keeping for us to briefly note the conduct of

our country's delegates to the United Nations, in a movement which last week threatened not only the accord which has developed within the assembly on the question of the proposed partition of Palestine, but also the ability of the proposed Jewish state to accept as immigrants the more than 200,000 Jewish displaced persons who are at present in the camps of Germany, Austria and on the Isle of Cyprus.

These displaced Jewish persons look to Palestine as the land where they can rebuild their shattered lives and once more acquire the dignity that comes to human beings who live in a community where they are loved and respected.

A subcommittee of the United Nations Special Committee on Palestine, which visited the assembly centers for Jewish people in both Germany and Austria recently, had this to say, and I quote:

Taken over all, it seems to us fair to say that practically all the persons in the Jewish assembly centers in Germany and Austria wish more or less determinedly to go to Palestine. The alternative to resettlement, namely, repatriation or absorption into the German and Austrian communities, were investigated. The prevailing reaction among the persons questioned, many of whom had returned to their former place of residence in order to trace relatives and property, was a refusal to repatriate. The reasons given were based on growing anti-Semitism, in spite of admitted efforts by the governments concerned to check such a development, and an incapability to start life again in a place haunted by the memories of endured horrors.

Further on, the report has this to say:

Although the morale in the centers is high in the sense of this virtually unanimous and in many ways fanatical urge for settlement in Palestine, most opinions which we heard agreed that the psychological state in general has deteriorated over the last year. Although superficially, some of the centers give the appearance of a kind of normality, even including certain well-developed contacts with life outside, signs of strain and emotional instability are not far below the surface.

It was with the hope of at last being able to alleviate the suffering of these people that the Jews of Palestine so willingly and hastily accepted the proposal of partition, although this proposal of the United Nations Special Committee on Palestine reduces to approximately one-eighth the land area accepted by the Jewish people for their homeland in Palestine.

With the acceptance of the major principles of the UNSCOP majority report by the United States and Russian delegates, it seemed that the establishment of the Jewish National Homeland was at last about to become a reality. Then, last week, the United States delegation, working within the ad hoc committee completing details of the partition plan, suddenly proposed a further concession to the Arabs. They requested the removal of all that land in the Negev lying below the 31st degree of latitude. This proposed removal of further land from the Jewish state would take between 25 and 30 percent of the area granted them under partition as originally submitted. It is this land in the Negev on which the newly created Jewish state would have to depend in order

to bring about the economic conditions which would make it possible for them to accept and absorb these displaced persons awaiting entry into Palestine. The explanation which our delegates gave for this action was most feeble.

At this point, Mr. Speaker, I would like to remind you that although this country was not a member of the League of Nations the Congress of the United States twice went on record as overwhelmingly endorsing the establishment of the Jewish Homeland in Palestine. Further, our Government in 1924 signed a separate pact with Great Britain in recognition of her mandate to create the Jewish Homeland in Palestine.

The conduct of Great Britain in this connection is also depressing, in her relation to the acceptance of partition as suggested by the United Nations committee which was set up at her own request. Her refusal to cooperate by taking part in a progressive evacuation of the mandated territory and in otherwise contributing to the solution of this problem is deplorable.

At such a time I cannot help but recall the words of our former and greatly admired Under Secretary of State, Sumner Welles, speaking before the Maryland Christian Palestine Committee. He said:

In the annals of our modern civilization no greater wrong has been perpetrated than the attempt of powerful nations to proscribe the Jewish people. We here in the United States must help to find the means of solving the immediate problem now presented. It must be solved in such a way that in years to come, in the place of the Palestine that is now rent with disorder and misery we shall see a Palestine which will be a model and example for the civilized community of nations.

The removal of any further land from that left to the Jewish people by the original partition plan would make forever impossible that hope presented by Mr. Welles. It would perpetuate the status quo in Palestine, of a small area Jewish settled and governed communities, incapable of accepting immigration, or in any other way conforming to the concept of a national homeland. Accordingly I feel I must voice the sentiments of amazement and alarm I am informed my people in Louisiana, both Christians and Jews, feel at this action of our delegates, and I join with them in the hope that we will revert to our historic policy and work for the creation of a real homeland for the Jewish people in Palestine.

President's Proposals Endanger Political Liberty and Economic Freedom in America

EXTENSION OF REMARKS
OF

HON. GEORGE B. SCHWABE

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. SCHWABE of Oklahoma. Mr. Speaker, I am just in receipt of a com-

munication from one of America's greatest economists. He has given me the benefit of his views, from which I have concluded that President Truman's proposals endanger political liberty and economic freedom in America. I trust that the clear and convincing reasoning of this statement will be studied by my colleagues, and by all who may have the opportunity to read the following statement, which I quote:

SOME IMPORTANT CONSIDERATIONS AND ASPECTS OF THE SO-CALLED MARSHALL PLAN

In reviewing the general problem of European relief, we believe that several vitally important considerations should be urged upon the Congress of the United States:

1. There has been much exaggeration and misrepresentation regarding the extent and nature of "relief" needed by European countries. The American people have been too much "sloganized" for political ends. There is too little knowledge of the comparatively low standard of living normal to most foreign countries.

2. Despite the fact that we are now in the third year of "peace", the taxes being levied upon the American people by the Federal Government are still almost at the wartime high.

3. Due largely to shortage of many important commodities and manufactures for domestic use, prices have continually risen, until the cost of living of the American people is now at the highest level in modern times.

4. The continually advancing cost of living has been accompanied by an ever-increasing spiral of wages, which in turn have still further increased costs of production and selling prices.

5. It should be obvious, therefore, that any future relief extended to foreign countries should be made in such a manner and with such safeguards as to protect our American economy in all reasonable respects, and to hold the burden upon the American taxpayer to the lowest practicable limits.

6. It is further obvious that the European relief problem is of a twofold nature:

(a) To provide immediate relief against hunger and disease.

(b) To assist those foreign countries, if that is deemed practicable by the Congress, in rebuilding their destroyed capital goods so that they can as speedily as possible begin to be self-sustaining.

The immediate task can be aided by outside charity; the long-run job can be done properly only by the unfortunate nations themselves.

7. In this connection, it should be clearly recognized that every gift or loan on our part should be made under definite stipulations and commitments on the part of the recipient countries that they will for themselves adopt and carry out those measures, whether legislative or economic, which will most speedily put them in a position to restore their status as free and sovereign powers among comity of nations.

8. Insofar as possible and reasonable, the means of production should be furnished rather than finished goods.

9. We also recommend that, rather than general credits to be used solely at the discretion of the recipient nations, we attempt, insofar as possible, to supply only goods and equipment which will serve a clear and definite purpose in reconstructing the economies of the respective countries.

10. In line with the foregoing suggestion, no relief of any sort should be extended to any nations which are under communistic, or radical socialist domination. Furthermore, any nation which, despite our assistance, turns Communist or falls under communistic, or other radical or despotic domination, should be stricken off our relief list.

Exercise of congressional tariff-making power by an international conference is a result of the Reciprocal Trade Agreements Act of a New Deal Congress which surrendered that power to the President. At first, these agreements were negotiated with individual countries by the State Department. Now, it seems, the question of how much tariff protection American industries are to have in the future is determined by international conferences.

Lodi, Home of "Flame-Tokay Grapes," Holds Grape and Wine Festival

EXTENSION OF REMARKS OF

HON. LEROY JOHNSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. JOHNSON of California. Mr. Speaker, Lodi has frequently been referred to as the "biggest little city in California." It is in the center of a very rich agricultural section, in which tokay grapes is the predominant crop. Many Members of the House have received tokay grapes from the "Tokay Agreement"—a cooperative organization of tokay growers. Others have eaten the tokays in the House restaurant when we have placed them on the tables, a token of one or more growers to their Representative.

To pay tribute to their major produce the people of Lodi each year hold an annual celebration in honor of the grape and the wine.

The annual grape and wine festival held in September has become a tradition and has come to the front in fairs and recognized as an outstanding specialty show with the largest display and variety of grapes shown under a single roof; together with outstanding booth exhibits by wineries and shippers.

This 3-day event is officially opened at 8 p. m. in the Grape Bowl on Friday night with the crowing of Queen Tokay presented with her court. Saturday morning a kiddies parade in downtown Lodi, Saturday night a professional show and Sunday afternoon a street parade of drum corps, drill teams, bands, mounted entries, floats, and so forth, and this year after the end of the parade in the Grape Bowl a horse show was presented. Another feature of this 3-day event is participation of the California Federation of Folk Dancers in colorful costume put on an exhibition. This event attracts 85,000 to 90,000 people during the 3 days.

The 1946 tonnage, grapes for wine, 367,464 tons. Carloads of grapes shipped in 1947, 6,200 including table and wine grapes. Lodi population, 15,000.

In addition to being a prosperous town, Lodi is a very progressive city, with one of the lowest tax rates in California and without any bonded debt. Part of this is due to the fact that many years ago Lodi acquired an electrical distributing system, the profits of which have furnished most of the many municipal improvements in Lodi.

A stadium appropriately called the grape bowl was built several years ago in which football games are played and where the grape and wine festival is held. Governmentally Lodi is a model city with intelligent officials, a low tax rate and many municipal improvements.

Communism, Hollywood, and the Motion-Picture Industry

SPEECH

OF

HON. GORDON L. McDONOUGH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. McDONOUGH. Mr. Speaker, during the recent recess, Hollywood, which is a part of my congressional district, came into the limelight and was the source of more discussion than usual due to several vitally important issues that affected the motion-picture industry.

First, Great Britain placed an embargo on American-made motion pictures which reduced Hollywood revenue by nearly \$68,000,000 per year.

Second, American-made motion pictures were denied admission to the countries under the influence of Russia.

Third, the year-old jurisdictional strike was settled due largely to the efforts of the House Labor and Education Subcommittee headed by the gentleman from Pennsylvania [Mr. KEARNS].

And fourth, the motion-picture industry was subject to a thorough and searching investigation of communism and Communistic influence by the House Un-American Activities Committee.

All of these actions have seriously affected Hollywood. The first and second have had a detrimental effect on production and will cause loss of employment to hundreds of motion-picture employees. The fourth item, the investigation of communism in Hollywood and in the motion-picture industry, has revealed the fact that this great industry is not under the control of Communists, and that although there are a few who are under the influence of communism, they by no means represent the rank and file of the thousands of good loyal Americans who are employed in the motion-picture industry, and that this influence in Hollywood outside of the motion-picture industry is of small consequence.

Following is a news story of a statement made by Mr. Cecil B. De Mille, one of the world famous motion-picture producers, whose loyalty to the United States and Americanism cannot be questioned. The statement appeared in the Los Angeles Times, November 8, 1947.

Cecil B. De Mille told the Commonwealth Club of California today that there are Communists in Hollywood—"some very dangerous ones"—but that they do not control Hollywood or the motion-picture industry.

Hollywood, the producer said, is a familiar target for witch hunters. Usually, he added, one side "smears Hollywood with mud while the other side smears it with whitewash."

Warning that communism is a real danger wherever it may be found and that Hollywood

does not have a monopoly on it, De Mille said:

"I wish that the rest of the country were as alert to communism as is the great majority of Americans in Hollywood.

"Hollywood's part is to put the real America on the screens of the world and in the minds and hearts of Americans."

The 10 Hollywood writers who were indicted by the House Un-American Activities Committee were not indicted because they were or were not Communists. They were indicted as anyone else would be who unjustifiably refuses to answer questions before a House investigating committee when the answer to the question is vital to the interest and general welfare of the Nation.

In my opinion they have no claim of denial of freedom of speech. On the other hand they refused to use their right of freedom of speech by not answering a simple question, the answer of which would have saved them the embarrassment of indictment.

It appears that these 10 men had unsound legal counsel.

They cannot be considered as representative of the average motion-picture writer and director. They cannot even claim the support of the group of motion-picture actors led by Humphrey Bogart who came to Washington during the hearings and who has recently made a statement in the press in Ed Sullivan's column which appeared in the Washington Times-Herald, Thursday, November 20, as follows:

"I'm about as much in favor of communism as J. Edgar Hoover," said Humphrey Bogart. "I despise communism and I believe in our own American brand of democracy. Our planetload of movie people who flew to Washington came in to fight against censorship being clamped on the movies. The 10 men cited for contempt by the House Un-American Activities Committee were not defended by us, and they certainly are not typical of Hollywood * * * on every occasion, at Washington, we stressed our opposition to Lawson and his crew so there could be no doubt as to where we stood. In fact, before we left Hollywood, we carefully 'screened' every performer so that no Red or Pink could infiltrate and sabotage our purpose."

No, Hollywood and the motion-picture industry fortunately are not dominated by or under the influence of communism. The sporadic revelations of communism that has been exposed in the motion-picture industry are perhaps no greater than would be expected if a thorough investigation were made of authors and writers employed in other lines of publicity.

The motion-picture industry is far too important an asset to the welfare of the Nation to be condemned by a very few of those employed in the industry as an indication that the industry itself is corrupted by communism.

The investigation by the House Un-American Activities Committee has had and will have a healthy and beneficial effect upon the motion-picture industry in cleaning out of its ranks those whose questionable loyalty to the United States is revealed.

Communism has no place in our American way of life. It cannot be condoned, tolerated, nor integrated with our demo-

cratic principles. It should be clearly defined and declared to be against the interests and welfare of the United States, and those who practice it should be treated as treasonable enemies of this Nation.

I have introduced House Resolution 99, which defines communism and declares it to be treasonable. This resolution is at present before the House Un-American Activities Committee for consideration. I urge the Committee to give speedy consideration to it so that the House may have an opportunity to pass on it.

The Debate Begins

EXTENSION OF REMARKS

OF

HON. HALE BOGGS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. BOGGS of Louisiana. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Washington Evening Star:

THE DEBATE BEGINS

The President's message to the special session of Congress and Senator TAFT's reply may be regarded as the opening passages in a debate which will shape the future of the world. At this stage of the matter the outlook is not reassuring.

Whether one agrees or disagrees with his proposals, Mr. Truman's message was admirably direct and to the point. There was no beating about the bush.

He asked Congress, first, for \$597,000,000 as an emergency-aid program to tide Austria, Italy, and France over the winter. It is expected that these funds will suffice until next March 31, when it is hoped that the long-range Marshall plan will be ready to go into effect. The details of the Marshall plan will be submitted to Congress in a later message.

Mr. Truman then outlined the measures which he thinks are necessary to deal with inflation in this country—an inflation which has already assumed serious proportions and which will be aggravated by the European aid program.

The counterinflationary steps advocated by Mr. Truman are 10 in number, with the political dynamite being confined mainly to the last 2. In these, Mr. Truman asked Congress to authorize consumer rationing on products in short supply which basically affect the cost of living; to authorize price ceilings on products in short supply which basically affect the cost of living or industrial production and to authorize such wage ceilings as are essential to maintain the necessary price ceilings.

It is almost a foregone conclusion that the President is not going to be given these powers. The comments of Senator TAFT and other Republican leaders are just about conclusive on this point. Perhaps the President did not expect to get them, for in discussing his proposals he said that first five taken together, would "aid substantially in relieving inflationary pressures."

The worst that can be said of the other proposals, however, especially the last two, is that they would be apt to prove unworkable. In an economy as complex as ours, selective rationing and selective price control at the consumer level is a doubtful business. If the experience with OPA serves as a guide, a resort to such measures now would be apt to do more harm than good, especially in view of the President's none-too-firm attitude in the matter of wage controls.

Still, to repeat, the worst that can be said of these proposals is that their workability is doubtful. And in fairness to the President, it should be recognized that mounting inflationary pressures may yet drive us to them.

Most, certainly there is nothing in the message which justifies Senator TAFT's extreme attack on the President. He was justified in attacking the soundness of the proposals. But when he went on to impugn the President's motives, to picture him as wanting a police state in this country, and to cast doubt on the genuineness of Mr. Truman's desire for world peace, he was going much too far.

The exact position of Senator TAFT in this matter continues to be unclear. He blames high prices on the excess of consumer dollars competing for scarce goods. Yet he would increase the supply of dollars in the hands of consumers by cutting taxes. He says that he favors "reasonable" aid to Europe as a means of combating communism, yet he talks about aid at the rate of \$8,000,000,000 a year. He must know that no such figure is contemplated under the Marshall plan. He dwells upon the generous manner in which this country has dealt with Europe, and concludes that we cannot afford to be more generous.

The trouble with this is that it seems to miss the point of what we are trying to do. It is simply a question of whether we should be generous, one might agree with the Ohio Senator that we are doing enough. But generosity, as such, has little to do with it. The real reason for going to the aid of Europe is to prevent Communist domination of that continent, to head off the peril for us which would follow such domination.

Senator TAFT seems to give little weight to this cardinal point. And until he and his colleagues accept it, with all of its grim implications, the European aid debate will continue to be muddled and our own future will continue to be in jeopardy.

Cutting Our Own Throats

EXTENSION OF REMARKS

OF

CLARE E. HOFFMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, November 24, 1947

Mr. HOFFMAN. Mr. Speaker, prior to, during and ever since the end of World War II, we have been pouring billions of dollars worth of materials into foreign lands on the theory that unless first Hitler and his philosophy, later communism and Russia, were prevented from spreading throughout Europe, our national existence would be imperiled, our Nation destroyed.

More recently, under pressure of the Administration, \$400,000,000 was given to Greece and Turkey to stop Russia and the Communists. \$100,000,000 of this went to Turkey strictly for military aid—not for food, clothing or shelter.

Now here is the point, is it not absurd and foolish for us to continue with one hand to give billions to stop communism and Russia, while with the other we extend aid to the Russians and Communists our potential, if not our actual, enemies?

Please take a glance at our export trade with Russia. The record is as follows:

Examination of available documents relating to our export trade with the Union of Soviet Socialist Republics (Russia) for the

calendar year 1946 and the first 9 months of 1947 shows the following:

Calendar year, 1946:

Lend-lease shipments.....	\$152, 100, 000
UNRRA shipments.....	152, 200, 000
Cash purchases.....	53, 600, 000
Total	357, 900, 000

Calendar year 1947 to Sept. 30:

Lend-lease shipments.....	16, 200, 000
UNRRA shipments.....	31, 900, 000
Cash purchases.....	65, 600, 000
Total	113, 700, 000

Combined shipments, 21 months:

Lend-lease shipments.....	168, 400, 000
UNRRA shipments.....	184, 100, 000
Total	352, 500, 000
Cash purchases.....	119, 200, 000

¹Included in UNRRA shipments was exports paid for by private charities in the amount of \$10,663,000.

NOTE.—President Truman ordered lend-lease be stopped on September 2, 1945.

Goods and supplies then on order and in process constituting the so-called pipe line could be shipped during the liquidation of lend-lease until December 31, 1947. Later Congress, but not with my vote, amended the Lend-Lease Act, by allowing shipments to the countries named (Russia was not named) under limited circumstances. It appears that in their zeal to expedite shipments to certain countries including Russia employees of the Government agencies concerned with the administration of the program, have sought and used ways and means to circumvent the plain intent of Congress.

Notwithstanding the efforts of Congress to end supplying Russia with the materials which will aid her in making war against us, the administration still continues doing things which strengthen the hands of the Communists in Russia.

The Press of the 20th quotes President Truman as saying he sees no reason for halting shipments of heavy machinery to Russia.

In the total of \$113,700,000 worth of goods sent to Russia, there was included \$80,500,000 worth of heavy machinery and vehicles. As the President well knows, the machinery can be used to construct plants which, if war comes, will turn out munitions of war to be used against our soldiers.

It carries me back to the days when prior to the last World War, I endeavored to get before the House legislation to stop shipments of scrap to Japan. The bill then was pigeonholed. The scrap came back later, part of it perhaps at Pearl Harbor.

The country should know what the administration now is doing. The fault lies squarely with the administration which all too often circumvents the legislation passed by Congress.

CONGRESSIONAL DIRECTORY

The Public Printer, under the direction of the Joint Committee on Printing, may print for sale, at a price sufficient to reimburse the expense of such printing, the current Congressional Directory. The money derived from such sales shall be paid into the Treasury and accounted for in his annual report to Congress, and no sale shall be made on credit (U. S. Code, title 44, sec. 150, p. 1939).

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LUCAS to the bill (S. 1774)
to promote the general welfare, national interest, and
foreign policy of the United States by providing supplies
to certain European countries on an emergency basis, viz:

1 On page 5, line 5, after the word "country" and the
2 comma, insert the following: "including for this purpose
3 the use by such country or by the United States Govern-
4 ment of local currency proceeds as provided for in section
5 6 (b),".

AMENDMENT

Intended to be proposed by Mr. Lucas to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BALL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

- 1 On page 2, line 7, beginning with the word "or" strike
- 2 out through the comma in line 8.
- 3 On page 3, line 25, strike out "or funds".

80TH CONGRESS
1ST SESSION

S. 1774

AMENDMENTS

Intended to be proposed by Mr. BAILEY to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BALL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

- 1 On page 3, line 24, after the period insert the following:
- 2 “Buying policies and methods which will exert the least
- 3 possible upward pressure on prices in the United States shall
- 4 be followed in the procurement of commodities provided for
- 5 under this Act.”

80TH CONGRESS
1ST Session

S. 1774

AMENDMENT

Intended to be proposed by Mr. BALT to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BALL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

- 1 On page 1, line 10, beginning with the word "which"
- 2 strike out through the word "cooperation" in line 2 on
- 3 page 2.

AMENDMENT

Intended to be proposed by Mr. BAIL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 24, 1947

Ordered to lie on the table and to be printed

DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

Issued November 26, 1947

For actions of November 25, 1947

80th-1st, No. 152

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HIGHLIGHTS: Senate debated interim foreign aid; agreed to Ball amendment requiring buying policies that will exert minimum upward pressures on price. House committee approved foreign aid bill reducing amount and including China. Harter committee submitted reports on foreign aid. Harter introduced bill to finance and create agencies to carry out foreign aid. Sens. Cooper and Rep. Weichel introduced bills to continue export controls. Sen. Butler introduced bill to stimulate wheat and rye sales by reducing income taxes on them. Rep. Murray inserted his letter to Secretary Anderson urging that price supports on poultry "be lived up to religiously." Rep. Murray criticized FAO and Farrington's statement on allocation controls. Rep. Case introduced and discussed bill to permit income from livestock sold in Dec. 1947 to be for 1948 taxes.

SENATE

1. **FOREIGN AID.** Continued debate on S. 1774, the European interim-aid bill (pp. 10932-58). Agreed to the Ball amendment providing that "Buying policies and methods which will exert the least possible upward pressure on prices in the United States shall, to the maximum extent practicable, be followed in the procurement of commodities provided for under this act" (p. 10956). It is expected that the Senate will vote on the bill today.

HOUSE

2. **FOREIGN AID.** The Foreign Affairs Committee announced tentative approval of a bill providing emergency foreign aid. The Daily Digest states: "This bill reduces the amount of money asked for by the President for European aid and also provides for aid to China." (p. D677.)

The Select Committee on Foreign Aid submitted 11 preliminary reports on its study of the foreign aid problem (H. Repts. 1141-51) (p. 10994).

Rep. Taber, N.Y., criticized lend-lease and UNRRA shipments to "Russia and her satellites" (pp. 10989-91).

Rep. Bender, Ohio, spoke in favor of European aid with proper safeguards "for protection of our investment" (pp. 10983-9).

Rep. Short, Mo., reported on his European trip and spoke in favor of aid to Europe and an information program to "get over to them the message of America" (pp. 10976-83).

Rep. Lodge, Conn., spoke in favor of aid to Italy (pp. 10969-76).

Rep. Judd, Minn., spoke in favor of aid to China and inserted Gov. Thomas E. Dewey's talk on the subject (pp. 10967-9).

Rep. Arends, Ill., suggested that the U.S. might vote in referendum on the Marshall plan (p. 10961).

3. FARM PROGRAM. Rep. Murray, Wis., criticized the policies of the FAO, and inserted C.C. Farrington's statement before the Joint Committee on Economic Report on allocation controls, stating, "I ask you to decide for yourself if this does not smack of an agricultural dictatorship" (pp.10992-3).
4. EXECUTIVE ORGANIZATION. Passed as reported H.R. 4469, to permit the Commission on Organization in the Executive Branch to procure temporary or intermittent services of experts or consultants and relieve members or employees of the Commission from the act which prohibits any U.S. employee or officer from acting as an agent or attorney for prosecuting claims against the U.S. and from the one which prohibits members of Congress and Government employees from receiving compensation for services rendered in proceedings involving the U.S. (pp. 10960-1).
5. PUBLIC DEBT. Rep. Rich, Pa., spoke in favor of cutting down the national debt (p. 10963).
6. PRICES. Rep. McGarvey, Pa., discussed the causes of high prices, stating "that free enterprise has not had a chance to function since the abolition of OPA" (pp. 10959-60).
7. FOREIGN TRADE. Rep. McGregor, Ohio, criticized the shipment of goods to Russia (p. 10964).
8. ADJOURNED until Fri., Nov. 28 (p. 10993).

BILLS INTRODUCED

9. FOREIGN AID. H.R. 4579, by Rep. Herter, Mass., to provide means for financing U.S. programs of foreign aid and to create agencies to carry out such programs. To Foreign Affairs Committee. (p. 10994.)
H.J.Res. 265, by Rep. Margantonio, N.Y., to give emergency aid through the United Nations to the peoples of Europe and to strengthen the peace. To Foreign Affairs Committee. (p. 10994.)
H.R. 4576, by Rep. Kunkel, Pa., to permit certain financial information to be furnished to France. To Foreign Affairs Committee. (p. 10994.) Remarks of author (pp. 10963-4).
10. EXPORT CONTROLS. H.R. 4585, by Rep. Weichel, Ohio, to control the export to foreign countries of building materials, food, farm machinery, grain, meats, metals, motor vehicles, or steel from the U.S. To Interstate and Foreign Commerce Committee. (p. 10994.) Remarks of author (p. A4711).
S. 1807, by Sen. Cooper, Ky., to provide for the temporary extension of the Export Control Act and title III of the Second War Powers Act. To Judiciary Committee. (p. 10930.)
11. GRAIN SALES. S. 1808, by Sen. Butler, Nebr., to encourage sales of wheat and rye during 1947 and 1948. To Finance Committee. (p. 10930.) Remarks of author stating, "The bill I am presenting suggests that producers be not taxed beyond 25 percent of the sale price of the wheat or rye, both bread grains; that is, on surtax. Including the 3 percent normal tax, that would make a total of 28 percent on the sales of wheat and rye by producers" (p. 10931).
12. TAXATION. S. 1811, by Sen. Thye, Minn., to amend the Internal Revenue Code to permit producers selling livestock or poultry in December 1947, to defer reporting the gain from such sale until the following taxable year. To Finance Committee. (p. 10930.)
H.R. 4578, by Rep. Case, S.Dak., to save feed grain by permitting income

REPORT OF THE PRESIDENT'S COMMITTEE ON FOREIGN AID—ARTICLE BY RICHARD L. STOKES

[Mr. HILL asked and obtained leave to have printed in the RECORD an article concerning the report of the President's Committee on Foreign Aid, by Richard L. Stokes, from the Washington Star of Sunday, November 23, 1947, which appears in the Appendix.]

STIMULATION OF SALE OF WHEAT AND RYE

Mr. BUTLER. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill to stimulate the movement of wheat and rye from the farm—not only that we may provide increased amounts of these grains for shipment abroad but also that the supply for domestic use may be increased and the cost to the consumer kept at a reasonable level.

We find ourselves in a very extraordinary situation as regards our domestic wheat markets. On one hand, we have experienced a record production of wheat, for which there is an unusually heavy export demand. Then, on the other hand, we have experienced great difficulty in getting sufficient wheat to move from the farm into the regular commercial channels to satisfy the foreign and domestic requirements. Several suggestions have been made to the administration. One is the certificate plan, whereby producers could turn their wheat over to the Government now and sell at some future time. Another suggestion has been to allow the domestic market to advance to the world basis, which some think would bring the grain off the farm and into the channels of trade.

I have a suggestion, Mr. President, which I feel certain will solve the serious situation in which we find ourselves, and have proposed this bill today in order to bring the matter to the attention of Congress. The key to the mystery that appears to surround the nonmovement of wheat lies, I think, in the peculiar effect of our present income-tax regulations, which places a very heavy tax on the producer who sells his wheat today. The only way the producer can avoid this tax is to keep his wheat on the farm.

I wish to illustrate. A wheat producer in Montana, for example, is able to sell his wheat now for around \$2.65 a bushel, which is about 50 percent of the world price. After paying income tax, he will have left a net of about 55 cents a bushel. A banker in one of the biggest wheat-producing sections of western Nebraska tells me that he thinks 70 to 75 percent of the wheat held back on the farm is held back due to this situation. Wheat producers generally are pretty good businessmen, and the producer, I think, is correct in thinking he should have a larger share of the sale price for his own use. There is still considerable 1946 wheat on the farms. A great percent of the 1947 wheat is in farm bins. The bill I am presenting suggests that producers be not taxed beyond 25 percent of the sale price of the wheat or rye, both bread grains; that is, on the surtax. Including the 3 percent normal tax, that would make a total of 28 percent on the sales of wheat and rye by producers.

There is precedent and several good reasons for this proposal. My proposal would be the same as the provisions of section 105 of the Internal Revenue Code, which placed a ceiling on the tax on proceeds of sales of oil and gas properties. It is exactly the same principle as embodied in the law we passed in 1943 to encourage the production of lumber. Under the law which we extended early this year permitting export controls on grain—a bill was introduced earlier today by my good friend the Senator from Kentucky [Mr. COOPER] to provide for the temporary extension of the export Control Act and title III of the Second War Powers Act—the producer has been denied the world market; that is, the world price for his wheat. The world price in 1946 was around \$5 and this year, 1947, it has been as high as \$6 f. o. b. seaboard. This world price is from \$1.50 to \$2 above the domestic price that the Commodity Credit Corporation has paid locally for our producers' wheat. In other words, the wheat producer has already contributed from \$1.50 to \$2 a bushel to the United States Government as the Commodity Credit Corporation has, for account of the Government, bought all his wheat that has moved here. He has been denied the opportunity to obtain the world price for his wheat because he is denied an export license to avail himself of the world price.

I cannot help but recall how I opposed the extension of the export-control law—with respect to which a bill was introduced a few moments ago—when the subject was up for consideration several months back. I objected to the bill unless it placed grain in the same category as coal was placed at that time, and as practically every other commodity we export was placed at that time. In other words, coal and other items went through the regular channels of trade to the export destination, while grain was restricted to the Commodity Credit Corporation as its only outlet. In view of this fact, I hope the Congress will promptly enact the proposal which I am submitting today so that we may not only get wheat which is so sorely needed both in foreign markets and in our own domestic market, but also that we may in a measure correct the mistake we made last session when we denied the wheat producer the world price for his labor.

I also direct the attention of my colleagues to this fact: A speculator who buys wheat for future delivery, say for next May or July, and after holding it for 6 months or longer, can sell it and his profits are taxed on basis of capital gains. In other words, there is a 25-percent tax. Think of this injustice. The producer pays the regular tax and surtax and many wheat producers are in the higher brackets, while the speculator pays about one-third or less tax on the same bushelage handled, bought, or sold. Please do not misunderstand me. I think the speculator may contribute something to the market, as he takes the hedge that is sold by the processor or the grain warehouseman, but he does not plant or cultivate or take his chances with the weather, as does the producer. In fact he does not create a single bushel

of wheat. Therefore, I think that the dirt farmer who has planted, cultivated, and harvested his crop and now holds it for a fair price is entitled to the same treatment at least that we grant to the market speculator, or the man who produces lumber or gas or oil, for all of whom we have already made this concession in taxes.

This bill when enacted will bring a tremendous flow of wheat on the market and this movement in itself will prevent any undue advance in the market. It will be giving fair treatment to the man who feeds us, and at the same time will prevent any unreasonable advance in the costs to the consumer.

I sincerely hope that the Ways and Means Committee of the House, where action on this proposal must start, will give it early consideration, and when it is in line for us in the Senate to consider it, I hope we shall waste no time in its passage. I have proposed it only as a temporary measure, for the tax years 1947 and 1948. I have been unable to estimate what it would cost the Treasury in reduced tax income, but whatever the amount, what is the difference? After taking it from the farmer at less than its value, we have been giving it away anyhow. If we must be charitable—and I believe in charity—let us begin it at home.

We should do everything possible to encourage the production of food grains. Providence has been more than kind to us during the war years, and I hope our abundant yields may continue, but at the moment the prospect for next season is most discouraging. In fact, due to the drought in the Wheat Belt of the Southwest, we may not have even a bushel for export. We may be short on our own diet.

Mr. President, I ask unanimous consent to have the bill printed in the body of the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

There being no objection, the bill (S. 1868) to encourage sales of wheat and rye during 1947 and 1948, introduced by Mr. BUTLER, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That supplement A of subchapter C of the Internal Revenue Code, as amended, is amended by adding at the end thereof a new section as follows:

"Sec. 110. Sale of wheat and rye during 1947 and 1947.

"(a) In the case of a bona fide sale by a producer of wheat or rye, the portion of the tax imposed by section 12 attributable to such sale shall not exceed 25 percent of the selling price of such wheat or rye.

"(b) The provisions of subsection (a) shall apply only to sales made within taxable years beginning after December 31, 1946, and prior to January 1, 1949."

PRINTING OF FIRST QUARTERLY REPORT DEALING WITH FEDERAL INSPECTION OF COAL MINES (S. DOC. NO. 109)

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed as a

Senate document the first quarterly report, beginning July 1, 1947, covering conditions in all underground bituminous-coal and lignite mines inspected by Federal coal-mine inspectors, submitted by the Secretary of the Interior on October 9, 1947, that was made pursuant to provisions of Public Law 328 of the Eightieth Congress. We have received many requests for the report, and I am sure all Senators will want a copy.

There being no objection, the report was ordered to be printed as a Senate document.

CALL OF THE ROLL

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	O'Connor
Baldwin	Hickenlooper	O'Daniel
Ball	Hill	O'Mahoney
Barkley	Hoey	Overton
Bricker	Holland	Pepper
Bridges	Ives	Reed
Brooks	Jehner	Robertson, Va.
Buck	Johnson, Colo.	Russell
Bushfield	Johnston, S. C.	Saltonstall
Butler	Kem	Smith
Byrd	Kilgore	Sparkman
Cain	Knowland	Stennis
Capehart	Langer	Stewart
Capper	Lodge	Taft
Chavez	Lucas	Taylor
Connally	McClellan	Thomas, Okla.
Cooper	McFarland	Thomas, Utah
Cordon	McGrath	Thye
Donnell	McKellar	Tobey
Downey	McMahon	Tydings
Dworshak	Magnuson	Umstead
Eaton	Malone	Vandenberg
Ellender	Martin	Watkins
Ferguson	Maybank	Wherry
Flanders	Millikin	White
Fulbright	Moore	Wiley
George	Morse	Williams
Gurney	Murray	Wilson
Hawkes	Myers	Young

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, attending the Geneva Conference.

The Senator from Wisconsin [Mr. McCARTHY] and the Senator from Wyoming [Mr. ROBERTSON] are necessarily absent.

The Senator from West Virginia [Mr. REVERCOMB] is necessarily absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent because of illness in his family.

The Senator from Rhode Island [Mr. GREEN] is detained on public business.

The Senator from New Mexico [Mr. HATCH] and the Senator from Nevada [Mr. McCARRAN] are absent on official business.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDENT pro tempore. Eighty-seven Senators having answered to their names, a quorum is present.

INTERIM EUROPEAN AID PROGRAM

The Senate resumed the consideration of the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

Mr. SMITH. Mr. President, addressing myself to the subject before us, I wish first to express my deep appreciation of the wonderful presentation which was made yesterday by the chairman of our Foreign Relations Committee, the Senator from Michigan [Mr. VANDENBERG], in giving the high spots of the picture of the bill, the reasons for the bill, and the place of the bill in the present consideration of our foreign relations.

I wish also to take this occasion to express my personal appreciation of the leadership which the chairman of the Foreign Relations Committee has given us in keeping this debate and the consideration before the committee on the highest possible bipartisan plane. I wish to express my full concurrence with his view, and that of members of both parties, that when we are approaching questions of foreign policy we must have a united American front.

In opening my remarks I think it is well to emphasize again, as was properly brought out yesterday, the distinction between the pending measure and the so-called long-range plan, the Marshall plan.

The pending bill is definitely a relief bill. It aims to provide food and fuel for the people of certain countries in Europe which, after investigation and study, were felt to be in an emergency situation and in great danger, both from starvation and from cold, as well as from probable economic collapse if interim aid were not given.

In a sense, we are buying time by holding the status quo as it is until we can think through, debate among ourselves, and properly develop the so-called Marshall plan.

I fully agree that there are two different problems. One is a relief problem, and the other is a problem of economic rehabilitation. We are not discussing economic rehabilitation at this moment. We are discussing a pure question of relief.

There is no purpose in my reviewing what has already been said, and I shall not try to do so. In my remarks I shall try to reflect my personal experience during the past summer. I wish to stress the word "emergency." When I say "emergency" I do not mean that we should not fully debate the bill. I approve of every question which has been asked and every question that can be asked to make this a better bill, to safeguard its administration, and to see that the money which we are contributing to help the starving people abroad is not wasted. All those things should be explored.

In what I have to say today I wish to emphasize the word "emergency." I wish to illustrate my feeling with regard to the emergency from my experiences of last summer. As my colleagues know, I was cochairman of a committee which went abroad on a special mission to study the Voice of America program. Before I left, Secretary Marshall, with whom I talked, expressed the hope that we would also get our own impressions of the economic situation. We covered every country in Europe except Yugoslavia, Albania, Russia, and Ireland, and in the

over-all survey I at least came to some direct, definite conclusions which I want to record for the RECORD, because they point up my insistence on this word "emergency" and my feeling that we must deal with the matter promptly, effectively, and with an attitude of a positive approach.

I do not think I am exaggerating when I say that the United States is facing one of the most challenging crises of its entire history. At the moment we are the bulwark of freedom to whom the world looks for leadership. Europe is in a state of almost complete economic collapse, with consequent despair. The threat to civilization cannot be exaggerated. The Moscow policy, I regret to say, is to divide and then to absorb. Communism feeds on famine, cold, and despair. The end, as we have ourselves seen, is human slavery.

The trip of our committee to the capitals of Europe has revealed the facts of the situation and the issue. We visited the satellite countries and those still struggling to survive. The pattern is the same everywhere. Freedom is being treacherously destroyed. The police state is emerging with a totalitarianism that surpasses the nazism of Hitler. Freedom-loving people have been and are being liquidated.

America and the remaining free nations of the world must decide, and now. Time is running against the fundamental freedoms and the sanctity of man.

Let me consider our alternatives. If America withdraws now, it means the immediate absorption of Europe by communism, controlled and directed by a small, well-organized minority in Moscow, which has enslaved the Russian people and now seeks to enslave the entire world.

Our alternative is difficult, but it must be faced. We have the responsibility to march with the United Nations in bringing the world to freedom and peace. We must act with the United Nations, and now.

I bring in the United Nations at this point, not because they are participating in this relief program, but I want to emphasize that the measures which we are now debating are not war measures, but are just the reverse. They are measures which alone will prevent war, and the United Nations must be called into it, because if it should come to a question of conflict, such action should be taken not by ourselves alone.

Let me further develop this point. I think I can bring out what I have in mind by high-lighting the countries which we visited. We went to France, Germany, Poland, Czechoslovakia, Greece, Turkey, Italy, Spain, Portugal, Belgium, and to the Scandinavian countries—Norway, Sweden, and Denmark—and I include in that group Finland and England. It was impossible to travel through those countries, even though we were not primarily studying the economic situation, without feeling the food shortages. Someone has said that no one in Europe is starving to death. I agree with that statement; I did not see anyone starving to death, but I met hardly anyone among the people we vis-

ited who did not show the debilitating effects of malnutrition. We felt the atmosphere of food shortages, the desperate economic break-down, the war destruction which cannot be exaggerated, and the moral let-down of all the people of Europe.

When I reviewed my trip and thought, on the one hand, of the so-called western countries of Europe, which would include Greece and Turkey, which are under our protection at the moment, and contrasted those countries with the so-called satellite countries, I began to see what the issue was and why we have an emergency which must be met.

There is a regular Communist pattern, which I shall try to describe briefly, and which, it seems to me, is the thing we are fighting in the position which we have taken concerning the freedoms of people. That pattern takes the form of, first, infiltration, then control through some sort of coalition government of some important ministry, usually the ministry of the interior which controls the police, and then by degrees other ministries, until the so-called free elections can be controlled. That would include the absorption of the ministry of defense, the ministry of transportation, the ministry of armed forces, and the ministry of education also. After getting those controls set up, they are prepared for the so-called free election. We witnessed the strange picture of a free election in countries where they had this tight control, and where, with the police on the job, there was no question of what the outcome would be.

Following the pattern further, we found that after a certain step in the proceedings—and we checked it in the various countries behind the iron curtain—the next development would be charges against the opposition, and attempts to liquidate the opposition party because its members were alleged to be traitors to their country. This would be followed in the pattern by the arrest and trial of the leaders. I need only to recite here for the record the sequence of cases that demonstrate that point.

There was, first of all, before we had hardly awakened to it, a situation in Yugoslavia in which Tito liquidated Mihailovich. Then there was the murder of Petkov in Bulgaria. He had been the head of the opposition movement in that country, and he had the courage to resist the onsurge of the communistic movement in the police state.

As to Rumania, we have just heard of the trial of Mr. Maniu. When I was in Rumania, approximately 15 years ago, I had the pleasure of meeting Mr. Maniu, who was very high in the favor of his people. He at one time served as prime minister of his country. He was about 75 years of age. He was tried on charges of treason simply because he had headed the opposition to the taking over of his country by alien forces. He was not allowed to have witnesses. They were all in prison. We read in the press the shocking story of his being condemned to solitary imprisonment for the rest of his days.

Going a little further along, we have the picture of Hungary, where we know

that Nagy was eliminated and had to flee for his life, and where Mr. Pfeiffer, whose name we have seen recently in the newspapers, has, thank God, escaped, and come to this country. We talked to Mr. Pfeiffer in his country. I had a talk with him lasting something over an hour. I was so much impressed with his integrity and the clearness of his vision of what was going on, that I said to him, "Mr. Pfeiffer, I hope that some day you can come to our country and study our institutions." He said, "Senator, I never expect to go to America. If you come back here in a month, I do not think you will find me." He said, "I am marked for liquidation, and I know what is coming to me." Fortunately, with the aid of the underground he was able to escape, and he is in America now. I hope to have the pleasure of seeing him sometime.

In Poland we have the similar case of Mikolajczyk, who also was able to escape to England, but who, in the same way, was marked for slaughter because he headed the opposition. I read rather recently of the subtle infiltration of the same movement into Czechoslovakia, where, when we were there, it was touch and go between the two opposing forces, but with the Communists in control, because, as we were told there, the border line between Russia and Czechoslovakia is disappearing, in light of the movement of Russia westward and the absorption by Russia of what was Polish territory.

Mr. President, I am citing these things to show what is happening in the world and to show that what we are up against is an infiltration of a kind with which we have not had experience so as to know how to deal with it. This recital of swiftly moving events makes it clear to me and, I think, to all our colleagues who were on that trip, what the collapse of France, Italy, and Austria would mean. In the Foreign Relations Committee we studied conditions in those countries carefully, and raised the question why those countries were selected, rather than others, and it was brought out clearly that they are the countries which are in the most critical condition, and as we read the newspapers today, I think we find that they are in the most critical condition. It is clear the collapse of France, Italy, and Austria, if aid were not given, would also mean the collapse of Greece and Turkey, because we could not support them as mere islands in a completely communistic Europe.

It would also mean the isolation and collapse of Great Britain, because of the cutting off of her previous markets and sources of food. The only result I can see from that situation would inevitably be world war III, and all of us are determined to do our utmost to avoid a third world war, and that is our problem. We can only prevent it if we can hold the fort and can sustain those countries on the western front—I refer to those critical countries, including Greece and Turkey—and can enable them to move into their own economic rehabilitation, which is a subject we shall discuss when we consider the so-called Marshall plan. But in the meantime the emergency requiring the enactment of the pending interim aid bill to me is so

clearly evident, it is so plain that we must hold the fort until we can give proper consideration to the terrible crisis facing the world, that I urge with all the eloquence at my command that America act, and act now.

Mr. President, this subject is related to the Marshall plan. I shall not discuss that plan now. However, I had the privilege of being invited by the Foreign Policy Association to make an address in New York last Saturday on the subject of the relationship of these two plans to each other. In connection with that address, I tried to point out that the interim-aid plan is the immediate matter before the Senate, whereas the other plan is not yet before us. But the other plan will be debated fully and carefully, with the aid of all the expert economic advice that has already been assembled. All such information and advice will be available to us when we work on that plan. But I feel that the two subjects are related to the extent that it is wise for us, in considering the problem of interim aid to Europe, which presently is before us, to consider the over-all picture. Agreeing, as I do, with the chairman of the Foreign Relations Committee that a vote in favor of the interim-aid bill is not a vote in favor of the long-range plan, nevertheless, I believe that the interim-aid bill can properly be considered in connection with the long-range picture. Therefore, believing, as I do, in the interim-aid bill and in the need for immediate action, I ask unanimous consent to have printed in the RECORD as a part of my remarks the analysis which I made of the whole program in the speech which I delivered last Saturday before the Foreign Policy Association in New York City.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Mr. President, members of the Foreign Policy Association, and distinguished guests, we are considering today a matter that has been on the minds of practically everybody in the United States for some time, namely, aid to Europe. I have just returned from a trip of seven strenuous weeks in Europe. The committee of which I was cochairman of the Senate and House which went abroad to study our information program and the so-called Voice of America radio broadcasting covered every capital in Europe except Yugoslavia, Albania, Russia, and Ireland. Let me open my remarks with my over-all impressions of the existing emergency.

The United States is facing the most challenging crisis of its entire history. We are the bulwark of freedom to whom the world looks for leadership. Europe is in a state of almost complete economic collapse, with consequent despair. The threat to modern civilization cannot be exaggerated. It is here and now. The Moscow policy is to divide and then absorb. Communism feeds on famine, cold, and despair. And the end is human slavery.

The trip of our committee to the capitols of Europe has revealed the facts of the situation and the issue. We visited the satellite countries and those still struggling to survive. The pattern is the same everywhere. Freedom is being treacherously destroyed. The police state is emerging with a totalitarianism that surpasses the nazism of Hitler. Freedom loving men who have opposed have been and are being liquidated.

America and the remaining free nations of the world must decide and now. Time is running against the fundamental freedoms and the sanctity of the individual man.

If America withdraws now it means the immediate absorption of Europe by communism, controlled and directed by a small, well-organized minority in Moscow, which has enslaved the Russian people and now seeks to enslave the entire world.

Our alternative is difficult, but must be faced. We have the responsibility to march with the United Nations in bringing the world to freedom and peace. We must act with the United Nations and now.

While these are my own conclusions from my recent trip, I know that the seriousness of the situation has been well known to our authorities in Washington and especially to Secretary Marshall. In a speech which he made at Harvard University on June 5, which may very well have an important part in making world history, the Secretary made a statement which seemed to me at the time to be perfectly obvious, and yet none of us, not even the Secretary himself, probably realized what its far-reaching effect might be. He virtually said in that speech that while the United States had already extended itself to give relief aid to struggling countries and while it would continue to do all it could to prevent starvation and cold during the coming winter, it was time that the nations of Europe realized that it was not economically possible for us to go on supporting them indefinitely. The next step was for them to get together on their own initiative and develop some sort of a mutual-aid plan whereby they could get back on a self-sustaining basis and remove those barriers to recovery which apparently had been holding up rehabilitation since VE-day and VJ-day. He concluded this part of his address by suggesting that the United States would be interested in cooperating within the reasonable scope of its resources to help the European nations to make such a program successful. And let me emphasize here that the proposal was made to all of Europe. It included eastern Europe as well as western Europe. It included Russia. There was no attempt or purpose of Secretary Marshall in his suggestion to divide the world into two camps.

One of the great disappointments in this development was the declination of Russia to participate herself in the Paris Conference or to permit the so-called satellite countries, under the control and domination of Russia, to participate in that conference. Russia's action in opposing this suggestion of a possible program for mutual aid and rehabilitation dramatized and brought out at once what we had been fearing for some time—namely, the persistent Russian policy of bringing about chaos, division, and absorption. This is in sharp contrast to the world policy which we in the United States have been advocating—namely, creative reconstruction.

In spite of the unfortunate Russian opposition, however, what might be called a miracle was accomplished at Paris in the short space of 10 weeks. The countries of Europe outside the iron curtain, under the leadership of Britain and France, organized an intensive study of their mutual economic needs and resources and prepared a well-organized and impressive 4-year program based on the mutual obligation of each of the countries concerned—16 in all—to meet certain essential production targets, which taken as a whole might well mean the restoration of Europe's economy. I want to emphasize here that the United States was not present at this conference and did not initiate the proposals or the setup of the plan. We were in the background, of course, because it was the desire of these cooperating countries to present a fair picture as to what they would need. They knew that we would carefully scrutinize any

proposals for aid and would have to relate our aid to our economic resources. I think I am right in suggesting that this Paris meeting was a new precedent in international collaboration, and whether or not one agrees with the figures finally arrived at, one cannot read the report without feeling an atmosphere of sincerity and real recognition that Europe cannot afford the luxury of excessive nationalism.

This report was submitted to Secretary Marshall on the 23d of September and immediately we set up in this country groups of experts whose duty it was to check the accuracy of the figures presented by the conference report and to determine the extent to which our national resources might be applied to the rehabilitation of Europe without breaking down our own national economy.

You are familiar, if you have followed the matter in the newspapers, with the study of the Department of the Interior under Secretary Krug, having to do with our available national resources; with the expert economic report by the President's group of economic advisers under the chairmanship of Mr. Edwin G. Nourse, and particularly the summary and observations of the special committee of 19 outstanding businessmen, labor leaders, and economists who were assembled by Secretary of Commerce Harriman to make an independent approach to the problem.

Being a member of the Senate Foreign Relations Committee, I had the privilege of hearing all these reports presented with their principal recommendations and of getting evidence as to the background on which the conclusions were reached. We also had the benefit at our hearings of the observations made by the special committee of the House of Representatives under the chairmanship of Congressman HERTER, of Massachusetts, which spent time abroad this summer making a special study of the economic resources of Europe and the immediate need to get the pipe lines going again and put Europe back on her feet. To my mind we are not faced with the question of too little information to deal with the subject, but, if anything, too much information. Any conscientious legislator would like to feel he had covered the whole ground and had all the facts at his command before he voted substantial sums of money which belong to the taxpayers to support a plan which may or may not, no matter how we look at it, accomplish the objectives we are all so anxious to see brought about. It is my own conclusion, however, that no one Congressman or no one Senator could personally cover the entire ground, but what we should be sure of is that those experts who have studied the figures can be relied upon, know their business, and have gotten hold of all the relevant data to determine what the program should be.

In presenting the case to the committees of the Congress, Secretary Marshall outlined the over-all plan and the other witnesses gave us the approach to the plan which they had adopted in checking up on its soundness. Secretary Marshall pointed out, however, that while the long-range plan will take some time to be effected and cannot be dealt with finally until the session of the Congress beginning in January, we must have an interim aid program to keep alive and functioning three of the countries of Europe which have been found to be in desperate economic situations. These three countries are Austria, France, and Italy, and it is because of their desperate situations that President Truman called the special session of the Congress to deal with their needs and keep their pipe lines filled until the long-range plan—the Marshall plan—can be developed and put into operation. This interim aid program which we are working on now is distinctly a relief program in the ordinary sense and is proposed because of the desperate need to relieve people from hunger

and cold during the winter months and until March 31, 1948. It is an initial stopgap program to hold the fort, so to speak, until the long-range program can be perfected.

In my opening remarks I referred to the trip I took to Europe this summer and the countries visited. While I had a special mission for the Foreign Relations Committee of the Senate, I was also asked by Secretary Marshall to get any further information I could with regard to the so-called rehabilitation program. It was inevitable in the kind of a trip we took, which covered France, Germany, Poland, Czechoslovakia, Austria, Hungary, Rumania, Bulgaria, Turkey, Greece, Italy, Spain, Portugal, Belgium, the Scandinavian countries and finally England, that we should have felt the atmosphere of food shortages, the desperate economic breakdown, the war destruction which cannot be exaggerated, and the moral let-down of all the people of Europe. It was the whole picture, rather than any specific picture that led us to our conclusions. And it was because I had the contrasting experience in the so-called western countries outside the Russian orbit with the satellite countries within the Russian orbit that I came to my over-all conclusions. The western countries, including of course Greece and Turkey, which countries we are supporting under the Truman Doctrine, still are free peoples and they can remain free and prosperous if they can be economically rehabilitated. The people behind the iron curtain either have completely succumbed to communistic infiltration, or they are in imminent danger of doing so. I need only cite briefly the Russian pattern—first, infiltration, then control under the plea of a coalition government of some important ministry, usually the Ministry of the Interior which controls the police, and then by degrees other ministries until the so-called free elections can be controlled, then the liquidation of the opposition and finally the arrest and liquidation of opposition leaders. We see this dramatically brought out in the cases of the murder of Mihailovich in Yugoslavia, of Petkov in Bulgaria, the sentence to solitary life imprisonment of Maniu in Rumania, the threatened liquidation of Pfeiffer in Hungary and Mikolajczyk in Poland, and the recent subtle infiltration into the government in Czechoslovakia.

This recital of swiftly moving events seems to make it clear that the collapse of France, Italy, and Austria, which may be imminent if the emergency aid is not given, would mean the collapse of Greece and Turkey, because we could not support them as mere islands in a completely communistic Europe. It would also mean the isolation of Great Britain unable to feed herself without imports and cut off from her previous markets and sources of food. To me such a result would mean inevitably world war III.

These threatening events have left in my mind some indelible impressions and a challenge, as I see it, to the United States of America, to accept a responsibility that it has never had before in its entire history. That responsibility comes to us because we have emerged from the war as the strongest Nation in the world and as the only Nation left that can possibly give aid in substantial amounts to help restore what might otherwise be a dying civilization. And so I plead for a sound, positive, aggressive foreign-aid policy that must be clearly and constantly explained to the world. It may be definitely related to the very survival of the United Nations Organization.

In approaching this matter I see grave danger of mistakes on our part that might well spell disaster. Certainly if we contributed of our wealth to continue in existence an obsolete European structure, which has been the cause of two world wars within 25 years, our contributions would be wasted. And so we are confronted with the fact that

the mere giving of dollars or even of commodities is not sufficient to do the creative job that must be done. We must make it clear to the world that what we are trying to do is to help people help themselves—people who have voluntarily proposed to merge their political and economic differences in order that they may mutually recover from this terrible inertia and chaos that has overcome them. We all know that the small compartments of Europe for hundreds of years have made difficulties that prevented human understanding between people by which they could mutually move forward. We have solved this particular problem in America by our economic unity and our political safeguards. Our experience may suggest an ultimate United States of Europe or at least a Federation of European States which would have the responsibility for the common welfare. The problems, of course, are the trade barriers, the currency differences, the racial jealousies and prejudices and all those things that tend to drive people apart rather than bring them together.

Now we have a gleam of hope in the amazing accomplishment of the Paris Conference where these divided peoples have adopted goals for their respective accomplishments as conditions of their further aid from us. And let me add here and emphasize that whether or not a united over-all Germany can be brought into this picture of mutual aid at the coming London Conference, we certainly have the responsibility with Great Britain to bring in western Germany and make it a part of the economic over-all picture. We and Great Britain at the moment are the government in this so-called bizonal area. We should use the Ruhr and its industries, not alone to put Germany on a self-sustaining basis again, but also and more especially to make the German resources a part of the entire western European rehabilitation. And so I want to suggest that in this program of aid for Europe we are not dealing with a charity problem, but we are dealing with a problem that concerns the morale, not only of Europe, but of the entire world. The program brings out in bold relief hope versus despair. It suggests an over-all vision of a united world of mutual aid, as opposed to a divided world of selfish national pressure groups. To bring this about the movement can and should be spearheaded by an enlarged vision of America's foreign-aid policy, which as I visualize it, would have the following characteristics:

First. It should be bipartisan and all-American.

The great majority of people today accept the fact of the interdependence of nations and the threat of communism. The extreme sacrifices in the late war made by our own boys have brought home to us again the values of our human freedoms. There can be no distinction between Republicans and Democrats when we are thinking in these terms. If we can have an American bipartisan foreign policy which is understood by the world, we can remove the fear for the future that other nations might have if they felt that a change of administration might mean a change in that policy.

Second. It should be positive and creative and not grudging.

We must move into our responsibility with enthusiasm and not with reluctance or suspicion or grudgingly. We must have care in our giving and in our lending, but in our relationships with other countries in dealing with this aid program, let us use the opportunity to raise the level of international understanding and mutual trust in each other.

Third. It should help nations to help themselves.

Our help must be designed to strengthen the economy and life of other nations rather than to make them dependent. This means that they must have the primary responsibility to work out their own self-imposed programs of productivity. There must, of course, be adequate supervision to see that these programs are being carried out while we continue our aid, but fundamentally we must respect and support the spirit of independence and pride of accomplishment that is inherent in any free people.

Fourth. It should be administered by the nations themselves under proper observation.

Technical help and professional advice should certainly be offered and we should have observers to see that the aid is used as intended. But it is my judgment that ordinarily the workings of a free press with its free criticism should be our main reliance to check the results. The extent to which we refuse responsibility to the nation concerned to put its own house in order is the extent to which we invite suspicion and failure.

Fifth. It should be world-wide.

China and the Far East should be included as well as Europe. If our policy is set for the presentation of an alternative to communism, there is no more glaring example of this need than in China. I fear that our policy in China has been founded on some aid, but chiefly on moral lectures and pointing out the defects in the Chinese set-up. We must be sympathetic with the vast continent of China struggling for order and unification, which presents some of the elements that we had in this country during the early days of the Republic. If we are saying to these other nations of Europe, "We will help you and your plans for recovery," we should make the same offer to China in order that there may be no gaps in the world program that our new foreign-aid policy envisages. And I would certainly hope ultimately to include Russia and the satellite countries, but only when and if Russia is willing to forego the insidious spirit of communism and the use of the intolerable, treacherous police state which destroys the fundamental freedoms.

Sixth. It should be carried out, so far as possible, within the framework of the United Nations.

This "town meeting of the world," as John Foster Dulles termed the General Assembly, has amply demonstrated its usefulness in the uniting of public opinion of the free nations against the resistant imperialism of the rebel nations. Let us move with the conscience of the world in all that we do.

Seventh. It should be made known by the expansion of the United States Information Service.

All that we do in the world is being misrepresented by alien forces. Those forces even seek to take the credit for the good that we accomplish. The experience of my committee in Europe in studying our information program and comparing it with comparable programs of other nations shows clearly that we are staffed inadequately and we are lacking in the kind of a policy that should make our voice authentic and a true interpretation of our purposes. An expanded information service is an integral part of the proposed interim relief and the ultimate long-range plan for economic recovery. We should make it clear that we seek nothing for ourselves except a world in which we may be a part and which will seek the freedom and well-being of all mankind.

In conclusion, let me emphasize that we must relate our living at home to these international responsibilities. This crisis in world affairs is a crisis for America in more ways than one. It is our way of life that is on trial and not merely our ability to furnish material aid in dollars and commodities.

The intensity of the existing world struggle will test our character of living.

We must prepare ourselves in every possible way. I am strongly in favor of keeping our armed strength at a readiness that will serve as a warning to potential aggressors and will support the objectives of the United Nations. But let us ever bear in mind that this is a war of ideas and the democratic system is on trial. Communism waits for our economic system to break down. Our inability through selfish divisions at home to aid in the rehabilitation of Europe at this critical moment will be the signal for communism to move in and take over. This is a direct challenge to each one of us.

But I will not close on a negative note. Under God, the people of America will not betray their destiny; rather will we courageously overcome the negative defeatism of communism by saying to those nations of the world which are still free to listen:

"We are embarking on the greatest venture in history—the building of a true democracy. We do not have all the answers. We have made many mistakes. But we are on an upward pilgrimage. Let us battle together and make our distinctive contributions to a united world built on a true sharing of the material and spiritual benefits which are the heritage of the ages."

This, as I understand it, is the spirit and purpose of the Marshall plan.

This conception of our foreign-aid policy would proclaim to the world the dedication of America and its resources to a creative, inspiring, and lasting peace.

Mr. SMITH. Mr. President, I shall conclude by saying to you, sir, as chairman of our Foreign Relations Committee, that I have felt a real inspiration in working with the other members of our committee—and I think you share the feeling with me—in the spirit in which this subject has been approached, in the spirit in which we have tried to meet the perfectly proper objections which have been raised and the questions in regard to administration. It has been a privilege to be a member of the group which has made this study, and to be able to report unanimously to the Senate that in our conviction an emergency now faces us, and this measure is an interim-aid bill which should be passed.

Mr. KNOWLAND. Mr. President, I shall not take much of the time of the Senate today, because I know all of us are anxiously awaiting the speech of the able senior Senator from Texas [Mr. CONNALLY], the former chairman of the Foreign Relations Committee. However, I wish to make a few remarks regarding the pending bill.

In the first place, I wish to join my colleague the Senator from New Jersey [Mr. SMITH] in commending the very able address made by the distinguished senior Senator from Michigan [Mr. VANDENBERG], the chairman of the Foreign Relations Committee, in presenting to the Senate and to the people of the United States very clearly the urgency of the situation we now face. I, too, have just recently returned from Europe and from some of the countries that now are behind the iron curtain; and I can say without any mental reservation whatever that the great export out of Russia today is fear and terror. The Senator from New Jersey has already

mentioned the facts regarding the killing of Mihailovich, in Yugoslavia; the "legalized" murder of Petkov, in Bulgaria; the sentencing to life imprisonment of Maniu, in Rumania; and the forcing of Mikolajczyk to flee for his life from Poland. Every place you go in the border countries and within the iron curtain the people have the same sense of fear and urgency.

Mr. President, I believe that it is important that this Congress proceed forthwith to act on this proposed legislation and such other legislation of a longer term nature as may ultimately come before us for decision. But I do wish to make clear that I find it a little difficult at times to follow the thinking behind the policy of the State Department.

In the first place, taking the case of Petkov as a specific example. If we examine the record, we see that this Government sent its first note to the Bulgarian Government on June 7, sent another note on the subject on the 18th of August, sent another note on the 22d of August, sent another note on the 23d of August, sent a note to the Soviet Russian Government on the 30th of August, and then on the 23d of September issued a statement to the press, acknowledging the fact that the State Department had just received word that Petkov, the democratic leader, had been executed in that country on that date.

Then, lo and behold, what happened? Within 10 days of the execution of Petkov, our State Department gave full and complete recognition to the Bulgarian Government. I wish to say to my colleagues from my personal observations in talking to the democratic leaders in Poland, in talking to the democratic leaders in Czechoslovakia, and in talking to the democratic leaders in Austria and other countries which I visited within the last month, that I found nothing that had done as much damage to American prestige, that had done as much damage to the cause of democratic institutions, as this Government's giving full and complete recognition to the Bulgarian Government within 10 days after they had murdered Petkov, the democratic leader.

Mr. President, I find it very hard to understand the policy of the State Department of this Government in continuing to permit the shipping of machinery and other materials to the Government of the Soviet Union. I have in my hand a statement from the Department of Commerce, which I ask to have inserted in the RECORD in this part of my remarks, showing our exports to Russia and our imports from Russia. I call attention to the fact, which will be in the RECORD for Senators to study, that we are shipping substantial quantities of machinery and other types of material of that nature, and we are receiving from them principally furs.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from California?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

United States trade with U. S. S. R., by commodity groups and principal commodities
[Value in millions of dollars]

Commodity	Monthly, 1947			6-month average, 1938	January to June		July 1947
	April	May	June		1946	1947	
Exports, including reexports, total ¹	9.3	27.1	7.1	34.8	223.5	91.2	15.7
Lend-lease shipments.....	1.8	3.6	.1	.....	105.3	14.9	1.2
UNRRA shipments.....	4.1	10.1	1.3	.....	91.8	31.2	.7
Foodstuffs.....	.1	.7	.1	(²)	71.8	3.7	(²)
Canned meats.....	.1	.4	(²)	.....	44.9	3.1	(²)
Textile fibers and manufactures.....	(²)	.7	.2	(²)	5.5	1.4	(²)
Nonmetallic minerals.....	.2	.9	.2	2.9	3.3	1.9	1.6
Metals and manufactures.....	1.8	3.2	.9	6.1	9.6	12.9	1.2
Iron- and steel-mill products.....	1.7	2.8	.7	3.3	6.8	11.4	1.2
Machinery and vehicles.....	6.8	20.2	5.1	24.7	99.0	64.2	11.3
Electrical, and apparatus.....	1.5	3.0	.6	1.7	22.8	10.9	2.5
Industrial, total.....	4.2	16.2	4.3	20.1	71.8	48.3	7.8
Power-generating, and parts.....	.6	2.2	.1	.5	27.6	4.7	.1
Locomotives, steam.....	.1	.3	.....	.....	18.5	1.1	.....
Construction and conveying.....	.4	1.6	.1	(²)	1.6	4.1	1.4
Mining, well, and pumping.....	.9	2.4	.3	.4	7.8	9.2	1.2
Metalworking.....	.9	3.2	2.3	17.6	25.6	13.6	3.7
All other exports of United States merchandise.....	.4	1.4	.6	1.1	29.3	6.8	1.6
Private relief shipments.....	(²)	.4	.1	.....	8.8	1.7	.1
Reexports, total.....	.....	(²)	.1	(²)	4.8	.4	.1
General imports, total ²	6.3	4.5	10.5	11.8	57.2	32.5	10.0
Foodstuffs.....	.5	.1	.1	.7	.9	.7	(²)
Sausage casings.....	.1	.1	.1	.2	.5	.3	.....
Sturgeon roe.....	.4	(²)	(²)	.1	.4	.5	(²)
Furs, undressed.....	1.0	2.7	8.0	6.1	41.4	16.6	5.7
Fur manufactures.....	.2	(²)	.1	.3	1.2	.4	.1
Tobacco, cigarette leaf, unstemmed.....	.8	(²)	.3	.1	.9	3.0	1.2
Textile fibers and manufactures.....	.2	.1	.4	.8	2.1	1.7	.4
Cotton linters.....	.2	(²)	.....	.1	.3	.4	.3
Wool, unmanufactured.....	.....	.....	.2	.....	.3	.6	.....
Metals and manufactures.....	3.5	1.2	1.1	1.8	7.6	9.1	2.2
Manganese ore.....	1.3	.3	.7	1.3	4.4	4.1	.5
Chrome ore or chromite.....	1.1	.....	.3	.....	1.9	2.0	1.6
Platinum.....	.6	.7	.....	.5	.5	1.8	.....
Palladium.....	.4	.2	.1	.....	.5	.8	.....
All other imports.....	.1	.4	.5	2.0	3.1	1.0	.4

¹ Includes lend-lease, relief, and commercial shipments.

² Less than \$50,000.

³ Imports for consumption in 1938.

Mr. KNOWLAND. Mr. President, in the modern world in which we live the strength of nations for aggression is not limited to the size of their armies; it is not limited to the size of their air forces or their navies, but the ability of any nation to make aggressive warfare hinges upon the type of the economic foundation upon which their armed forces rests. I say that when we ship materials to the Government of the Soviet Union, even though the shipments are of limited nature, to that extent we are strengthening their hands to carry out their aggressions throughout the world wherever they may choose to follow them out. To me it does not make sense; it smacks too much of the years 1938, 1939, 1940, and 1941, when scrap iron and oil were being shipped from this country to Japan. At that time there were those in the State Department who said, "Well, we must not interfere with this trade. If we do we will annoy the Japanese Government. If we do, it may be considered an act of economic warfare."

I say, Mr. President, that the policy we followed at that time contributed to the ability of Japan to make war upon China, a country which has been the traditional friend of the United States; it contributed to the strength of Japan to strike us at Pearl Harbor; it contributed to the strength of Japan to join with the other Axis Powers to make war upon us and the other democratic nations throughout the world.

I am unimpressed by the statements made now by representatives of this Government who say there is no need at the

present time to cut off these shipments to Russia. To the contrary, I believe that when Russia has been placing obstacles in the way of the rebuilding and rehabilitation of a war-torn world, when time after time by obstructionist tactics in the United Nations, and in Germany, and elsewhere throughout the world, they have interposed obstacles in the path of the economic rehabilitation of the world, it is high time for us to face realities.

The able Senator from Michigan [Mr. VANDENBERG] yesterday very clearly, and very excellently, in my opinion, mentioned the two trains which have been crossing the continent of the United States, the Freedom Train and the Friendship Train. I am sure all of us have clearly understood the spirit of the American people which has supported both those trains. But I say, Mr. President, that if we know an individual or a nation is attempting to wreck the Freedom Train, is attempting to wreck the Friendship Train, is putting ties, is putting rocks, is putting pieces of steel, upon the tracks, in order to derail those two trains, it certainly is high time that we stop giving them the materials with which to carry out their sabotage.

Mr. President, in the report of the Senate Committee on Foreign Relations on the pending bill, in answer to the statement by the chairman of the committee relative to the shipping of lend-lease supplies to Russia, the State Department sent in a note which the chairman of the committee put into the RECORD. The able Senator from Texas [Mr. CON-

NALLY], former chairman of the committee, expressed the hope, as appears on page 250 of the hearings, that that letter from the State Department, in addition to being published in the RECORD, would also be published in the newspapers of the United States.

I wish now to read just a few paragraphs from the memorandum of the State Department as it appears in the hearings. It says:

No lend-lease goods of any kind are now being delivered to the Union of Soviet Socialist Republics, nor have any been transferred to Soviet custody for many months.

I skip two paragraphs and read further:

Deliveries of supplies under the U. S. S. R. agreement were suspended after December 31, 1946, as a result of passage of the Third Deficiency Appropriation Act, approved July 23, 1946, and in accordance with a ruling by the Comptroller General restricting further exports even if funds supplied by the foreign governments were used for the purpose. The Supplemental Appropriation Act, 1948, approved July 30, 1947, made provision for resumption of lend-lease deliveries to 10 countries but made no provision for further deliveries to the Soviet Union. No further deliveries are being made since legislative authority therefor has terminated.

Mr. President, what the State Department did not tell the committee at that point was that these deliveries were discontinued over the objections of our State Department. The original provision in the Deficiency Act of 1946 was inserted by the Committee on Appropriations of the Senate over the violent protest of the State Department. They then attempted to circumvent the law passed by the Congress of the United States and ship lend-lease materials to Russia, in spite of the fact that the law stated that shipments should terminate by a certain date. They were caught at it by the Comptroller General of the United States. They then came before the Committee on Appropriations and attempted to get the committee to permit the illegal transfer of lend-lease materials to the Soviet Union, and the Committee on Appropriations, after extensive hearings of some magnitude, refused to give the permission for the shipping of these lend-lease supplies to the Soviet Union.

Mr. President, I merely wish to point out that it was not the State Department which stopped these lend-lease supplies going to the Soviet Union. It was the action in the first instance of the Committee on Appropriations of the Senate of the United States, and in the second instance, of course, of the Senate and the House of Representatives, constituting the Congress of the United States.

I wish to reiterate, I believe we should have the bipartisan foreign policy we are now following. I believe we should have an American foreign policy which is not Democratic and not Republican. Partisan politics should stop at the water's edge. However, it is going to be very difficult for the American people and the Congress to follow two different policies at the same time. It is most difficult to go forward and help the democratic nations of Europe, which are in desperate need, to rebuild their economies, help

them with food and help them with materials when our own supplies are short, when at the same time we keep shipping supplies to the one nation which is a threat to their liberties and a threat to their independence.

Therefore, Mr. President, I felt it was quite in order at this time to voice the personal expression, on my own responsibility as a Member of the Senate of the United States, that I think that the State Department should begin following a consistent policy in this matter.

In conclusion, Mr. President, I merely wish to say that I recognize the urgency in the situation. I, too, believe that the sands of time are rapidly running out, and from what I have seen in Europe in the last few weeks I am firmly convinced that the peace of the world will not be saved if we follow the appeasement policy developed at Munich. If we take the road that led to and from Munich, and surrender the sovereignty and independence of small nations to international black-mailers in the same way the independence of Manchuria was surrendered to the war lords of Japan, in the way the independence of Ethiopia was surrendered to Fascist Italy, and the independence of Austria and Czechoslovakia was surrendered to Nazi Germany, the only result will be to increase the appetites of those who prey upon their weak neighbors.

If we are to save the peace of the world, I firmly believe that the United Nations, and this country as a member of the United Nations, must make it crystal clear, so that no person anywhere can ever misunderstand it, that a threat to the territorial integrity and independence of any nation, anywhere, is a threat to the territorial integrity and independence of all nations, everywhere. Lest there be any misunderstanding as to what I mean, I refer to any threat to the territorial integrity of Greece, of Turkey, or Iran, or of any other nation in Europe or elsewhere throughout the world.

Mr. President, in closing, I say that I expect to support enthusiastically the legislation presently before us, and such other legislation as may be presented for the rehabilitation of Europe and of China and of the world; but I do hope that our State Department will follow a more consistent policy.

Mr. CONNALLY obtained the floor.

Mr. BARKLEY. Will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Capehart	Flanders
Baldwin	Capper	Fulbright
Ball	Chavez	George
Barkley	Connally	Gurney
Bricker	Cooper	Hawkes
Bridges	Cordon	Hayden
Brooks	Donnell	Hickenlooper
Buck	Downey	Hill
Bushfield	Dworshak	Hoey
Butler	Ecton	Holland
Byrd	Ellender	Ives
Cain	Ferguson	Jenner

Johnson, Colo.	Millikin	Stewart
Johnston, S. C.	Moore	Taft
Kem	Morse	Taylor
Kilgore	Murray	Thomas, Okla.
Knowland	Myers	Thomas, Utah
Langer	O'Connor	Thye
Lodge	O'Daniel	Tobey
Lucas	O'Mahoney	Tydings
McClellan	Overton	Umstead
McFarland	Pepper	Vandenberg
McGrath	Reed	Watkins
McKellar	Robertson, Va.	Wherry
McMahon	Russell	White
Magnuson	Saltonstall	Wiley
Malone	Smith	Williams
Martin	Sparkman	Wilson
Maybank	Stennis	Young

The PRESIDENT pro tempore. Eighty-seven Senators have answered to their names, and a quorum is present.

Mr. CONNALLY. Mr. President, World War II left its indelible stamp of ruin and devastation all over the map of Europe. In a larger measure its tragedy touched other areas in distant parts of the world. The peoples of distressed countries must be given an opportunity to rebuild their shattered economies and again to assume their governmental processes.

Europe has for centuries been one of the most advanced, progressive, and enlightened sections of the world. It has been torn and lacerated by the recent war. The nations of western Europe and the United States have shared in large measure the same political and governmental views. Notwithstanding the misfortunes and devastation of World War I, western Europe, prior to World War II enjoyed practically one-half of the world's foreign trade. It is populated by intelligent, skilled, and enterprising people. Its fortunes must be restored if the people of western Europe are to enjoy revived industry, commerce, and trade. Western Europe has been a land in which democracy and free government have served their people. These concepts have been and are now under bitter and destructive attack by powerful influences from the outside.

President Truman, in response to convincing evidence from American committees and our foreign representatives respecting the critical situation in western Europe as regards food and fuel during the coming winter, called the Congress into session to provide funds of an emergency and interim character to aid France, Italy, and Austria in the purchase of critical and necessary supplies of food and fuel during threatening days until March 31, 1948.

Mr. President, I hold in my hand clippings quoting the views of Members of the House of Representatives and other Americans traveling in Europe who are familiar with the situation in that section of the world, and who describe the need and the urgency of that need.

In the New York Times of November 14, 1947, I find a statement by Representative HERTER. I shall not read the entire statement. He was vice chairman of the committee which made a tour of Europe for the purpose of ascertaining conditions and passing upon the necessity for relief. He approves the proposal for relief, and sets forth the reasons which actuated him.

Representative TABER said that he saw no hunger; and yet he states that Amer-

ica must assist the war-stricken peoples to recover.

Representative DIRKSEN, prominent Republican from the State of Illinois, is loud in his demand for United States relief to the stricken areas. Representative DIRKSEN urged swift American aid to Europe.

Representative WIGGLESWORTH, a distinguished Member of the House from Massachusetts, says:

It is clear that recuperation in western Europe is today threatened by economic and political dangers of the most serious character.

Representative SCOTT also made a favorable report.

Representative DEWEY SHORT, of Missouri, was most insistent in the demand that aid be extended to those areas.

Representative MONRONEY is of the same opinion.

The Senator from Kentucky [Mr. BARKLEY], our own minority leader, after having visited most of the countries of Europe, expressed his advocacy of relief to western Europe.

Mr. President, the objective is to relieve the peoples of these countries from suffering, from hunger and cold—to provide the most elemental and imperative needs on a temporary basis. As has already been stated, the provisions of the bill are restricted to France, Italy, and Austria.

The bill authorizes an appropriation of 597 millions of dollars, and sets up a standard of administration and supervision to safeguard the funds and to direct them to the objectives of the bill. The Committee on Foreign Relations wisely treated the pending measure as one of a temporary and interim character, and not associated with the proposals for a long range policy known as the Marshall plan.

This separate treatment will enable the Congress to acquire experience in the handling of the funds by the recipient nations. It will produce information valuable to the Congress in its consideration of any long range plan which may be proposed. The pending bill authorizes the President, acting through departments and agencies and independent establishments of the Government, to administer the funds authorized. The bill reveals in detail the commodities to be provided for the recipient nations, including food, seed, pesticides and fertilizers, medical supplies, fibers, coal, petroleum and petroleum products; and, when the President determines it essential to prevent economic retrogression in any of the recipient countries, spare parts and raw materials, processed or unprocessed.

The committee wisely inserted a clause in the bill that the act shall not in anywise imply any obligation on the part of the United States to give assistance to any of the countries mentioned, nor shall it imply or guarantee the availability of any specific commodities. The reason for the insertion of that clause will readily occur to Members of the Senate. We did not want to place the United States in such a position that the countries of Europe could say that we had promised them aid which, for unforeseen reasons,

we could not furnish. So the Congress and the Government of the United States are left free to grant these sums or not to grant them. The United States thus reserves its freedom of action to terminate the program with reference to any recipient country or to all recipient countries. It is physically impossible for the United States to guarantee the availability of any specific commodity in any specific amount. Many commodities are now in short supply, and the hazards of winter and unforeseen events render it impossible and undesirable to make any commitment with respect to the availability of any particular amount.

In addition to the alleviation of suffering because of lack of food or from lack of fuel or the elemental necessities of life, one of the cardinal purposes of the bill is to encourage and stimulate the recipient countries to exert to the limit of their ability their own efforts to improve their economic conditions and restore their own economies. It is, therefore, provided in the bill that the President, through such agencies as he may employ, is authorized to execute with each recipient country a contract in which the recipient country assumes certain obligations and agrees to perform specific commitments. Among these are the efficient use of the commodities or foods made available in order to achieve an improved economy, to place in a special fund in the local currency of the recipient country any funds received from the sale of such commodities as may be furnished, such funds to be held for the account of the United States and disposed of in the manner directed by the United States Government, to give full and continuous publicity within such recipient country as to origin of the commodities furnished so as to inform the ultimate consumers as to the purpose, sources, character, and amounts of commodities made available by the United States.

Mr. President, it is perfectly apparent that the reason for the insertion of that language in the bill was to encourage and stimulate the recipient countries and place upon their shoulders responsibility for exerting themselves to the utmost to rebuild their shattered economies, rather than merely depending upon the largesse and charity of the United States Government.

This clause was prompted by our experience under other relief measures and under the UNRRA in which in some instances supplies furnished by the United States and other generous contributors have been represented as not coming from the United States or the UNRRA supporters, but have been employed for political purposes, actually to the detriment and injury of the United States and associated countries. It is also embodied in the contract or agreement that the recipient country shall supply the President upon request information concerning the method of distribution and use of the commodities made available and to make available to the people of their respective countries at reasonable prices the commodities it receives under the terms of the proposed act.

That, Mr. President, is designed to prevent the mishandling of the funds, to

prevent their use for political purposes, and in order that the people may know the United States is furnishing the funds, that they are not furnished by some alien power.

Important is the agreement between recipient countries to make all possible efforts to secure the maximum production and distribution of locally produced supplies. It is also agreed that the recipient country shall not export or permit the removal from such country, while need therefor continues, of commodities made available to such country under this act.

It is our purpose to urge and to stimulate all these countries to produce out of their own soil, by their own industry, the products of those countries so as to contribute not only to the rebuilding of their own economy, but to reduce the drain on the funds granted.

It is also provided that the recipient country shall permit representatives of the Government of the United States to observe and report on the distribution among the people of such country with respect to the commodities transferred or otherwise made available under the act.

In other words, while we are not interfering with the internal affairs of any government, the Government of the United States should be supplied with information as to how recipient countries are administering the funds and as to how they are distributing them, in order that we may have a proper understanding of the problem.

These provisions have been adopted in order to insure the right of the Government of the United States to exert a certain supervision over the administration of the act and to guarantee that the purposes which motivate the act are essentially met by the administering authority.

The power of the President to terminate the operation of the act is preserved. Whenever he may determine that a recipient country is not administering according to the terms of its agreement or whenever he finds by reason of changed conditions that the provision of assistance is no longer necessary or desirable, he may terminate operations under the act as related to that country.

Section 10 of the act provides that the responsibility for administering in Europe the program of assistance provided for may be vested in the field administrator of the United States foreign relief program, pursuant to section 4 of the act of May 31, 1947, providing for relief to the devastated areas. However, it is provided that such field administrator must perform his duties under the direction of the President of the United States. The objective and the policies embodied in the bill are a vital and integral part of the foreign policy of the United States. It is therefore appropriate that the President, who, under the Constitution, is charged with the conduct of our foreign relations, and his Secretary of State, should have authority for the administration of the act.

One objective of the United States is to relieve the distress in the recipient nations caused by the shortage of food and fuel supplies and the danger to human

life and activity. Another objective is to aid people of the recipient countries to manage their own affairs, to rebuild their own economies, and to control their own governmental activities. Another objective is to stimulate the responsibility of the respective nations. Those who do not endeavor to help themselves must not expect our help. They must realize that their destiny is in their own hands. They must acknowledge that their fortune is of their own making. The United States is willing to aid, but it has no desire whatever to intervene in the domestic affairs of any recipient nation. It has no purpose to control their economy or their government. These things are wholly within the determination of the respective recipient countries. We would not have it otherwise. We want them to stand upon their own feet, to look the world in the face and with dignity to demonstrate their own independence and their own innate power to make and administer their own institutions.

We are aware that the Soviet Union and some of the nations of eastern Europe known as the satellite states are bitterly and vigorously resisting the acceptance by the recipient countries of aid from the United States. This is a curious phenomenon. Nations that are unwilling themselves to join in furnishing aid to those in need, object and restrict any effort by the United States to alleviate human suffering and to give strength and encouragement to those who face the danger of suffering and despair for the lack of the vital necessities of life.

It is quite a curious thing that any nation, any people, should strike the crust from the hands of a hungry man. Why the resistance by the Soviet Union and its satellite states to the acceptance by the recipient countries of the aid furnished at a great cost to ourselves in the denial and sacrifices of our own people which it entails? Why should they object? Why should they be concerned? Is it because they hope that in the confusion and chaos and suffering and uncertainty that accompany physical distress, hunger and hardship the political purposes and the ideological concepts of communism may seize upon the imagination of the distressed and suffering.

The world has noted within recent weeks disturbances fomented by Communists in a number of countries of Europe for political and ideological reasons. We have seen how the Government of Italy has been attacked by widespread strikes. Even now the Republic of France is in the throes of a political crisis, and under the influence and leadership of the Communists in France widespread strikes are taking place and open threats are being made against the life of the French Government. In France, for which country we have sacrificed, which we have defended in two world wars, and into which we have poured millions of dollars for relief purposes, we hear denunciations of the United States, of our people, and of our purposes. Those denunciations come from the Communist leaders, and are, of course entirely baseless, and without foundation.

It is difficult to understand how any people who claim to have an attachment to human rights and the welfare of mankind can oppose the granting of aid to the hungry and the suffering. The United States entertains no selfish purpose in its course. It does not desire to exert any control or influence over the recipient nations. It does hope that the recipient nations may be allowed to pursue their own course and to choose their own way of life. It does not believe that they should be compelled under the pressure of physical suffering, under the punishments of a political knout to adopt a political system alien to their traditions and opposed to their concepts of liberty, freedom, and constitutional government.

The fate that may befall countries coming under the influence or domination of Russia ought to be known of all men. In Bulgaria, Petkov, an independent democratic leader of that nation, who had held high and responsible positions, forfeited his life because he opposed the policies of a totalitarian government.

In Hungary, Nagy, Premier, fled to the United States in fear of his life. In Poland, Mikolajczyk, formerly holding honorable and high positions in the government, fled before the terror of communism. In Rumania, Maniu, a former Premier, languishes in a prison cell. Totalitarian tyranny has terrors which even Siberia did not hold under the Czars.

Let the nations of Europe beware. The hug of the bear is not a gesture of affection. It is the treacherous and deadly embrace to democracy and free peoples.

Russia almost daily denounces and abuses the United States with bitter and baseless invective. It assails the United States as being an imperialistic power. It charges us with seeking even in our charitable efforts embodied in this measure to have sinister designs upon the countries of western Europe.

Mr. President, the United States has claimed no reparations from any nation as a result of the recent war, whereas the Soviet Government has laid a heavy hand upon every defeated nation, and in the conferences on the peace treaties has demanded exorbitant reparations. The United States has claimed no territory, whereas Russia has had added to her realm thousands of square miles of territory and there have been brought under her yoke millions of people who formerly inhabited other lands.

Whatever indirect result the bill may have is in behalf of the freedom of western Europe and in defensive resistance to aggression that would reduce western Europe to vassalage and political slavery.

International harmony and good will are the desires of most of the nations of the earth. We fought to embody these principles in the United Nations organization. Russia, however, has impeded, delayed, and hindered the work of the United Nations, seeming to prefer friction and chaos in the relations of the peoples of the earth.

Yesterday the Council of Foreign Ministers met in London to consider peace

treaties with Germany and Austria. More than 2 years have elapsed since the termination of combat, with no treaty with either of these countries.

Mr. President, I recall distinctly that in the Council of Foreign Ministers meeting in Paris, Secretary of State Byrnes repeatedly before the Council pressed for the consideration of peace treaties with Austria and with Germany; but the Soviets of Russia, under the lead of Mr. Molotov, always found some pretext for delay, some reason for postponement, and refused to agree upon fixing any definite time to take up those questions, and refused to incorporate them in the agenda. So, from that time to this, chaos, uncertainty, and distress have prevailed in Austria and in Germany. It seems to be the Russian thought that if they can cause delay, confusion will be increased, people will become troubled with misunderstanding, and will embrace any promise of a different ideological nature and character; that, because of the failure to write peace treaties and the failure to agree to the restoration of their own individual and nationalistic desires, they may turn to communism.

The economy of Germany must be restored, if Europe is to have a healthy economic future. Germany is the heart of European industry. It is inhabited by a skillful, industrious, and intelligent people. Of course, its war potential must be destroyed. The Allied nations must see to it that Germany is never again able to lift a hostile sword. But this does not mean that Germany should not be rehabilitated as a mighty workshop. Delay on the Austrian and German treaties has made it possible for foreign influences to infiltrate Germany and Austria, and seek to implant in the hearts of the people support of an alien concept of government, and to embrace the doctrines of communism. That condition exists now, and has been present since the termination of hostilities.

This infiltration of foreign influences is an approach which seeks to absorb not alone their resources, but the sympathies of their peoples. If the Council of Foreign Ministers cannot bring about peace treaties with Germany and Austria, eventually the other great powers must conclude treaties with Austria and Germany without Russia, in order to restore peace and to determine the status of the former enemy states. Technically, we are still at war. These countries cannot be expected to go on living in a state of war. We cannot be expected to continue the relationship of victor and vanquished. If Europe is to live, if the peoples of these countries are to survive, if the peace of the world itself is to be preserved, Germany and Austria must have peace treaties determining their fate and future.

Mr. President, it will be recalled that in both World War I and World War II—we participated unwillingly, doing so under provocations—originated in Europe. Today there are in Europe spots which have within them the possibilities of a future war. Anything that we may do to establish conditions which will promise peace in Europe will mean peace to us and to the rest of the world.

The United States not only wants the people of the recipient countries to receive material benefits which may preserve their physical bodies, but it desires that their intellects and their character may likewise be preserved and stimulated and strengthened so that they may lead their own lives, free from the dictates of force and extortion.

Western Europe must be able to think and to determine its own course. The United States makes no effort to coerce or to persuade any recipient country as to the form of its government or its political institutions. We do, however, believe that the peoples of western Europe are entitled to decide such questions without the pressure of hunger and suffering from cold. They must do it also without pressure from alien influences backed by a threat of armed force.

Should the nations of western Europe be plunged into the misery and suffering which continued lack of food and fuel may entail, they may be swept by despair into the morass of communism and anarchy. The freedom and the stability of Europe are necessary to the freedom and stability of the world. We cannot ignore them. We cannot close our eyes to their miseries. Western Europe must not be turned back centuries into tyranny and totalitarianism. The rule of the Czars must not be resurrected, even though it may wear a different cloak and speak another tongue. The freedom of western Europe was purchased by peoples who were fighting their way toward the light. They must not be hurled back into the midnight darkness of a police state. Pressed as they are by Communist threats within and without, they must not succumb to strangulation by the evil forces that assail them.

Mr. President, there are among our people those who propound many questions regarding the particular measure we are considering at this time. There are those who ask, "Why should we do this for western Europe?" Whether we wish it or not, destiny has laid its hand upon us. We are today the most powerful Nation on earth, both economically and militarily. As a world leader, whether we like it or not, we cannot shun the responsibilities that go with tremendous power and prestige. We must justify the confidence and trust of the war-torn world. We cannot with indifference view the collapse or distress of some of the fairest regions of Europe. We cannot witness the destruction of democracy and the substitution of cruel and savage communism in those areas of the world. Their freedom was purchased by bitter sacrifices through the years. Wherever tyranny attacks freedom, our hearts must be on the side of liberty. The United States has fought two wars to defend the liberty and the independence of European nations and peoples. Shall we surrender such leadership? Shall we abandon such a high purpose and such a lofty motive? Today we are called upon—not to lay down our lives, not to take up arms—but out of generous hearts to extend food and fuel to keep alive threatened nations and threatened democracy.

Mr. President, the United States is looked upon by the other nations of the earth as the greatest and most powerful

nation on the globe. In this period when the world is in turmoil, when many of the nations are without leadership; when they find no directions along the crossroads as to where they shall go and as to what they shall do, there must be asserted by some power a spirit of leadership that will direct them along the righteous pathways of democracy and peace.

Men in distant parts of the earth look to the United States as the symbol of liberty. They look to it and love it and venerate it as the land of justice and democracy.

They look to it with longing eyes and hungering hearts. They look to it as a redeemer and liberator who will break the chains of slavery from their festering limbs. For the sake of the world, for the sake of mankind, and for our own sakes, we cannot, we dare not, we must not, surrender the noble leadership that points the way to freedom and democracy for mankind.

Mr. VANDENBERG. Mr. President, in the course of yesterday's debate I agreed to acquire certain specific information that was sought from me, and I should like to start to respond to that obligation. The first thing I want to deal with is the question submitted by the able Senator from Colorado, along with the able Senator from Nebraska.

The Senator from Colorado will recall that he was asking for a typical case of the handling of a typical commodity like wheat, in a typical relief area like Italy, to see what happened to assure its ultimate arrival at the objective to which our effort is dedicated.

This statement describes officially the precise process that is followed in connection with the question raised by the Senator from Colorado. It is a statement respecting the receipt and distribution of United States relief supplies in Italy.

Both the Italian Government and the United States Relief Mission in Rome are advised in advance of the sailing and probable arrival dates of all ships carrying United States relief supplies.

Pursuant to the Senator's request, we are starting right at the American shore and following straight through.

The Central Shipping Coordinating Committee of the Italian Government with the participation of a representative of the United States Relief Mission then determines the port at which the cargo is to unload and notifies the ship's master. The several ministries of the Italian Government with the United States Relief Mission participating then work out the distribution plans for each cargo. The cargo is unloaded into rail cars or trucks and transported to a regional internal distribution point which has been agreed upon by the Italian Government and the American mission. From this point the distribution is handled in various ways, depending upon the commodity involved.

FOODSTUFFS

Let us discuss foodstuffs particularly, because that is what the Senator from Colorado had in mind.

The High Commissioner of Food, who is an Italian officer, allocates all imported food supplies, but a representa-

tive of the United States Relief Mission participates in the allocation program. This commodity has now reached the port, has been distributed internally in Italy, and is ready for ultimate disposal. Distribution and handling is through an agency of the Government, which is an Italian federation of agrarian activities, an arm of the Italian Government. It is called the Federazione Italiana dei Consorzi Agrari. This organization has branches in each province and commune and maintains a staff of regional inspectors and statistical officers who supervise the distribution of the foodstuffs on the basic ration list. United States observers are in constant touch with the local offices of this organization.

We are now getting down to the final point where the real activity begins. We are approaching the mouth of the ultimate consumer, in whom the Senator from Colorado is particularly interested. It is a new portal-to-portal inquiry upon which the Senator has embarked me.

Upon its arrival at the basic distribution points grain is allocated to the various millers who, after grinding the grain, transmit the flour to bakeries under the approved distribution program. Bakeries then distribute bread to retail stores. The bread is sold to the consumers at the retail levels at prices agreed to between the United States mission and the Italian Government. Grain and other foodstuffs are sold to ration card holders and in quantities and at prices approved by United States representatives. Some foodstuffs are distributed free to indigents through relief agencies and institutions in accordance with agreements between us and the Italian Government.

Bread, flour, pasta, rice, sugar, and fats are subject to national rationing. United States supplies are mixed with locally collected supplies at mills and warehouses and both are distributed in the same manner as indicated above.

The Italian Government requires compulsory collection and Nation-wide control of breadgrains, rice, olive oil, animal fats, and sugar beets. Meats, cheese, potatoes, fruits, and vegetables are not subject to compulsory collection or to rationing.

The distribution of relief supplies, at all these stages, including the sale to the ultimate consumer under the rationing system, is subjected to continuous check by United States observers, to determine as far as possible that the commodities are reaching the Italian people in accordance with the terms of the relief bill and the agreement between the two governments.

I think that covers the general process and answers the Senator's question. I have additional information dealing with the distribution of coal, medical supplies, and so forth, but I do not believe it is necessary to burden the RECORD with the detail, unless the able Senator from Colorado has a further inquiry he would like to submit.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MILLIKIN. I am very grateful for that information, because it follows out the distributive process with the meticulousness that I wanted, at least for my

own satisfaction. I am particularly heartened to know that representatives of this Government will be following the distribution of the foods from arrival at port to the ultimate consumer. I am correct in that; am I?

Mr. VANDENBERG. Entirely so.

Mr. MILLIKIN. There is one angle that was developed that is still of interest to me. I notice the plan comprehends that those who receive the supplies shall pay for them. There was reference to an arrangement regarding indigent people. It seems to me that is a very important part of the plan, which perhaps should be focused a little more sharply. Such people certainly are the people to whom we want to get the food.

Mr. VANDENBERG. Among others.

Mr. MILLIKIN. We want to get it to everyone, but people with a lot of money can eat, as they are doing now; they can patronize the black market. I think we should focus a little more sharply what we are going to do about indigent people.

Mr. VANDENBERG. I interrupted the Senator only to take his priority off the indigent. I think the great middle class are the chief victims of the situations such as we confront over there and over here.

Mr. MILLIKIN. Am I not correct in saying that we want to get food to everyone who needs it and cannot get it otherwise?

Mr. VANDENBERG. That is correct.

Mr. MILLIKIN. Rich or poor; middle class, low class, or upper class?

Mr. VANDENBERG. That is correct.

Mr. MILLIKIN. Under the purchase plan, I think it should be emphasized that all the people of Italy who have money, who are able to buy, regardless of their political beliefs, will be in position to buy the food. Is that correct?

Mr. VANDENBERG. That is correct.

Mr. MILLIKIN. There will be no attempt to distribute the food according to political beliefs. Is that correct?

Mr. VANDENBERG. On the contrary, the requirement is exactly otherwise.

Mr. MILLIKIN. I think that is a very important part of the plan.

Mr. VANDENBERG. May I ask the Senator if I have obtained the information he sought?

Mr. MILLIKIN. The Senator has obtained precisely the information I wanted, and if our American observers are alert, and if we pace our shipments so that we do not put everything out of our own control at once, we shall have the opportunity to protect ourselves, I believe.

Mr. VANDENBERG. I thank the Senator.

Mr. MILLIKIN. May I explore that point a little more?

Mr. VANDENBERG. Yes.

Mr. MILLIKIN. I assume that as a practical matter we would not in one grand parade of ships put all the stuff out of our exclusive control all at once. In other words, I am assuming that as prudent and reasonably cautious suppliers we would keep enough back so that if this thing commences to fail we can control the remaining part of the supplies.

Mr. VANDENBERG. I think there is no doubt about that. I should like to

add one comment at that point, because I think it has a rather colorful impact on the whole concept. The chief administrator of the entire relief set-up, Mr. Allen, who is continued in his responsibility under the terms of the proposed legislation, I should like to tell the Senator from Colorado, has a long-time background of experience as a high administrator of international Red Cross relief. I think the very identification of that fact, the fact that his substantial background is the background of a highly experienced international Red Cross administrator, will put an added degree of confidence in the Senator's mind.

Mr. MILLIKIN. Will the Senator yield?

Mr. VANDENBERG. Yes.

Mr. MILLIKIN. What staff has that gentleman in Italy, for example?

Mr. VANDENBERG. I cannot tell the Senator what staff he has in Italy. He is the over-all administrator, under the existing relief act, for the areas involved, which are Italy, Austria, and Trieste, and he in turn has a United States mission in each of the areas which are under his general control. These missions, in turn, have organized the staffs that operate the inspections and the controls and the restraints which I have previously identified in detail.

Mr. MILLIKIN. Has that gentleman been consulted specifically as to whether he considers his staff adequate for the performance of the duties imposed upon him by the bill?

Mr. VANDENBERG. I can only answer that in reverse—that I know of no complaints along the line indicated. I am advised by our own chief of staff of our Senate committee that Administrator Allen says he can easily accommodate himself to this expanded responsibility with substantially his existing staff, with the single exception that he will have to create a new mission for France, which is not now within his jurisdiction.

Mr. MILLIKIN. Mr. President, will the Senator again yield?

Mr. VANDENBERG. I yield.

Mr. MILLIKIN. May I assume that the other plans for the treatment of other relief articles will be put into the RECORD by the Senator?

Mr. VANDENBERG. Yes; I shall be glad to put the remainder of the memorandum in the RECORD.

Mr. President, I ask unanimous consent that the remainder of the memorandum from which I have just read be printed in the RECORD at this point.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

COAL

In the case of coal, there is a monthly allocation by an agency established by the Italian Government. A member of the United States relief mission participates in the monthly allocation meetings. Coal for railways is turned over to the railways at ports. Coal allocated to gas works and industrial firms is distributed through commercial channels under the approved allocation plan.

MEDICAL SUPPLIES

An Italian organization called SAICEF handles the distribution of medical supplies. In this case also the allocation of the supplies is agreed to by the United States mission. The distribution to the ultimate consumer

is made principally through the hospitals and clinics. In the case of particularly valuable medicaments, such as streptomycin and penicillin, SAICEF arranges for special guards and other security measures.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. JOHNSON of Colorado. If I may interpose a question into this interesting colloquy between my colleague and the Senator from Michigan, I should like to know what becomes of that money. The Senator says that these relief goods in some instances are sold in the regular markets. What becomes of the money that is received for these goods?

Mr. VANDENBERG. Under the terms of the existing post-UNRRA Relief Act and under the terms of the pending bill all of these commodities are paid for in local currency by the recipient government, which is put into a trust fund, the fund being under the joint control and disposition of the Government of the United States and the government of the recipient country for such expenditure as they may agree upon, and any unencumbered balance at the end of the enterprise is to be similarly disposed of, with the approval of Congress.

Mr. JOHNSON of Colorado. Has Congress ever approved the disposition of any such fund?

Mr. VANDENBERG. We have never confronted the opportunity as yet.

Mr. JOHNSON of Colorado. This is a new arrangement?

Mr. VANDENBERG. Yes; which started June 30.

Mr. JOHNSON of Colorado. Which started June 30, 1947.

Mr. VANDENBERG. And I want to come now immediately, if I may, to that point, because I wish to offer an amendment.

Mr. President, I wish to submit an amendment which is in a sense a clarifying amendment. It deals, however, with a point in which the Senator from Missouri [Mr. DONNELL] was very much interested yesterday, and it deals with a point in which I am very much interested fundamentally in connection with the philosophy of the bill. It also has something to do with the questions just submitted to me by the senior Senator from Colorado.

When this device of requiring the payment by the beneficiary country in local currency for the relief commodities was initiated in the post-UNRRA relief bill, it was confined to such supplies as were resold by the recipient government. It was thought in connection with the pending bill that it would be a step forward if that process were applied to all commodities received by the recipient government whether resold or not, inasmuch as we are very anxious to keep this relief from being any sort of a budgetary windfall in the recipient countries.

As submitted originally by the State Department and as recommended originally by the Department, the pending proposal broadened itself as I have indicated—not only broadened itself in respect to a requirement that all commodities must be paid for in local currency, but also broadened the terms of the

agreement which our Government and the beneficiary government could make in respect to the use of the funds. I wonder if I have made myself clear.

The original plan in the post-UNRRA relief program only required the deposit of local currency for goods resold by the beneficiary country, and the resulting trust fund, under the terms of the post-UNRRA Act, could be used by the beneficiary government and the United States Government for only certain limited purposes. The proposal sent down to the State Department, which the committee thought it was approving, because nothing to the contrary was brought to its attention, broadened that concept to the point where local currency must be provided against all commodities received, which I think is a very great step in advance, and covers the point raised yesterday by the able Senator from Missouri [Mr. DONNELL], and also broadens the area in which the joint trusteeship can ultimately expend these trustee funds.

The clerical error arises because in the committee we wanted to add to the language proposed by the State Department an additional provision from the old bill requiring the consent of Congress to the ultimate disposition of any unencumbered balances at the end of the adventure. In picking up the latter language the draftsmanship picked up all of the old concept and omitted the new, and it is simply to bring the text back to the basis upon which the committee thought it was acting—and I am sure there is no controversy about it—that I offer the following amendment. I ask that the bill be perfected on page 4, line 11, by striking out lines 11 through 23 to and including (c), and substituting the following language:

(b) To make, when any commodity is made available under this act, a commensurate deposit in the currency of such country in a special account under such terms and conditions as may be agreed to between such country and the Government of the United States, and to hold or use such special account only for such purposes as may be agreed to between such country and the Government of the United States.

Then at that point we pick up the additional language which requires the consent of Congress to the disposition of the unencumbered balance at the end of the enterprise.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Colorado.

Mr. MILLIKIN. I believe it would be useful if we had a little more information as to the ultimate purpose and disposition of that fund. Will any part of it come back to us, or is it intended that it shall be spent in Italy for other aid purposes? What is the thinking so far as the ultimate purpose of the fund is concerned?

Mr. VANDENBERG. Of course we are dealing with a novelty in connection with this enterprise. The original thought behind the idea was that we could thus turn our relief virtually into a revolving fund as a result of which we could substantially multiply, without increased cost, the beneficial advantages by way of

relief and work-relief which were particularly identified in the original act. Now, in addition, there is thought being given, for example, to the idea that this fund might be available for expenditure in local currencies for the furtherance of the public information program in connection with these relief enterprises.

There is the question whether American expenditures in the beneficiary countries in other directions could be covered by agreement with the beneficiary countries. It is particularly and specifically anticipated that the local currencies can be used to pay the administrative cost of the American supervision. Beyond that, I can be nothing except vague in connection with the proposition. It is a very great step forward, in my view, to offset the enormous relief shipments by a deposit in local currency which creates a protection against the use of our beneficence as an escape from budgetary responsibilities at home.

Mr. MILLIKIN. That results from prior experience on the same subject, does it not?

Mr. VANDENBERG. Precisely. This is one of the reasons why I say that we are learning from our old mistakes, and that we are making headway.

Mr. MILLIKIN. Am I correct in thinking that, whatever use is made of that trust fund, it will have to be with the consent of Congress?

Mr. VANDENBERG. No. Whatever is done with any unencumbered balance at the end of the term—which in this instance is March 31, 1948—will have to have the consent of Congress. Prior thereto the arrangement rests upon an agreement between the American Government and the beneficiary government.

Mr. MILLIKIN. It occurs to me that the fund might be used for purposes which might not have met the approval of Congress had Congress had any voice in the matter. Let me put it this way: Does the Senator believe that, as a practical matter, any such questions will arise before March 31, 1948?

Mr. VANDENBERG. Of course, under the existing relief act, in which there is partially a similar provision, the termination date is June 30, 1948.

Mr. MILLIKIN. Frankly, what is in my mind is this: I can see that this fund might be used for political purposes of which the Congress might not approve. Do I have an unnecessary alarm in that connection, or should there be some tightening of the provision?

Mr. VANDENBERG. I think the Senator has an unnecessary alarm, because if we cannot trust the judgment of our own Government to be judicious in respect to its responsibility at this point, I am afraid there is no point at which we could trust it. Furthermore, this is a highly experimental enterprise in respect to the new concept of depositing local currencies. I do not think anyone can be dogmatic in a statement as to how it will work out, or how it ought to work out, so long as the proceeds are dedicated to the recuperation, recovery, and relief which are specified as the objective of the act itself. I think it would be impossible to go into any detail. I am

sure it would be wholly impracticable to try to inject the Congress into a 90-day experiment of that character. I think that whatever education we get in this field in the next 90 days will be worth whatever it costs; and my personal anticipation is that this provision can be used to the everlasting advantage of the general objective to which we are addressing ourselves.

Mr. MILLIKIN. I am not oblivious of the fact that by the end of the 90 days, assuming the plan has been completely executed, there will be \$600,000,000 in the revolving fund.

Mr. VANDENBERG. Yes, indeed.

Mr. MILLIKIN. That is not "hay" in any man's language.

Mr. VANDENBERG. No, indeed.

Mr. MILLIKIN. It is not customary for the Congress to turn \$600,000,000 loose without any direction as to its expenditure.

Mr. VANDENBERG. Let me reorient the Senator's point of view. The very fact that the deposit of local currency will be so large—it will probably be the largest single deposit in the country—makes it of fundamental and primary importance to the beneficiary government or country itself, because at that point a control of the fund, if misused, could virtually wreck the economy, or certainly the fiscal system of the country.

This fund is not accumulated on the theory that it is pay to us for anything. That is not the theory. It is accumulated on the theory that we want to protect the bona fides of the transaction by requiring this local indication of cooperation. But it is definitely and specifically done for the good of the beneficiary country, and in keeping with the objectives which are sought to be served by the legislation under which the transaction occurs.

Mr. MILLIKIN. Then the purposes may be controlled, prior to the date which the Senator has mentioned, between the executive department of the United States and the foreign government.

Mr. VANDENBERG. That is correct.

Mr. MILLIKIN. After that, by the Congress and the foreign government. Is that correct?

Mr. VANDENBERG. That is correct.

Mr. MILLIKIN. I have been informed that in connection with the Greek and Turkish loans, the late and unlamented Luckman program was paid for out of those funds. Is that correct?

Mr. VANDENBERG. I have no information on the subject.

Mr. MILLIKIN. I wonder if we could find out.

Mr. VANDENBERG. I have no basis for an opinion. I should be amazed if the relief funds to which the Senator refers had been used for that purpose.

Mr. MILLIKIN. I wonder if the Senator will be good enough to ask his staff to inquire into that question.

Mr. VANDENBERG. I shall be very glad to do so.

Mr. MILLIKIN. Let me ask one further question, and then I shall subside.

Will there be any provisions—there obviously are none in the bill—in the agreements between this country and the beneficiary countries respecting the rates

of exchange which will control the purchase of the goods by the ultimate beneficiaries?

Mr. VANDENBERG. I do not believe I follow the Senator.

Mr. MILLIKIN. For example, in Italy there are three rates of exchange, or perhaps four. Does a citizen of Italy who wants to buy some flour pay the official rate, or is there leeway to establish other rates?

Mr. VANDENBERG. I believe that everything is a matter of the fundamental agreement which is made between this country and the beneficiary country; and I think the situation is completely in our own control in writing the ticket.

Mr. MILLIKIN. I thank the Senator.

Mr. VANDENBERG. Regardless of how one might feel about the process of using this device for local currency, I am sure everyone would agree that it ought to proceed under this broader authority rather than under limited authority; and for that reason I hope the amendment will be adopted.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. DONNELL. I should like to ask the Senator from Michigan a few questions in regard to the revolving fund. I preface my inquiry by stating that yesterday the Senator said:

Thus our aid does not become a windfall to release the budget of those countries from the impact of these expenditures.

I judge, therefore, that he considers the question of a revolving fund as of very real importance in the proposed legislation.

The first question which I should like to ask the Senator in regard to the amendment which he submitted a few moments ago is whether he would be agreeable to the insertion of certain language in the amendment. If he will refer to the language of the amendment, I believe that by a visual inspection of it he may get my point better than I could state it.

I inquire whether the Senator would have any objection to inserting in the amendment, following the words "terms and conditions as may", the words "in said agreement"; also, further down in the amendment, after the words "only for such purposes as may", to insert "in said agreement", so that the amendment would read:

(b) to make, when any commodity is made available under this act, a commensurate deposit in the currency of such country in a special account under such terms and conditions as may in said agreement be agreed to between such country and the Government of the United States, and to hold or use such special account only for such purposes as may in said agreement be agreed to between such country and the Government of the United States.

The reason for my inquiry is this: I believe, as the amendment has been presented, that it is subject to an ambiguity, in that the agreement which is referred to therein in the language "as may be agreed to" in two places may be an agreement not made before the rendition of the aid but an agreement to be subsequently made between the recipient

country and the United States. I think the value of the revolving-fund provision is largely lost if the agreement to which reference is made is one which is to be made in the future, after the money has been paid over or the food has been delivered to the recipient country. Of course, if it were that agreement which would determine the uses to which the fund would be put, it might well be that a difference between the recipient country and our country would prevent any such agreement being made. Therefore, by the language which I have suggested be inserted, I am referring back to the agreement referred to in line 2, on page 4, which is an agreement entered into prior to the rendition of the aid.

I may say further, in support of my suggestion, that yesterday the Senator, in response to the question with reference to the language in lines 19 and 20, on page 4, "as may be agreed to between such country and the Government of the United States," expressed the view that the purpose of that language was to refer to the agreement made prior to the rendition of the aid. So I ask him if he will consent to the insertion in the proposed amendment of the words "in said agreement" in the two places indicated.

Mr. VANDENBERG. I will say to the Senator that I think, upon reflection, he will discover that his last suggestion is probably entirely impractical. The agreement here referred to in respect to the disposition of the trust fund is not the agreement which is initially made, preceding any relief aid itself. The initial agreement which is made before any aid is rendered must include an agreement to proceed with the local currency device; but the agreement as to the ultimate use of the trust fund must involve a continuing opportunity to use the fund for such objectives as may seem to develop usefully in respect to the continuing effort to reach the objectives of the act.

Mr. DONNELL. Will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. DONNELL. I think, if the view of the Senator be correct, that the language in the bill as it was authorized, and as it is still authorized before this amendment shall be adopted, is subject to the same objection, because we were assured yesterday by the Senator that the language in lines 19 to 21, "only for such purposes as may be agreed to between such country and the Government of the United States", refers to an agreement made prior to the rendition of the aid. If we are to have only a revolving fund which has any certainty about it, it is very important that the agreement be made before the aid be rendered, rather than to be dependent on a subsequent agreement made between the United States and the recipient country.

Mr. VANDENBERG. How can the Senator anticipate what the revolving fund is to be used for before the contingency arises to which the revolving fund is to address itself?

Mr. DONNELL. I think that certainly our Government and the recipient government could agree as to the general purposes. There may be specific instances or specific persons or subsidiary

purposes that do not have to be comprehended by general language. Yesterday the Senator assured us that this language did refer to the agreement made before the rendition of the aid, and I think it is very important that it should.

Mr. VANDENBERG. I do not know what the Senator is reading from. I had some difficulty with the Senator's questions yesterday, as he will recall. If I answered the question as indicated I was answering on the theory that the question asked me was as to whether the original agreement did not have to cover the creation of the local currency device. That is what I thought we were talking about. But I also call the Senator's attention to the fact that I told him yesterday I would offer an amendment on the subject to help clarify the whole affair.

Mr. DONNELL. I realize that the Senator did so. I certainly had the understanding which I have indicated; and I quote from page 10829 of the RECORD, as follows:

Mr. DONNELL. I shall examine the amendment with much interest. I thank the Senator for his courtesy.

Now let me ask this further question. On lines 19 and 20 of page 4 there is a reference to the use of the revolving fund. I quote:

"Only for such purposes as may be agreed to between such country and the Government of the United States."

I should like to have the Senator's interpretation as to whether the agreement that is mentioned in what I just read, from lines 19 to 21, is to be a part of the agreement entered into prior to the furnishing of the supplies, or whether it is some future agreement which is to be entered into between the recipient country and the United States.

Mr. VANDENBERG. It is an agreement preceding any operations under the contract or the act.

It would seem to me—

Mr. VANDENBERG. I misunderstood the Senator as to which agreement he was talking about.

Mr. DONNELL. I understand, then, that the Senator would not be willing to accept the suggestion made by me a few moments ago?

Mr. VANDENBERG. No; I think it would be impracticable, in the fashion indicated by the Senator. I see the point the Senator is making, and I should be quite willing to have the language indicate that the purposes referred to in the new amendment are the purposes within the jurisdiction of the objectives set forth in the bill.

Mr. DONNELL. Would the Senator care to phrase it at the moment, or would he like to phrase it more deliberately?

Mr. VANDENBERG. I should prefer to phrase it more deliberately. I am anxious to get this particular amendment behind us, because it will clear the track with respect to other amendments pending, such as the amendments submitted by the Senator from Illinois. If we can get this general concept back where the committee thought it was, I think the track will be cleared.

Would the Senator suggest what language would be agreeable to him?

Mr. DONNELL. The language I would prefer is the language I have suggested, but I understand the Senator does not agree with that.

Mr. VANDENBERG. Try a new one.

Mr. DONNELL. I do not understand that I have thoroughly in mind what the Senator would be willing to accept. If the Senator would be kind enough to phrase the language, I should like to have the benefit of his judgment upon it.

Mr. VANDENBERG. Suppose the language read in this way—I am only thinking aloud now:

Only for such general purposes as outlined in section 2 of this act as may be agreed to between such country and the Government of the United States.

In other words, the purposes would be tied down squarely to the purposes of the act.

Mr. DONNELL. I realize that the Senator is working under some disadvantage in phrasing it, but I should like to have the language as it finally would be. I think it is very important and is an assurance against this fund becoming a windfall to the recipient government.

Mr. VANDENBERG. Yes. I was under the impression that I was moving in the direction desired by the Senator from Missouri. I seem to have met myself coming back in that journey.

Is the Senator asking me to repeat what I said?

Mr. DONNELL. I should like to have the wording as it would appear, as the Senator has suggested.

Mr. VANDENBERG. I am suggesting that in line 6 of the amendment the language read as follows:

And to hold or use such special account only for such purposes as are defined in section 2 of this act and as may be agreed to between such country and the Government of the United States.

Mr. DONNELL. Would the Senator be willing to pass the matter over until I can study it more carefully?

Mr. VANDENBERG. I shall be glad to withdraw the amendment.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield the floor.

Mr. WHITE. Yesterday afternoon the Senator from Michigan indicated immediate disapproval of an amendment which would provide that any definite proportion of American ships should be employed in the carriage of these goods. I do not at all want by my statement of yesterday to indicate that I am fully satisfied with the language of section 3. It raises a very definite question in my mind. It reads as follows:

The President, acting through such departments, agencies, or independent establishments of the Government as he shall direct—

Those are all governmental agencies—shall—

And then it goes down to (b)—transport and store—

And so forth. That might, it seems to me, by some far stretch, be construed as giving to the Government the sole opportunity and the sole responsibility for the transport of the food that is going to Europe. I specifically wanted to know whether any such purpose as an exclusive Government grant or a Government obligation was imposed by this language. It has been my thought that we are

definitely espousing the cause of the private ownership and operation of our merchant marine, and that the Government ought to make the largest use practicable of the private enterprises of the United States in this task.

What I should like to hear from the Senator from Michigan, if his conscience will permit him to say it, is that section 3 does not grant an exclusive Government monopoly at all, but that we still stand for and still favor the largest practicable use of private shipping enterprises in the meeting of this problem.

Mr. VANDENBERG. It is not my conscience that bothers me in answering these questions; it is the fact that we are dealing with certain imponderables which require a degree of elasticity for the future if we are to meet the objectives of the proposed act. Let me say this with respect to the particular question which the Senator asks. I think this inquiry was initiated in the first place by a very distinguished Member of the House of Representatives, Representative BLAND, of Virginia, who has a long-established interest in this subject, as has also the Senator from Maine.

In correspondence Representative BLAND has said to me that he understands why it would be undesirable to attempt by specific definition to hamstring the freedom of the Government during the next 90 emergency days in finding transport facilities for these emergency supplies; and he has said that from his point of view he would be completely satisfied if the chairman of the committee were to state on the floor of the Senate, as the chairman did twice on yesterday, that it is his judgement that insofar as it is possible to use the existing private merchant marine of the United States it will be expected that that facility will be the one upon which the Government primarily relies and upon which it exclusively relies, insofar as it can, for the delivery of these supplies, always reserving the fact, however, that we are dealing with an emergency, that food is available here and that the necessity is yawning in the foreign countries, and we have to take whatever facility happens to be immediately available.

Mr. WHITE. Mr. President, I am in complete concurrence with what the Senator has just said. I should not want to limit the Government to the use of privately-operated ships, but by the same token I did not want the language in the bill to be understood as conferring a governmental monopoly.

Mr. VANDENBERG. The Senator is satisfied with the statement I made?

Mr. WHITE. Yes.

Mr. VANDENBERG. It refers to freight forwarders as well as to merchant ships.

Mr. BARKLEY. Mr. President, I agree with the Senator from Michigan in regard to his interpretation of the language in subsection (b), but if anybody still has any doubt about it, it can be cleared up by having the language read:

transport or cause to be transported and stored.

Mr. VANDENBERG. I say to the Senator from Kentucky that I think the sit-

uation is in satisfactory form, in the light of the statement I have made.

Mr. BARKLEY. I agree with that interpretation; I think so, too. But I was anxious to clear up any doubt about it in anyone's mind, and I think the statement of the Senator does that.

Mr. WHITE. Mr. President, I repeat that, so far as I am concerned, I am entirely satisfied with the statement of the Senator from Michigan.

Mr. VANDENBERG. I thank the Senator.

Mr. President, I yield the floor.

Mr. McCLELLAN. Mr. President, last spring when we had before the Congress the proposals for foreign emergency relief and also for aid to Greece and Turkey, I became interested in knowing how much foreign aid and relief our country had provided since the cessation of hostilities. I made inquiry and did some research to ascertain the amount of expenditures this country had made; and on April 7, I placed in the CONGRESSIONAL RECORD a number of tables showing the various kinds of aid we had given, the amount of such aid, and the nations and governments to whom it had been extended.

As I recall, Mr. President, up to that time, taking everything into account and projecting those figures to the end of the fiscal year, which was June 30 last, our Government had expended and authorized the expenditure of, and had appropriated for expenditure, approximately \$16,000,000,000—I think the figure was nearer \$17,000,000,000, but between \$16,000,000,000 and \$17,000,000,000. I also ascertained, Mr. President, and called to the attention of my colleagues at that time, that \$1,807,000,000 of that money had gone directly to Russia and to some seven of her satellite nations.

Mr. President, at this time we are not immediately considering, of course, the long-range program or the Marshall recovery plan—that is not the pending question; but we shall soon be called upon to consider it and to act upon it. At the time when I was discussing the relief which we had provided abroad, the bill to extend aid to Greece and Turkey, to help those two countries resist communistic aggression, was the pending issue; and I pointed out then that it was inconsistent and incompatible with our own national security, and with the objectives sought in that legislation, for this country to aid Greece and Turkey and at the same time continue aiding Russia and her satellite nations, including those on the border of Greece which were applying pressure that was making it necessary for us to extend aid to Greece and Turkey at that time.

Mr. President, we shall soon undertake an over-all program, to last some 4 or 5 years, of extending aid to the western European countries that have come into the Marshall plan, in an effort to help them reconstruct, rehabilitate, and stabilize their economies and return to a position where they will be self-sustaining, and at the same time preserve their freedom and their democratic form of government. Mr. President, it occurs to me that if this Nation is going to undertake to underwrite such

a program and expend from fifteen billion to twenty billion dollars attempting to carry out a reconstruction program in the nations that have joined the Marshall plan, we should take into account the aid we are providing and have been providing to Russia, and we should also consider the exports from this Nation to Russia. Obviously, if we are to carry out the Marshall plan in rehabilitating those nations, it will require from our productive sources not only food and other commodities which are in short supply, but also a considerable quantity of our basic raw resources and a great many steel products and other mineral products that now are needed to supply the demands of the domestic markets of this country.

Therefore, Mr. President, it is my thought that inasmuch as we do not have, and cannot expect to have during the period of execution of the Marshall program, sufficient productive capacity to meet all those demands—to take care of the markets of Russia, to meet her demands or to supply what she would be willing to purchase from us, and also to give this aid to the countries that are to be the beneficiaries of the over-all program, and at the same time to meet the demands of our domestic markets—inasmuch as we do not have that productive capacity, in order to carry out the Marshall program on a basis of between fifteen billion and twenty billion dollars and to help those countries reconstruct, it will be necessary for us to deny to our own people not only food but also machinery, tools, and equipment which our domestic market could readily absorb.

Therefore, Mr. President, these extraordinary demands from abroad for our products and our goods necessarily add pressure to the inflation spiral. This is the point I want to make, that if we are going to undertake this program, and if this program is, as we know it is, absolutely opposed by Russia and opposed by communism all over the world, which is organized now and undertaking to sabotage it before it is initiated, certainly then, Mr. President, while we are asking our people here at home to do without some of these goods which they need—while we are asking our farmers in this country to forego buying a new tractor, buying new machinery, because our production is not adequate to meet the demands of the Marshall program and also our domestic requirements—while we ask them to make that sacrifice, so that we can help rehabilitate the western powers of Europe, Mr. President, I again say it would be inconsistent and incompatible with any sound business principle, and with our own interest, for us to undertake at the same time to supply to Russia goods that are in short supply, to the further sacrifice of the interests and welfare of our own people here at home, who are clamoring for the materials.

Therefore, Mr. President, I have asked the Department of Commerce to supply me with the latest statistics regarding

our exports and imports to Russia. I have a number of tables prepared which I shall want to insert in the RECORD, because I think this is of interest. I think that in the course of our contemplating consideration of the Marshall plan, when the bill comes before us at the next session of Congress, we shall want to consider whether we shall continue to undertake to supply the Russian markets with goods and equipment and materials and machinery that are in short supply, and which are needed both for our domestic economy and for the rehabilitation of other countries.

In the last 12 months, ending September 30, 1947, United States exports to Russia totaled \$155,398,000; in the first 9 months of 1947 they totaled \$114,045,000. Imports from Russia during that same period totaled \$83,873,000; for the last 9-month period they totaled \$58,981,000.

When I conclude, I shall ask permission to insert into the CONGRESSIONAL RECORD tables supporting and verifying these figures—tables which give more detailed information about them.

In the 12 months ending September 30, 1947, our exports to the eastern nations which we regard as satellite nations of Russia, and which are not included in the group of nations to benefit from the Marshall program, our exports totaled \$286,860,000. In the first 9 months of 1947, our exports to those countries totaled \$231,753,000. Our imports from those countries, Mr. President, for those 12 months totaled \$70,164,000, and for the last 9 months our imports from those countries—and I shall name them here, Mr. President—totaled \$53,773,000. The countries to which I have referred as "satellite countries" or the "eastern nations of Europe," which have not joined the Marshall plan, are Czechoslovakia, Hungary, Finland, Estonia, Latvia, Lithuania, Poland and Danzig, Yugoslavia, Albania, Rumania, and Bulgaria.

Mr. President, I ask to insert in the RECORD at this point a list of these countries, which I have read, together with the amount of exports and imports with respect to each during the period from January through September of this year.

The PRESIDING OFFICER (Mr. COOPER in the chair). Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In the 12 months ending September 30, 1947, United States exports to Russia totaled \$155,398,000; in the first 9 months of 1947, \$114,045,000 (table 1).

Imports for the 12-month period totaled \$83,873,000; for the 9-month period \$58,981,000 (table 2).

In the 12 months ending September 30, 1947, United States exports to certain eastern European countries regarded as satellite nations of the Soviet Union totaled \$286,860,000; in the first 9 months of 1947, \$231,753,000 (table 1).

Imports for the 12-month period totaled \$70,164,000; for the 9-month period \$53,773,000 (table 2).

For the first 9 months of this year (January through September 1947) exports to and imports from eastern European nations regarded as satellites of the Soviet Union totaled (tables 1 and 2):

Country	Exports	Imports
Czechoslovakia.....	\$43,417,000	\$16,554,000
Hungary.....	9,981,000	1,208,000
Finland.....	45,642,000	27,854,000
Estonia, Latvia, and Lithuania.....	8,000	
Poland and Danzig.....	84,875,000	1,173,000
Yugoslavia.....	29,151,000	2,396,000
Albania.....	4,359,000	8,000
Rumania.....	13,427,000	376,000
Bulgaria.....	893,000	4,204,000
Total.....	231,753,000	53,773,000

Mr. McCLELLAN. Mr. President, for the third quarter of this year, the exports to Russia totaled \$22,825,000, whereas imports totaled \$26,458,000. I mention that because it indicates a trend on the part of this country to curtail shipments to Russia. I think that trend has begun, but I also think, in view of the program we contemplate inaugurating and executing, that no commodities, materials, tools, or machinery which are in short supply should be exported to Russia, while we are making this struggle to try to accommodate our local markets and also trying to rehabilitate certain countries.

Mr. President, at this point I should like to insert in the RECORD a table showing exports by principal commodities to Russia for the first 9 months of this year, January to September, and also showing the 9 months' average of exports of the same commodities to Russia in 1938. These figures will be in millions of dollars, and I wish to call attention to some four or five of the items. For instance, there is an item of metals and manufactures. In 1938 we exported during the 9 months' period, an average of \$9,200,000 worth of those materials. During the past 9 months, from January to September of this year, we exported to Russia \$15,000,000 worth of the same materials.

Of iron and steel-mill products, during the 9 months of 1938 we exported \$5,000,000 worth to Russia, whereas during the past 9 months we exported \$13,400,000 worth.

I call attention to the item of machinery and vehicles, all of which we know are very much in short supply in this country, and all of which will be vitally essential to any reconstruction and rehabilitation program of the western nations of Europe. During 1938, for a 9 months' period, we sent to Russia \$37,000,000 worth of machinery and vehicles. During the past 9 months, with vehicles and machinery in short supply in this country, we exported to Russia \$80,500,000 worth. That applies also to industrial machinery. In 1938, for a 9 months' average, we exported to Russia \$30,100,000 worth of industrial machinery, whereas in the last 9 months we exported to Russia \$59,300,000 worth of machinery.

There is another item, tractors and parts. We all know the urgent need in

this country for additional tractors and for parts with which to service them. I think that shortage of parts has been somewhat relieved, but there is still a great demand for tractors. In the 9 months' average for 1938, we shipped to Russia less than \$50,000 worth of tractors and parts, and in the last 9 months, with the tremendous shortage in this country and the heavy demand we have here, we have shipped to Russia \$2,200,000 worth.

Mr. President, I ask that this statement showing the different items of export to Russia for the 9 months' period in 1938, and during the first 9 months of 1947, be inserted in the RECORD at this place.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

For the third quarter of this year (July, August, September, 1947) exports to Russia totaled \$22,825,000, and imports totaled \$26,458,000. (Imports slightly more than exports.)

For the same period exports to Russia's satellites totaled \$54,625,000, and imports from those nations totaled \$23,976,000. (Imports less than half of exports.)

Exports by principal commodities to Russia the first 9 months of this year (January-September) and the 9-month average for the same commodity exports to Russia in 1938 (in millions of dollars) follow:

Commodity	9-month average, 1938	January to September 1947
Foodstuffs.....	(1)	3.7
Canned meats.....		3.1
Tobacco, unmanufactured.....		1.2
Textiles and textile manufactures.....	(1)	1.9
Cordage, except of cotton or jute.....		1.1
Nonmetallic minerals.....	4.4	3.8
Petroleum and products.....	2.3	2.8
Carbon or graphite products.....	1.4	.3
Metals and manufactures.....	9.2	15.0
Iron and steel-mill products.....		13.4
Iron and steel advanced manufactures.....	.8	.9
Copper insulated wire and cable.....	(1)	.4
Machinery and vehicles.....	37.1	80.5
Electrical machinery and apparatus.....	2.6	14.3
Generators, accessories and parts.....	(1)	2.5
Transforming or converting apparatus.....	(1)	2.1
Transmission and distribution apparatus.....	.2	2.4
Motors, starters, and controllers.....	.4	3.5
Industrial machinery.....	30.1	59.3
Power-generating, and parts (locomotives).....	.7	4.8
Construction and conveying.....	.1	6.2
Mining, well, and pumping.....	.6	10.7
Metal-working.....	26.4	18.4
Tractors and parts.....	(1)	2.2
Motor trucks, busses, and chassis, new.....	.1	1.1
Merchant vessels.....	.1	1.2
Freight cars, over 10-ton capacity.....		1.2

¹ Less than \$50,000.

² Mainly electrodes for furnace of electrolytic work.

Mr. McCLELLAN. Mr. President, I have before me another chart showing imports from Russia of different materials for the same period of time covered by the other table, and I ask unanimous consent that it may be inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Imports by principal commodities from Russia for the first 9 months of this year (January to September) and the 9-month average for the same commodity imports from Russia in 1938

[In millions of dollars]

Commodity	9-month average, 1938	January to September 1947
Foodstuffs.....	1.0	0.9
Sausage casings.....	.3	.4
Sturgeon roe.....	.1	.5
Crab meat, sauce, and paste.....	.4	
Furs, undressed.....	9.1	33.9
Persian lamb and caracul.....	5.0	14.1
Furs, dressed and manufactured.....	.7	.7
Licorice root.....	.2	.2
Tobacco, cigarette leaf, unstemmed.....	2	4.2
Textile fibers and manufactures.....	1.2	2.9
Cotton linters.....	.1	1.3
Cotton waste.....	(1)	.5
Woven fabrics of flax, hemp, and ramie.....	.6	(1)
Wool, unmanufactured.....		.6
Sulfite wood pulp, unbleached.....		.3
Coal, anthracite.....	.8	
Diamonds, cut but not set.....	(1)	.5
Metals and manufactures.....	2.7	14.8
Manganese ore.....	2.0	5.5
Chrome ore or chromite.....		6.2
Platinum and platinum combinations.....	.7	2.9
All other imports.....	1.7	.8

¹ Less than \$50,000.

Mr. McCLELLAN. Mr. President, the tables which I shall insert in the CONGRESSIONAL RECORD at the conclusion of my remarks on this subject will disclose that total exports by the United States to Russia for the period July 1945 through September 1947—or since shortly after VJ-day—amount to \$905,009,000.

Total exports by the United States to Russia's satellite nations for the same period amount to \$901,876,000.

Total exports by the United States to Russia and satellites for the same period amount to \$1,806,885,000.

Table 3, which I shall insert in the RECORD, will verify these figures and give a break-down of them.

Mr. President, here are some figures which will be found in table 4, which I think are of interest.

Total exports of three strategic groups of commodities to Russia and to satellite nations since VJ-day amount to:

	To Russia	To satellites
Metals and manufactures.....	\$65,527,000	\$18,918,000
Machinery and vehicles.....	502,443,000	88,183,000
Nonmetallic minerals.....	21,332,000	20,881,000

Summary

Total exports to Russia since VJ-day.....	\$905,009,000
Total exports to satellite nations since VJ-day.....	901,009,000
Total exports to Russia and satellite nations since VJ-day.....	1,806,885,000
Total exports to Russia past 12 months (October 1946-September 1947).....	155,398,000
Total exports to satellite nations past 12 months (October 1946-September 1947).....	286,860,000
Total imports from Russia past 12 months (October 1946-September 1947).....	83,873,000

Total imports from satellite nations past 12 months (October 1946-September 1947)..... \$70,164,000

Mr. President, as I have stated, my purpose in bringing these figures and statistics to the attention of my colleagues is to establish the fact that if we are to undertake this tremendous program of providing billions of dollars of aid to western Europe, we cannot consistently continue to permit these strategic materials and supplies to be exported to Russia from our production in this country.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am happy to yield.

Mr. McMAHON. I presume then when the Senator speaks of the billions of dollars which we are going to appropriate, if and when we do, the Senator realizes that that sum of money will be used to resuscitate western Europe's economy, and I suppose the Senator knows that in the Paris report there is a cold and clearcut statement to the effect that the success of the so-called Marshall plan depends upon the resumption of the historic and the normal channels of trade east and west. I just wondered whether the Senator could reconcile for me the idea of cutting off export trade with Russia with the announced program that we will have of promoting trade east and west under the Marshall plan.

Mr. McCLELLAN. I do not know whether I will be able to reconcile it to the satisfaction of the Senator from Connecticut, but I can reconcile it for myself. Russia is fighting the Marshall plan. Russia and communism are determined to sabotage it before it is even begun. In view of Russia's announced plan, Mr. President, I do not want to deny to the people of my country the goods and supplies which they need, simply in order to supply the Russian market, particularly since we are calling on our people to make sacrifices to enable us to carry out the rehabilitation program in western Europe. I am willing to sell to Russia and continue to trade with Russia, to give her any supplies we may have which are not essential, and which are not needed and are not vital or are not in short supply, for the carrying out of the Marshall plan. But I am unwilling to burden the people of this Nation more and more, and cause them to do without the machinery they need, and at the same time urge them to produce so that we can meet our committals under the Marshall plan. Such a program simply does not add up to me.

I do not want to break trade relations with Russia. We can continue to trade with her in such supplies as we have without imposing this additional burden upon our economy and requiring our people to sacrifice that much more. If Russia wants to call off her opposition to the Marshall plan, if she will withdraw her efforts to sabotage that plan, then I am willing to trade with Russia on the time-honored historical basis.

Mr. McMAHON. Mr. President, will the Senator again yield?

Mr. McCLELLAN. I am glad to yield.

Mr. McMAHON. As I understand, the Senator is for continued trade with Russia on a restricted basis, namely, the things we do not need, the things we have too much of. Does that mean that the Senator would approve of the same restriction on the 16 western countries when the Marshall plan went into effect?

I might say to the Senator, before he answers that question, that if, of course, we resuscitate the European economy and are successful with the Marshall plan it will promote the free flow of trade east and west, and of course the very restrictions which the Senator wants to put on our country in respect to making of shipments to Russia will be nullified through our increase of the production of the economy of western Europe which will be shipped east to the satellite states.

Mr. McCLELLAN. I do not follow the Senator's reasoning. No help is going to be received from Russia. She is committed to sabotage the whole plan.

Mr. McMAHON. Does not the Senator see that when we increase the production of the economy of western Europe, and if the historic channels of trade remain open, which the framers of the Paris agreement or the Paris Convention stated must remain open if the plan was to be successful, with every bit that we increase the production of western Europe there consequently is, as a necessary concomitant, increased flow of goods into eastern Europe?

Mr. McCLELLAN. Well, by diverting some material to western Europe that it is proposed we continue to send to Russia, can we not more rapidly increase the production of western Europe? That is the point I am making.

Mr. McMAHON. And then what happens to it when it goes to western Europe?

Mr. McCLELLAN. Tell me what happens to commodities when they go to western Europe.

Mr. McMAHON. The whole purpose, as I understand, is that we make western Europe wholly productive again. The raw materials which come from east of the Trieste line are fabricated in the factories of western Europe, and in return are shipped back in the form of tractors, agricultural implements, and other materials and supplies. The finished products are shipped back in return for raw materials. My point to the Senator is that we will be doing indirectly what the Senator condemns our doing directly. I want to emphasize this so the record will be clear. I am raising the problem. I am not attempting to answer it. It is still something about which I am doing a lot of thinking. I merely raise that as one of the problems we are going to have to meet.

One of the things which struck me during the last week was the speech of a Presidential aspirant for the Republican nomination who condemned another Republican aspirant on the ground that he was too miserly in his ideas about the amount of money that should be appropriated in the Marshall plan, and then

the next day condemned the idea of any trade relations with Russia. Apparently he does not see the inconsistency in his position.

Mr. KNOWLAND. Mr. President, will the Senator from Connecticut yield?

Mr. McMAHON. I do not have the floor.

Mr. McCLELLAN. I am not trying to speak this afternoon on the basis of partisan politics, Mr. President.

Mr. McMAHON. Neither am I.

Mr. McCLELLAN. I am not undertaking at this time to discuss this whole question. I did want to bring into the RECORD these statistics which are, I understand, up to date—they were furnished me by the Department of Commerce—so that Senators might have the information and study it in the light of the problems with which we are confronted.

Mr. President, I did want to emphasize my position according to my thinking at the moment. If I am wrong, I hope I may be corrected, but in this period of stress, when our economy and our productive capacity are going to be strained to the limit to meet our domestic demand, and at the same time to rehabilitate western Europe, in view of the fact that Russia is opposing the plan and undertaking to make it more and more difficult for us, undertaking, in fact to sabotage the whole thing, I believe, Mr. President, that good sense dictates that we not ship to Russia during that period the critical supplies which are so badly needed for our own economy and for the rehabilitation of western Europe which we are now undertaking to underwrite.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield to the Senator from California.

Mr. KNOWLAND. First of all, I wish to commend very highly the able Senator from Arkansas for the presentation which he has made today and the tables which he has placed in the RECORD.

I am referring particularly to the question raised by the senior Senator from Connecticut [Mr. McMAHON] in connection with the stoppage of shipments of supplies and materials which are urgently needed in the American economy and in the countries of western Europe which we are trying to rehabilitate. It seems to me perfectly clear that if Russia wishes to come into the situation and help rehabilitate the war-torn world, if she will stop sabotaging the rehabilitation of the world and start to cooperate instead of placing obstructions at every turn in the road, it will be beneficial to have a flow of trade between eastern and western Europe.

The able Senator from Connecticut himself, in the field of atomic power, recognized the importance of making sure that there should be no shipments to Soviet Russia of machinery which might be used in that field. I say to the able Senator from Connecticut that in building the war potential of Russia there is far more involved than merely building atomic power, because her military machine, her aviation, and such naval establishment as she may have rest pretty

largely upon having a going industrial concern.

If we continue to ship electrical equipment, industrial tools, and machine tools to Russia, we are strengthening her hands to carry out the type of international blackmail in which she has been engaged for the past few years by attempting to intimidate the various countries of western Europe and the Middle East. Until she is ready to have a general settlement so that the people of the world may feel secure, I believe that the time has long since passed when we should stop shipping these potentials to Russia.

Mr. McMAHON. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I am glad to yield to the Senator from Connecticut.

Mr. McMAHON. I am afraid the Senator from California has entirely misunderstood my position. I had intended not to speak upon this subject until the so-called long-range plan came under discussion.

The Senator is absolutely correct when he states that in connection with the McMahon Act I had a prominent part in seeing to it that the Atomic Energy Commission had the right to impose an embargo on shipments outside this country of things which might be useful in making weapons of mass destruction.

Last summer when the so-called Marshall plan was announced I think the voice of the Senator from Connecticut was the first voice raised—at least to my knowledge—to point out that one of the things which we had to consider seriously in the so-called Marshall program was that fact that in every bit of additional resuscitation of European economy that we could accomplish, unless we saw to it that there were the proper safeguards in consideration for our aid, we would be increasing the possibility of a quickening of the accomplishment by the Russian Government of the very thing which we were blocking here under the McMahon Act.

I want the record to be clear; but I also wish to point out—because I think it is something which all Members of this body must begin to consider—that we are confronted with the question of how to accomplish what we wish to accomplish in western Europe and still see to it that materials which may come back to us with compound interest do not go east of the Stettin-Trieste line. We shipped scrap and oil to Japan, and we got them back at Pearl Harbor and in successive engagements; but at least we purchased time. If we do not take the proper steps to see to it that the material of which I speak does not go to Russia, we shall be giving away the only thing we have with respect to weapons of mass destruction, and that is time.

Mr. President, I trust that I make my position clear.

Mr. McCLELLAN. Mr. President, I did not know that this discussion would lead into such a broad field. I wish to continue my remarks.

I wish to place in the RECORD certain tables to which I have referred. These

tables were prepared for me at my request by the Department of Commerce through the Special Programs Division, Areas Branch, Office of International Trade.

Table 1 shows the amount of United States exports to eastern European countries monthly from October 1946 through September 1947. I ask unanimous consent that the table be printed

in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—United States exports¹ to eastern European countries monthly, October 1946 to September 1947

[Value in thousands of dollars]

Month	Eastern Europe, excluding U. S. S. R.										U. S. S. R.
	Czechoslovakia	Hungary	Finland	Estonia, Latvia, and Lithuania	Poland and Danzig	Yugoslavia	Albania	Rumania	Bulgaria	Total	
1946:											
October.....	2,045	76	1,224	-----	2,746	1,867	343	7	1	8,309	11,106
November.....	7,540	398	4,624	-----	5,856	5,801	190	688	175	25,272	16,039
December.....	5,991	633	3,073	1	5,102	6,129	125	403	69	21,526	14,208
1947:											
January.....	7,639	1,042	2,980	-----	10,633	3,329	363	561	49	26,596	24,671
February.....	4,612	658	4,496	5	8,727	2,036	425	179	294	21,432	15,780
March.....	5,159	836	4,803	-----	5,586	6,622	661	778	37	24,482	7,232
April.....	7,109	2,240	1,772	-----	17,067	6,752	1,090	3,590	33	39,653	9,281
May.....	6,404	1,921	8,339	-----	17,434	4,899	942	2,372	162	42,473	27,116
June.....	4,775	755	6,633	2	7,353	2,435	309	165	24	22,491	7,140
July.....	2,080	912	4,912	(2)	6,672	1,483	496	5,126	110	23,791	15,742
August.....	3,595	1,042	5,571	1	4,362	1,490	37	593	138	16,829	4,051
September.....	2,043	575	6,137	-----	7,001	103	37	62	47	16,605	3,032
January-September.....	43,417	9,981	45,642	8	84,875	29,151	4,359	13,427	893	231,753	114,045

¹ Exports, including reexports.

² Less than \$500.

Mr. McCLELLAN. Table No. 2 shows the amount of general imports from the eastern European countries monthly from October 1946 through September

1947. I ask unanimous consent to have this table printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2.—United States general imports from the eastern European countries, monthly, October 1946 to September 1947

[Value in thousands of dollars]

Month	Eastern Europe, excluding U. S. S. R.										U. S. S. R.
	Czechoslovakia	Hungary	Finland	Estonia, Latvia, and Lithuania	Poland and Danzig	Yugoslavia	Albania	Rumania	Bulgaria	Total	
1946:											
October.....	1,785	49	843	-----	10	107	-----	-----	67	2,861	7,139
November.....	2,636	64	2,517	-----	3	36	-----	2	2,589	7,847	1,809
December.....	2,523	69	1,900	-----	9	131	-----	1	1,050	5,683	15,944
1947:											
January.....	3,212	101	1,500	-----	116	241	-----	(1)	2,962	8,132	9,005
February.....	2,166	201	2,554	-----	278	16	-----	-----	41	5,256	1,047
March.....	1,907	117	109	-----	28	159	-----	-----	797	3,117	1,245
April.....	2,359	140	116	-----	33	149	-----	1	66	2,864	6,284
May.....	1,639	147	1,666	-----	116	30	-----	242	46	3,886	4,466
June.....	1,036	130	4,953	-----	280	35	-----	72	36	6,542	10,475
July.....	1,716	150	6,261	-----	88	685	8	32	149	9,089	9,956
August.....	1,265	116	7,468	-----	48	430	-----	18	94	9,439	2,508
September.....	1,254	106	3,227	-----	186	651	-----	11	13	5,948	13,994
January-September.....	16,554	1,208	27,854	-----	1,173	2,396	8	376	4,204	53,773	58,981

¹ Less than \$500.

Mr. McCLELLAN. Table 3 shows the exports to eastern European countries, by classes of shipments, since July 1945, through September 1947. I ask unani-

mous consent to have this table printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 3.—United States exports to eastern European countries by classes of shipments, July 1945 to September 1947

[Value in thousands of dollars]

Class	Eastern Europe, excluding U. S. S. R.										U. S. S. R.
	Czechoslovakia	Hungary	Finland	Estonia, Latvia, and Lithuania	Poland and Danzig	Yugoslavia	Albania	Rumania	Bulgaria	Total	
Total including reexports:											
July to December 1945.....	43,489	115	891	18	71,166	84,782	6,911	2	375	207,749	433,043
January to December 1946.....	106,697	6,382	31,216	6	183,126	126,614	4,324	2,028	1,981	462,374	357,921
January to September 1947.....	43,417	9,981	45,642	8	84,875	29,151	4,359	13,427	893	231,753	114,045
Total.....	193,603	16,478	77,749	32	339,167	240,547	15,594	15,457	3,249	901,876	905,009
Lend-lease shipments (combined total, Russia and other nations, \$1,806,885,000):											
July to December 1945.....											390,882
January to December 1946.....					100					100	152,124
January to September 1947.....											16,080
Total.....					100					100	559,086
UNRRA:											
July to December 1945.....	42,797				69,399	82,473	6,891			201,560	16,521
January to December 1946.....	85,923	2,281	431		166,254	121,691	4,246	8		380,834	141,744
January to September 1947.....	14,464	256	158		43,016	23,859	4,346			86,099	31,962
Total.....	143,184	2,537	589		278,669	228,023	15,483	8		668,493	190,227
"Private" relief shipments: ¹											
July to December 1945.....	603	97	485		1,621	2,085	18	(²)	375	5,284	21,905
January to December 1946.....	4,641	2,758	3,616	3	15,657	4,028	57	1,697	226	32,683	10,674
January to September 1947.....	1,813	5,404	1,453		6,597	1,257	8	3,033	271	19,836	1,879
Total.....	7,057	8,259	5,554	3	23,875	7,370	83	4,730	872	57,803	34,458
Cash-purchase exports:											
July to December 1945.....	89	18	406	18	146	224	2	2		905	3,735
January to December 1946.....	16,133	1,343	27,169	3	1,115	895	21	323	1,755	48,757	53,379
January to September 1947.....	27,140	4,321	44,031	8	35,262	4,035	5	10,394	622	125,818	64,124
Total.....	43,362	5,682	71,606	29	36,523	5,154	28	10,719	2,377	175,480	121,238

¹ Mainly foodstuffs and clothing.² Less than \$500.

Mr. McCLELLAN. Table 4 shows exports to the eastern European countries by commodity groups since July 1945, through September 1947. I ask unani-

mous consent to have this table printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 4.—United States exports to eastern European countries by commodity groups, July 1945 to September 1947

[Value in thousands of dollars]

Commodity group	Eastern Europe, excluding U. S. S. R.										U. S. S. R.
	Czechoslovakia	Hungary	Finland	Estonia, Latvia, and Lithuania	Poland and Danzig	Yugoslavia	Albania	Rumania	Bulgaria	Total	
Total United States merchandise:											
July to December 1945.....	39,497	115	891	18	67,013	78,684	6,911	2	375	193,506	432,771
January to December 1946.....	104,418	6,354	31,174	6	170,336	122,292	4,121	2,024	1,931	442,656	351,941
January to September 1947.....	43,451	9,854	45,643	8	83,538	27,237	4,268	13,423	823	228,245	113,684
Total.....	187,366	16,323	77,708	32	320,887	228,213	15,300	15,449	3,129	864,407	898,395
Animals and products, edible (combined total, Russia and other nations, \$1,762,803,000):											
July to December 1945.....	10,226				17,562	15,428	776			43,992	60,556
January to December 1946.....	38,496	1,787	310		67,463	42,456	56			150,568	91,847
January to September 1947.....	5,589	133	1,807		8,329	974	84	2	(¹)	16,918	3,606
Total.....	54,311	1,920	2,117		93,354	58,858	916	2	(¹)	211,478	156,009
Animals and products, inedible:											
July to December 1945.....	735			(¹)	2,908	1,310	467			5,420	6,382
January to December 1946.....	2,830	2	218		11,750	6,028	141	3	669	21,641	6,550
January to September 1947.....	1,208	344	211		3,219	980	66	32	(¹)	6,060	603
Total.....	4,773	346	429	(¹)	17,877	8,318	674	35	669	33,121	13,535
Vegetable foodstuffs and beverages:											
July to December 1945.....	11,967				5,178	32,362	2,915			52,422	12,486
January to December 1946.....	25,487	176	7,445	1	33,021	25,910	1,257	8		93,305	12,039
January to September 1947.....	2,703	1,086	20,746		24,207	1,210	33	9,077	7	59,069	98
Total.....	40,157	1,262	28,191	1	62,406	59,482	4,205	9,085	7	204,796	24,623
Vegetable products, inedible:											
July to December 1945.....	841		164		1,645	1,480	499			4,629	7,059
January to December 1946.....	5,968	146	2,372	1	6,476	3,042	203	12	4	18,224	15,456
January to September 1947.....	7,820	992	2,368		5,926	1,345	630	320	3	19,404	1,649
Total.....	14,629	1,138	4,904	1	14,047	5,867	1,332	332	7	42,257	24,164

TABLE 4.—United States exports to eastern European countries by commodity groups, July 1945 to September 1947—Continued

[Value in thousands of dollars]

Commodity group	Eastern Europe, excluding U. S. S. R.										U. S. S. R.
	Czechoslovakia	Hungary	Finland	Estonia, Latvia, and Lithuania	Poland and Danzig	Yugoslavia	Albania	Rumania	Bulgaria	Total	
Textile fibers and manufactures:											
July to December 1945.....	9,946		218		28,352	16,053	1,409			55,978	18,505
January to December 1946.....	14,668	1,085	6,564	(¹)	12,237	18,295	775	6	16	53,646	8,009
January to September 1947.....	6,931	218	1,040		9,862	3,124	272	35	6	21,488	1,879
Total.....	31,545	1,303	7,822	(¹)	50,451	37,472	2,456	41	22	131,112	28,393
Wood and paper:											
July to December 1945.....	48		(¹)		50	43	4			145	552
January to December 1946.....	153	(¹)	7		220	343	29	(¹)		752	50
January to September 1947.....	127	8	19		80	176	52	8		470	48
Total.....	328	8	26		350	562	85	8		1,367	650
Nonmetallic minerals:											
July to December 1945.....	68				71	117	3			259	9,092
January to December 1946.....	2,594	29	4,128	(¹)	4,630	974	46	13	1	12,415	8,431
January to September 1947.....	985	213	4,597	5	737	1,610	22	37	1	8,207	3,809
Total.....	3,647	242	8,725	5	5,438	2,701	71	50	2	20,881	21,332
Metals and manufactures:											
July to December 1945.....	236	(¹)	(¹)	3	450	423	18			1,130	28,353
January to December 1946.....	1,224	(¹)	1,402		1,114	3,462	298	23	207	7,730	22,189
January to September 1947.....	2,214	256	4,466		1,692	982	189	174	85	10,058	14,985
Total.....	3,674	256	5,868	3	3,256	4,867	505	197	292	18,918	65,527
Machinery and vehicles:											
July to December 1945.....	1,067		2		3,267	3,900	47			8,283	252,892
January to December 1946.....	3,373	11	3,746	1	11,016	10,744	780	57	91	29,799	169,045
January to September 1947.....	9,432	420	7,636	2	17,671	12,035	2,267	366	272	50,101	80,506
Total.....	13,872	431	11,384	3	31,954	26,679	3,094	423	363	88,183	502,443
Chemicals and related products:											
July to December 1945.....	2,352	18	50	3	3,151	3,070	174		(¹)	8,788	9,681
January to December 1946.....	3,267	108	1,063		3,761	2,836	392	186	715	12,328	1,947
January to September 1947.....	3,382	697	970	(¹)	2,968	1,764	422	267	162	10,632	1,517
Total.....	9,001	823	2,053	3	9,880	7,670	988	453	877	31,748	13,145
Miscellaneous articles: ²											
July to December 1945.....	2,011	97	487	11	4,379	4,498	599	2	375	12,459	27,213
January to December 1946.....	6,377	3,010	3,918	3	18,648	8,203	145	1,717	229	42,250	16,378
January to September 1947.....	3,060	5,486	1,782		8,847	3,037	232	3,106	287	25,837	4,984
Total.....	11,448	8,593	6,187	14	31,874	15,738	976	4,825	891	80,546	48,575

¹ Less than one-half the unit.² Mainly "private relief" shipments as shown on table 1.

Mr. McCLELLAN. Mr. President, I thought it would be well for us to have some further information regarding the countries which are in the Marshall plan group. I had the Department of Commerce prepare for me some figures relating to those countries. The 16 Marshall plan countries are Austria, Belgium, Luxembourg, Denmark, Eire, France, Greece, Iceland, Italy, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom. Our

exports to the 16 Marshall plan nations for the first 9 months of this year totaled \$3,724,860,000, whereas our imports from those countries amounted to only \$498,213,000. We had an excess of exports over imports with respect to those countries of \$3,226,647,000.

Our exports to 16 Marshall plan nations for the year 1946 totaled \$3,278,007,000, whereas our imports from those countries totaled \$678,562,000. Our exports were in excess of imports during 1946 by \$2,599,445,000.

Mr. President, the total United States exports to all nations for 9 months, from January to September of this year, amounted to \$10,950,578,000. Thirty-four percent of all these exports went to the nations which are included in the Marshall plan.

The total imports from all nations for the same 9-month period amounted to \$4,192,150,000. Eleven and nine-tenths percent of these imports came from the nations which are under the Marshall plan.

Mr. President, at this point I ask unanimous consent to insert in the RECORD a table showing exports to and imports from Marshall plan nations, by countries, for the first 9 months of this year, and showing also the excess of exports over imports.

The PRESIDING OFFICER (Mr. BALDWIN in the chair). Without objection, it is so ordered.

There being no objection, the table referred to was ordered to be printed in the RECORD, as follows:

Exports and imports of Marshall plan countries, January to September 1947

[In thousands of dollars]

Countries	January to September 1947		
	Exports	Imports	Excess of exports over imports
Austria.....	26,051	2,625	23,426
Belgium and Luxembourg.....	370,871	40,979	329,892
Denmark.....	64,156	3,925	60,231
Eire.....	69,148	2,046	67,102
France.....	646,540	36,041	610,499
Germany.....	118,563	3,569	114,994
Greece.....	130,542	11,138	119,404
Iceland.....	12,978	2,274	10,704
Italy.....	379,753	28,731	351,022
Netherlands.....	275,568	19,392	256,176
Norway.....	123,628	13,905	109,623
Portugal.....	72,494	14,277	58,217
Sweden.....	330,970	67,813	263,157
Switzerland.....	139,849	60,431	79,418
Turkey.....	64,323	38,565	25,758
United Kingdom.....	899,526	152,502	747,024
Total.....	3,724,860	498,213	3,226,647

Mr. McCLELLAN. Mr. President, I want to call the attention of my colleagues to the fact that exports to the Marshall plan nations for the first 6 months of this year, from January to June, total \$2,498,367,000. A breakdown of those exports by groups shows that UNRRA exported \$128,518,000; private relief sources, \$19,355,000; lend-lease, \$2,922,000. Cash purchases were \$2,347,572,000; making the total which I have previously given.

Mr. President, I ask unanimous consent to insert at this point in the RECORD a table showing exports to all nations, including the Marshall plan nations, with percentages of total exports shipped to the latter nations. The table will speak for itself. I shall not attempt to read the figures, but will place them in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 5.—United States exports, imports, and balance of merchandise trade with the 16 countries participating in the European Economic Conference (Marshall plan countries) and Germany, 1946, and January to September 1947

[Value in thousands of dollars]

	1946			January-September 1947		
	Exports	Imports	Excess of exports (+) or imports (—)	Exports	Imports	Excess of exports (+) or imports (—)
Total United States trade with all countries.....	9,739,408	4,908,683	+4,830,725	10,950,578	4,192,150	+6,758,428
Trade with participating countries.....	3,278,007	678,562	+2,599,445	3,724,860	498,213	+3,226,647
Percent trade with participating countries of total trade.....	33.7	13.8	153.8	34.0	11.9	147.7
Austria.....	45,798	1,494	+44,304	26,051	2,625	+23,426
Belgium and Luxembourg.....	279,099	77,306	+201,793	370,871	40,979	+329,892
Denmark.....	38,077	4,276	+33,801	64,156	3,925	+60,231
Eire.....	28,188	2,174	+26,014	69,148	2,046	+67,102
France.....	712,001	62,478	+649,523	646,540	36,041	+610,499
Germany.....	82,251	3,158	+79,093	118,563	3,569	+114,994
Greece.....	142,845	23,651	+119,194	130,542	11,138	+119,404
Iceland.....	11,631	5,662	+5,969	12,978	2,274	+10,704
Italy.....	370,632	68,657	+301,975	379,753	28,731	+351,022
Netherlands.....	221,688	22,906	+198,782	275,568	19,392	+256,176
Norway.....	78,801	13,231	+65,570	123,628	13,905	+109,623
Portugal.....	60,030	23,238	+36,792	72,494	14,277	+58,217
Sweden.....	206,236	47,117	+159,119	330,970	67,813	+263,157
Switzerland.....	108,426	98,479	+9,947	139,849	60,431	+79,418
Turkey.....	36,675	68,321	-31,646	64,323	38,565	+25,758
United Kingdom.....	855,629	156,414	+699,215	899,526	152,502	+747,024

¹ Percentage the export balance of trade with 16 countries was of the total United States export balance.

NOTE.—Exports include reexports, and imports are "general" imports.

Mr. McCLELLAN. Mr. President, I ask unanimous consent to insert tables Nos. 6, 7, and 8, at this point in the RECORD. Each table is self-explanatory and gives in detail a break-down of some of the exports and imports which I have

been discussing pertinent to the nations in the Marshall plan group.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 6.—United States merchandise exports to the 16 countries participating in the European Economic Cooperation Conference (Marshall plan countries)—Value of lend-lease, relief, cash-purchase and total exports, January to June 1947, and value in 1936-38 dollars

[Value in thousands of dollars]

Country	Value of exports, including reexports			Cash-purchase	Total	Total adjusted to 1936-38 dollars
	UNRRA	Private relief	Lend-lease			
Total United States exports to all countries.....	355,298	54,077	19,638	7,124,035	7,553,048	4,082,729
Exports to participating countries.....	128,518	19,355	2,922	2,347,572	2,498,367	1,283,947
Percent exports to participating countries of total exports.....	36.1	35.8	14.9	33.0	33.1	31.4
Austria.....	17,990	4,048	—	598	22,546	10,799
Belgium and Luxembourg.....	—	1,170	25	235,911	237,106	119,260
Denmark.....	—	203	—	46,589	46,792	25,081
Eire.....	—	24	—	40,094	40,118	21,292
France.....	61	3,712	2,645	453,655	460,073	241,947
Greece.....	28,390	2,027	—	59,354	89,771	47,404
Iceland.....	—	1	—	8,883	8,884	4,807
Italy.....	81,953	5,125	—	200,114	287,192	139,111
Netherlands.....	—	854	128	192,010	192,992	101,432
Norway.....	—	275	—	80,826	81,101	44,681
Portugal.....	—	55	—	48,723	48,778	24,983
Sweden.....	—	56	—	224,028	224,084	122,960
Switzerland.....	119	170	—	92,389	92,678	47,417
Turkey.....	—	14	—	47,418	47,432	26,420
United Kingdom.....	5	1,621	124	617,070	618,820	306,353

TABLE 7.—United States exports, by commodity groups and principal commodities to the 16 countries participating in the European Economic Cooperation Conference (Marshall plan countries)—Total value and percentage of total United States exports, January-June 1947

[Value in thousands of dollars]

Commodity group and commodity	Total United States exports	Exports to 16 participating countries		
	Value	Value	Percent distribution	Percent of United States exports
Total exports of United States merchandise.....	7,445,982	2,455,446	100.0	32.8
Foodstuffs.....	1,240,979	620,098	25.3	50.0
Grains and preparations.....	673,954	325,876	13.3	48.4
Meats, dairy products, dried eggs.....	221,300	133,343	5.4	60.3
Animals and animal products, inedible.....	104,293	44,361	1.8	42.5
Leather.....	19,690	8,530	.3	43.3
Furs and manufactures.....	32,699	18,768	.8	57.4
Vegetable products, inedible.....	382,085	175,040	7.1	45.8
Rubber and manufactures.....	120,466	37,787	1.5	31.4
Tobacco and manufactures.....	176,713	106,234	4.3	60.1
Textile fibers and manufactures.....	1,069,946	297,778	12.1	27.8
Cotton, unmanufactured.....	306,216	164,913	6.7	53.8
Textile manufactures ¹	763,730	132,865	5.4	17.4
Cotton manufactures.....	394,102	64,054	2.2	13.7
Wool manufactures.....	38,981	7,847	.3	20.1
Synthetic fibers and manufactures.....	178,281	24,249	1.0	13.6
Wood and paper.....	182,777	54,024	2.2	29.6
Sawmill products.....	58,428	26,520	1.1	45.4
Wood manufactures.....	34,282	15,242	.6	44.5
Nonmetallic minerals.....	709,502	286,488	11.7	40.4
Coal and related fuels.....	264,133	136,217	5.5	51.6
Petroleum and products.....	307,926	127,485	5.2	41.4
Metals and manufactures.....	655,778	160,955	6.6	24.5
Iron and steel-mill products.....	401,164	98,494	4.0	24.6
Iron and steel advanced manufactures.....	131,782	15,390	.6	11.7
Copper and manufactures.....	39,507	20,809	.9	62.9
Machinery and vehicles.....	2,334,615	650,777	26.5	27.9
Automobiles, parts, accessories, and service equipment.....	578,375	91,080	3.7	15.7
Merchant vessels.....	395,332	238,130	10.0	60.2
Freight cars over 10-ton capacity.....	76,800	72,394	2.9	94.3
Machinery:				
Electrical.....	278,965	28,709	1.1	10.3
Industrial.....	668,619	136,525	5.6	20.4
Agricultural.....	150,810	25,230	1.0	16.7
Chemicals and related products.....	386,848	97,009	4.0	25.1
Miscellaneous.....	379,158	68,913	2.8	18.2
Commodities exported for relief and charity ²	57,744	19,903	.8	34.5

¹ Includes a small amount of unmanufactured wool, hair, and vegetable fibers.

² Mainly "private relief" shipments, although UNRRA shipments of used clothing are included. Data for individual commodities include the main part of UNRRA supplies.

TABLE 8.—United States exports to selected European countries by economic groups—Value, 1936-38, 6-month average, January to June 1946, and January to June 1947, and value in 1936-38 dollars for January to June 1946 and January to June 1947

[Value in thousands of dollars]

Country	1936-38, 6-month average		January to June 1946				January to June 1947			
	Value	Percent of total	Value	Percent of total	Unit value (price) index ¹	Value in 1936-38 dollars	Value	Percent of total	Unit value (price) index ¹	Value in 1936-38 dollars
Denmark, total.....	9,010	100.0	14,991	100.0	150	9,986	46,627	100.0	186	25,081
Crude materials.....	1,566	17.4	3,846	25.7	156	2,470	14,513	31.1	200	7,246
Foodstuffs.....	1,680	18.6	306	2.0	168	182	1,520	3.3	222	686
Manufactures.....	5,764	64.0	10,839	72.3	148	7,334	30,594	65.6	178	17,149
Eire, total.....	7,782	100.0	11,580	100.0	153	7,591	39,679	100.0	186	21,292
Crude materials.....	1,730	22.2	3,347	28.9	156	2,150	6,653	16.5	200	3,272
Foodstuffs.....	4,197	53.9	934	8.1	170	549	6,251	15.8	223	2,802
Manufactures.....	1,855	23.8	7,299	63.0	149	4,892	26,875	67.7	177	15,218
Finland, total.....	5,272	100.0	12,265	100.0	157	7,822	29,030	100.0	201	14,413
Crude materials.....	1,140	21.6	2,788	22.7	156	1,791	1,678	5.8	200	838
Foodstuffs.....	529	10.0	2,484	20.3	177	1,406	16,178	55.7	223	7,248
Manufactures.....	3,603	68.3	6,993	57.0	151	4,625	11,174	38.5	177	6,327
Italy, total.....	31,616	100.0	190,334	100.0	170	111,941	276,640	100.0	199	139,111
Crude materials.....	16,634	52.6	52,328	27.5	156	33,608	73,993	26.7	200	36,997
Foodstuffs.....	505	1.6	109,820	57.7	186	59,107	103,352	37.4	225	46,016
Manufactures.....	14,476	45.8	28,186	14.8	147	19,226	99,295	35.9	177	56,098
Norway, total.....	9,957	100.0	35,156	100.0	155	22,612	81,245	100.0	182	44,681
Crude materials.....	1,263	12.7	5,653	16.1	156	3,631	8,629	10.6	200	4,308
Foodstuffs.....	1,490	15.0	5,634	16.0	189	2,983	4,705	5.8	225	2,092
Manufactures.....	7,204	72.3	23,869	67.9	149	15,998	67,911	83.6	177	38,281
Iceland, total.....	68	100.0	5,950	100.0	154	3,866	8,875	100.0	185	4,807
Crude materials.....			35	.6	160	22	437	4.9	200	219
Foodstuffs.....	5	7.4	1,010	17.0	176	574	1,396	15.7	221	632
Manufactures.....	63	92.6	4,905	82.4	150	3,270	7,042	79.3	178	3,956

Footnotes at end of table.

TABLE 8.—United States exports to selected European countries by economic groups—Value, 1936–38, 6-month average, January to June 1946, and January to June 1947, and value in 1936–38 dollars for January to June 1946 and January to June 1947—Continued

[Value in thousands of dollars]

Country	1936–38, 6-month average		January to June 1946				January to June 1947			
	Value	Percent of total	Value	Percent of total	Unit value (price) index ¹	Value in 1936–38 dollars	Value	Percent of total	Unit value (price) index ¹	Value in 1936–38 dollars
Austria, total ^{2,3}	1,400	100.0	18,699	100.0	168	11,125	22,499	100.0	208	10,799
Crude materials	107	7.6	387	2.1	156	248	886	1.7	200	193
Foodstuffs	32	2.3	14,274	76.3	174	8,203	15,232	67.7	226	6,740
Manufactures	1,261	90.1	4,038	21.6	151	2,674	6,881	30.6	178	3,866
Portugal, total	5,735	100.0	28,868	100.0	160	18,090	48,091	100.0	192	24,983
Crude materials	1,445	25.2	4,542	15.7	156	2,912	5,594	11.6	200	2,797
Foodstuffs	361	6.3	9,698	33.6	188	5,159	14,883	30.9	226	6,585
Manufactures	3,928	68.5	14,628	50.7	146	10,019	27,614	57.4	177	15,601
Greece, total	3,300	100.0	73,601	100.0	169	43,540	89,617	100.0	189	47,404
Crude materials	40	1.2	3,440	4.7	156	2,205	684	.8	200	342
Foodstuffs	661	20.0	51,869	70.5	178	29,140	24,710	27.6	225	10,982
Manufactures	2,600	78.8	18,292	24.9	150	12,195	64,223	71.7	178	36,080
Turkey, total	5,701	100.0	17,681	100.0	147	12,021	46,805	100.0	177	26,420
Crude materials	232	4.1	131	.7	156	84	249	.5	200	125
Foodstuffs	25	.4	21	.1	167	13	73	.2	221	33
Manufactures	5,444	95.5	17,529	99.1	147	11,924	46,483	99.3	177	28,262
United Kingdom, total	246,406	100.0	414,135	100.0	159	260,451	607,178	100.0	198	306,353
Crude materials	91,421	37.1	141,896	34.3	156	90,959	140,749	23.2	200	70,375
Foodstuffs	49,406	19.9	155,996	37.2	174	88,503	232,325	38.3	224	103,716
Manufactures	105,989	43.0	118,243	28.6	146	80,988	234,104	38.6	177	132,262
Belgium, total	38,264	100.0	132,874	100.0	163	81,308	230,878	100.0	194	119,260
Crude materials	6,315	16.5	21,484	16.2	156	13,772	37,513	16.2	200	18,757
Foodstuffs	8,029	21.0	64,064	48.2	177	36,194	69,273	30.0	225	30,788
Manufactures	23,920	62.5	47,326	35.6	151	31,342	124,092	53.7	178	69,715
France, total	69,976	100.0	423,093	100.0	159	265,633	454,197	100.0	188	241,947
Crude materials	30,928	44.2	67,211	15.9	156	43,084	96,204	21.2	200	48,102
Foodstuffs	5,626	8.0	119,377	28.2	184	64,879	69,790	15.4	225	31,018
Manufactures	33,422	47.8	236,505	55.9	150	157,670	288,203	63.5	177	162,827
Netherlands, total	39,519	100.0	82,768	100.0	169	51,914	190,732	100.0	188	101,432
Crude materials	5,324	13.5	13,139	15.9	156	8,422	31,544	16.5	200	15,772
Foodstuffs	10,965	27.7	23,759	28.7	184	12,913	35,487	18.6	225	15,772
Manufactures	23,230	58.8	45,868	55.4	150	30,579	123,701	64.9	177	69,888
Sweden, total	28,507	100.0	87,208	100.0	152	57,404	222,556	100.0	181	122,960
Crude materials	4,622	16.2	6,623	7.6	156	4,246	17,289	7.8	200	8,645
Foodstuffs	2,258	7.9	7,934	9.1	195	4,069	14,458	6.5	222	6,513
Manufactures	21,627	75.9	72,651	83.3	148	49,089	190,809	85.7	177	107,802
Czechoslovakia, total ⁴	7,324	100.0	60,893	100.0	167	36,550	35,928	100.0	189	19,028
Crude materials	2,767	37.8	1,666	2.7	156	1,070	8,045	22.4	200	4,016
Foodstuffs	412	5.6	44,100	72.4	174	25,389	7,046	19.6	222	3,180
Manufactures	4,144	56.6	15,127	24.8	150	10,091	20,837	58.0	176	11,832
Switzerland, total ⁴	4,547	100.0	45,724	100.0	147	31,176	89,826	100.0	189	47,417
Crude materials	698	15.4	5,802	12.7	156	4,726	9,050	10.1	200	4,518
Foodstuffs	292	6.4	12,061	26.4	187	6,464	26,642	29.7	224	11,894
Manufactures	3,556	78.2	27,861	60.9	139	19,986	54,134	60.3	175	31,005

¹ 1936–38 average=100, estimated indexes based on the unit value of total United States exports weighted by the value of each economic class in the trade with each country.

² Data represent direct shipments only; these figures for 1936 and 1937 greatly understated the total trade since a substantial amount of United States cotton went to Austria via free ports of Hamburg and Bremen, although credited in United States statistics to Germany. For direct and indirect trade, see Austrian statistics.

³ 6-month average for 1936–37; German occupation of Austria precluded complete data in 1938.

⁴ Data represent direct shipments only; these figures for 1936, 1937, and 1938 greatly understated the total trade since large quantities of United States merchandise which reached these countries indirectly are credited in United States statistics to other countries through which these goods were transshipped. For direct and indirect trade, see statistics of the individual countries.

Mr. McCLELLAN. My purpose in placing these documents in the RECORD and calling them to the attention of my colleagues is that we might have a better picture of the problem of our being able to carry out this tremendous commitment of some fifteen to twenty billions of dollars during the next 4 or 5 years. I am convinced that we cannot justify continuing the shipping of vital, strategic goods, commodities, materials, implements, machinery, and tools to Russia while we are undertaking to carry out the Marshall program. As I have stated previously in my remarks, I should not want

to break off trade with Russia. It is perfectly all right to trade where we have something to sell which is not in short supply. But in the instance of strategic commodities we do not have anything for sale, Mr. President, without imposing upon our own economy and without making more difficult and more doubtful the fruits of the Marshall program. I think it well that before we undertake the Marshall program we consider our ability to meet all these commitments and to meet all the obligations which will be placed upon us when the Marshall program is adopted.

Mr. VANDENBERG. Mr. President, earlier in the afternoon I presented an amendment to clarify section 6 to make it plain that the committee intended that the compensatory deposits and local currencies should be made for all commodities, and not just for those commodities offered for resale. The able Senator from Missouri [Mr. DONNELL] was doubtful about the language at one or two points. The language in which I have offered the amendment is the precise language in the original State Department bill. I have no objection to the suggestions which have now been made by the able

Senator from Missouri which simply tend to clarify rather than to change the objective which we are both seeking to reach. I should like very much to get this amendment adopted, if possible, so that the bill will be in the shape in which the committee intended it before we start to consider the other amendments.

Mr. LUCAS. Mr. President, will the Senator yield for one question?

Mr. VANDENBERG. I yield.

Mr. LUCAS. On yesterday I offered two amendments to that section of the bill, with the primary purpose of attempting to say to the government of France that we should like to use part of the money in the revolving fund to furnish information to the French people as to the origin, character, and source of the supplies, goods, and materials which we are sending them. I still feel that that is one of the most constructive things that could be done in carrying out the interim-aid program and in ultimately carrying out the Marshall program in the event that Congress should see fit to adopt it. After talking with the able Senator from Michigan, I shall not press my amendments. But I hope that the Senator will impress upon the State Department the necessity of incorporating the very language I suggested in the amendments into the agreements between the United States and the other countries which are to receive the interim aid.

Mr. VANDENBERG. I was about to say to the Senator that the bill as reported has one section which is in error, because in drafting it the language of the old law was picked up a point where it was not expected that it would be picked up. I am simply offering a clarifying amendment to make it clear that it was the intent of the committee that (1) the commodities hereafter sent under the bill should be covered by the deposit of local currencies, and (2) that we are leaving open agreement as to what the use of the local currency should be for instead of tying it down as was the case in the text reported. I would say to the Senator that I think that under the language which the committee intended to report it is entirely possible for the intergovernmental agreement to do the thing which the Senator wants done, and I think it is far better to leave it on an optional basis without identification than to start to try to write a bill of particulars.

Mr. LUCAS. Mr. President, I agree with the Senator upon that point, and I know that it is a delicate matter to attempt to write into statutory law anything which would in the slightest degree give to a foreign government the implication that we were interfering in any way with its sovereignty.

But I raised the question yesterday, through these amendments, primarily for the purpose of pointing out that I hope that when the State Department finally makes the agreements with these various governments, it can follow through and can reach agreements which will give this country the right to give information and disseminate propaganda along American lines, so that those people will really know exactly

what America is doing; and I know the Senator agrees with me upon that.

Mr. VANDENBERG. Yes; and I think the record now puts the State Department upon notice that this is one of the factors that must be surveyed.

Mr. LUCAS. I thank the Senator.

Mr. VANDENBERG. Mr. President, I am sure the amendment is not controversial. I ask that it be read at the desk in the form in which it has been agreed upon for submission.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, it is proposed to strike out lines 11 through 23, to and including "(c)", and substitute the following language:

(b) to make, when any commodity is made available under this act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified, as offered by the Senator from Michigan.

Mr. GEORGE. Mr. President, as I understand this amendment, it converts into a mere grant the entire sum appropriated under the bill.

Mr. VANDENBERG. No. All in the world this amendment does is precisely what the committee thought it was doing in requiring that all commodities under the bill shall be covered by the deposit of local currency, instead of simply a part of the commodities, as is the case under the post-UNRRA relief act. This is the precise language, with one or two clerical changes, which the Department submitted.

Mr. GEORGE. I do not think there can be any mistake about the amendment which the Senator sent to the desk. It would make an outright gift of everything appropriated under the proposed act, and there would be no sales for value, notwithstanding the fact that we might sell cotton and might be able to recover some value on the sales of cotton.

Mr. VANDENBERG. I do not understand the amendment to be of that purport at all. On the contrary, I think the result of the amendment would be to require the deposit of local currency for every commodity received under the terms of the bill.

Mr. GEORGE. I know; but that local currency then would go to the benefit of the recipient country, not to ourselves.

Mr. VANDENBERG. It would do so under an agreement between the United States and the recipient country.

Mr. GEORGE. Yes, and it would not go to us.

Mr. VANDENBERG. But I see no prohibition against resale. I do not understand where the Senator gets his notion that there is a prohibition against resale.

Mr. GEORGE. As this section was written, it read as follows: "to the extent that supplies procured with funds authorized under this act are not fur-

nished on terms of repayment in dollars" then this fund should be created. But now the amendment the Senator has proposed would wipe all that out, so that none of the supplies would be repaid in dollars. Perhaps none would. But this amendment presents quite a big question of public policy, and a very important question of public policy, namely, whether we should appropriate more than a half billion dollars to be given away, without any effort to see that any of it is repaid.

If the Senator from Michigan is not going to press for final action on his amendment today, I have no objection to having the amendment received and printed, so that we can see it in the morning. But as I catch it from the reading which has just been given of it, it means absolutely that everything under this bill is a straight-out grant to the recipient countries.

Mr. VANDENBERG. I totally disagree with the Senator's interpretation. On the other hand, I have had so much difficulty in trying to straighten out this palpable error in the reporting of the bill that, so far as I am concerned, inasmuch as the existing process provided in the bill is the process provided in the existing relief act, I am going to withdraw the amendment. I think that is a step backward. I think it was a great step forward to require that all commodities should be covered by the deposit of local currency. I think it was a great step forward to widen the option under which the deposit of local currencies could be used. But it seems to be quite impossible to get an agreement on desirable language to accomplish the purpose; and so far as I am concerned, I shall rest on the bill as reported.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. LUCAS. Before the Senator does what he has just stated, why does not he follow the suggestion made by the able Senator from Georgia, namely, let the amendment go over until tomorrow, so that Senators will have an opportunity to study it? Perhaps I should not say this, but I am inclined to agree with the Senator from Michigan about the amendment, after giving it some study. However, it seems to me that the Senator from Michigan should do what the Senator from Georgia suggested. Then, if on tomorrow we cannot agree, it seems to me the Senator from Michigan should do what the Senator suggested a moment ago, namely, withdraw the amendment. But I feel that we should have an opportunity to study it overnight.

Mr. VANDENBERG. Well, I am withdrawing the amendment. If any Senator wishes to offer it later, he is at liberty to do so.

Mr. DONNELL. Mr. President, I should like to reoffer the amendment with one change to cover the point made by the distinguished Senator from Georgia. I think it would cover his point were it to be worded as follows—and I so offer it:

Strike out lines 11 through 23, to and including "(c)," and substitute the following language.

By the way, I notice that the amendment provides for striking out "including (c)." I understood that the amendment went down only to "(c)," and that paragraph "(c)" was to stand.

Mr. VANDENBERG. The designation "(c)" is merely an identification letter, and the amendment propose to strike that out, because there would cease to be any previous paragraphs (a) and (b) in the subsection, under the amendment.

Mr. DONNELL. Was it the intention of the amendment to strike out the end of line 23 and lines 24 and 25?

Mr. VANDENBERG. No; the paragraph now designated as "(c)" would remain, but it would cease to be identified as "(c)." That is the only thing.

Mr. DONNELL. I see.

Then, Mr. President, I offer the following amendment:

On page 4, strike out lines 11 through 23 to and including "(c)" and substitute the following language:

"(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States."

I offer that amendment at this time.

Mr. VANDENBERG. I suggest that the Senator let his amendment lie over.

Mr. DONNELL. Yes.

Mr. VANDENBERG. This is a very technical subject, upon which the language has to be very precise. I know the language I first offered is workable, because it is taken directly from the text of the original State Department bill. I would not know the precise effect of the language submitted by the Senator from Missouri. So I suggest that the whole matter go over until tomorrow. Then if any Senator has any interest in bringing it up—and I am through with it—I should be very glad to consider it.

Mr. DONNELL. That is quite agreeable to me, and I think that is a very wise course of procedure.

Mr. President, I should like at the appropriate time—and as a parliamentary inquiry, I inquire at this time whether it is now in order—to have other amendments offered and considered.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. DONNELL. Will the Senator from Michigan yield for the purpose of permitting me to present other amendments?

Mr. VANDENBERG. Yes; I hope other amendments will be presented.

Mr. DONNELL. Mr. President, I offer the following amendment: On page 7, lines 6 and 7, strike out the following words:

or any other official or officials of the Government.

The next amendment I offer is, on page 7, to strike out the last sentence, and substitute therefor a sentence reading as follows:

The provisions of subsection (h) of section 6 of this act shall not apply to distribu-

tion of supplies in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that supplies furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the purposes of this act.

The last amendment which I offer at this time is to amend the first sentence of section 4 (a) to read as follows:

There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this act: *Provided, however*, That of said sum there may be applied toward assistance to the people of Austria not to exceed \$42,000,000, toward assistance to the people of France not to exceed \$328,000,000, and toward assistance to the people of Italy not to exceed \$227,000,000, except that if the President shall determine that, because of changed conditions or for other reason deemed by him to be good and sufficient, the amount so to be applied respectively toward assistance to the people of any one or more of said countries should exceed the amount so respectively above specified, he is hereby authorized to increase the amount so to be applied: *Provided*, That the aggregate of the amounts to be applied toward assistance to the people of said three countries shall not exceed the total amount which shall be appropriated pursuant to the authority granted by this act.

I thank the Senator.

The PRESIDING OFFICER. Does the Chair correctly understand that all those are one amendment, or are they three separate amendments?

Mr. DONNELL. They are three separate amendments.

The PRESIDING OFFICER. Does the Senator from Missouri desire to have the amendments considered at this time?

Mr. DONNELL. The debate will continue until tomorrow, undoubtedly; and it appears to me that the amendments should be printed and lie over until tomorrow.

Mr. VANDENBERG. Mr. President, I think the Senator's original assumption is correct, and I think his deduction therefrom is wise.

Mr. DONNELL. Mr. President, let me call attention to a slight amendment to which I know the Senator from Michigan will agree. On page 2, line 13, following the word "source", the word "of" should be inserted, so as to make the sentence grammatical and in accordance with the construction of the next subsection "(b)."

Mr. VANDENBERG. I think the Senator from Missouri is entirely correct.

The PRESIDING OFFICER. Without objection, the amendment in the nature of a correction will be made.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. TAFT. I wish to ask the Senator's opinion of the wisdom of the currency provision which would put the United States into the domestic affairs of every country of Europe in determining how money belonging to that government should be used. Has the Senator considered the objections made to

that by American representatives abroad?

Mr. VANDENBERG. The subject has been very carefully canvassed. Speaking for himself, the Senator from Michigan will say that he thinks this is a very great advance in the philosophy of this type of international contact, because in a sense it takes the relief bill out of the relief category in its first impact, and takes it out of the windfall class, so far as the budgets of these other countries are concerned.

I think it is of tremendous advantage to multiply the potentiality of our aid by creating what are in effect revolving funds out of our initial appropriation, so that the helpful impact multiplies in final net result. This system has been partially operating under the present relief law since the first of last July, and I have heard no complaint from beneficiary governments about the device.

Mr. TAFT. My fear is that we will set up a joint commission in England, for instance, and that commission is going to decide whether British pounds are going to be used for building more housing in England, or building more power plants, or stimulating the production of coal; and whenever anything is proposed and done that is not popular, and whenever anything is turned down, then the government is going to blame the United States for what is done. In other words, we are assuming a power to say how British pounds shall be spent within England.

Perhaps certain countries—Greece, of course, is an example—are in such a position that they cannot object, but it does seem to me we are getting into the internal affairs of other countries, which may be very dangerous. I understand that at least one prominent American ambassador is very much opposed to it and is very much of the opinion that it will create difficulties and trouble for the United States.

Mr. VANDENBERG. Of course, the example the Senator uses is not particularly pertinent, because Britain is not involved in the legislation. I would agree with the Senator that when it comes to recuperation and reconstruction programs, the viewpoint he expresses is to be very seriously weighed. I doubt whether it has the same impact when we are dealing exclusively, or at least overwhelmingly, in relief commodities, and when the net effect of the operation is simply to multiply the availability of the initial relief appropriation for subsequent advantage.

Mr. TAFT. For what purpose does the Senator suggest that the funds should be used? They cannot be used for the purchase of food, because that would take dollars. English pounds are not useful anywhere, as I see it, except within England, to be spent in England, for some purpose. What is the purpose? What kind of purpose has the Senator in mind?

Mr. VANDENBERG. Under Public Law 84, the existing relief statute, it is specified that the funds shall be used for relief and work-relief purposes. In other words, it is contemplated, I assume—because we are speaking now speculatively on the whole subject, inas-

much as it is an entirely new adventure—that work-relief projects could be set up in connection with relief, to make its recipients more self-supporting, and contemplations of that character.

Let me add one or two other thoughts. It is also suggested that we can appropriately pay our own administrative expenditures in connection with relief, where those expenditures involve local currencies.

Mr. TAFT. I would not raise any question at all about that; that seems to be perfectly clear; but when we get beyond that, it seems to me that if we are going to be responsible for a WPA in England, we may become as unpopular as the WPA became in the United States. I only wanted to put in a caveat and express a doubt as to whether what is suggested is advisable. While the other condition is undesirable, with respect to money which is going into the Treasury, I think we may get into something still worse by attempting to go into certain countries and exercise some control over expenditures of the currencies there.

Mr. VANDENBERG. I will submit this notion to the Senator. The Senator agrees that it is bad to have the relief funds just flow into the governmental treasury without any recoupment. That is bad. The Senator is fearful that in the evolution of this plan we may run into alternative contingencies that are also bad. I suggest to him that we know the result of the first contingency is bad, and that it may be worth while and interesting for 90 days to find out whether there is an alternative which is not quite so bad.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Massachusetts.

Mr. LODGE. I should like to comment, in connection with the question of the Senator from Ohio, that it is impossible to tell exactly what services it may be desired to buy abroad, which should be paid for with local currency. That is the first point. The second point is that it might be very good judgment, it might be desirable and proper and something that would be fairly understood and recommended abroad, for us to use these funds, for example, to buy time on local radio stations. I think we very materially skimped our public-information program, and in my opinion, what we have of it is not being handled in the right way. Here would be an opportunity to use funds in a legitimate way, to get services abroad which we need, and which could be bought with local currencies.

Mr. TAFT. Mr. President, would the Senator yield?

Mr. VANDENBERG. I yield.

Mr. TAFT. I fully agree with what the Senator says, as far as our using the funds we need and can use is concerned. My question was rather as to the expenditure, by this joint board, by agreement with the government, on a lot of other things that are in the nature of relief or production within the foreign countries, that is all. I fully agree with the Senator that we ought to get all the pounds we can use, if we ship commodities to England.

Mr. DONNELL. Mr. President, would the Senator from Michigan yield for a comment?

Mr. VANDENBERG. I yield. I am glad to yield the floor to any Senator who desires to offer an amendment.

Mr. DONNELL. I want to propound an inquiry to the Senator, for information. I do not at all share the view that, if a country is willing to pay for the commodities, we should not accept the payment. I think the point the Senator from Georgia has raised this afternoon is a perfectly proper one. I do not know whether any of the countries referred to can or cannot pay, but certainly if they can, and are willing to do so, I see no objection to our accepting their money. But I should like in that connection to ask the Senator whether or not this paragraph, which I find in the report of the Committee on Foreign Relations, indicates the position of that committee on this subject.

NATURE OF ASSISTANCE: GRANTS RATHER THAN LOANS

It is the intention of the administration to extend this aid in the form of grants rather than loans. Nearly all of the commodities will be of a type currently consumed, helping to maintain, but not adding greatly, to the three countries' productive capacity. Moreover, the tasks of Austria, France, and Italy in the field of rehabilitation and reconstruction are so compelling that all of their available resources and foreign exchange will be sorely needed for some time to come for the purchase of essential imports and for the servicing of reconstruction and rehabilitation loans. In view of the precarious financial position of the countries involved, and the emergency character of this act, the committee agreed that it would be unwise and unsound economically to burden them with additional debts in the form of loans at this time.

Mr. VANDENBERG. I think that is the philosophy of it.

Mr. DONNELL. That is the view of the committee, and this paragraph expresses that view?

Mr. VANDENBERG. I think that is so.

Mr. BALL. Mr. President, I send to the desk an amendment which I offer to the pending bill.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 3, line 24, after the period, it is proposed to insert the following:

Buying policies and methods which will exert the least possible upward pressure on prices in the United States shall, to the maximum extent practicable, be followed in the procurement of commodities provided for under this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. BALL. Mr. President, that is the amendment lettered "B," which is on Senators' desks, with one insertion, namely, the same proviso which is in the sentence preceding it, in section 5 of the bill, on page 3, relating to petroleum products. In other words, the amendment, as it stands, could be interpreted as practically precluding any purchases. Of course, that was not the intent. The intent was merely that the Government should not buy a hundred million bush-

els of wheat, for instance, within a period of 2 weeks. That would obviously cause a sudden rise in the market. As a matter of fact, in the last 2 days, in the Appropriations Committee, I have been very much impressed by the testimony of Secretary Anderson, of the Department of Agriculture, describing the way in which he has carried out the purchasing under previous programs.

The amendment is merely in the nature of an admonition, I think, from the Congress to the executive branch, that the price program in the United States is a serious problem, and that this program, while it is not the whole factor concerned, is yet a factor of major importance, certainly, in the prices of certain food products here in the United States.

Mr. VANDENBERG. Mr. President, the Senator discussed his amendment with me. I suggested I would not resist it, if the saving clause were added which puts it in the nature of an admonition rather than an order.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

Mr. BALL. Mr. President, yesterday, I questioned the Senator from Michigan about certain language on page 2, line 5, which authorizes the President to allocate funds to recipient countries. As I understand, he has since obtained information from the State Department to the effect that that authority was intended primarily to authorize credits for offshore purchases by foreign countries, and it was not intended, through the use of funds appropriated under this authorization, to turn over to foreign governments the power to purchase here within the United States, in competition with our own purchasing agents. That is the question which primarily concerned me.

Mr. VANDENBERG. Mr. President, it is my understanding that there are to be no funds turned over to any beneficiary government under the terms of this measure. It is my understanding that the phrase "by allocation of funds," and so forth, refers to credits rather than funds, and would operate in the following fashion. As the Senator knows, an effort is to be made to procure offshore purchases as far as possible in order to relieve the strain upon the domestic economy. When off-shore purchases are made the beneficiary government will make the off-shore purchases itself. When each transaction is concluded the papers will be submitted to the supervising officers of the Government of the United States for approval, and if they are approved, there will be an allocation of a credit to cover the purchase. Except as there was some such covering language it would be impossible to proceed in that fashion.

Mr. BALL. Mr. President, I thank the Senator for his information. It coincides with the information I received in the Appropriations Committee in questioning Secretary Anderson, who said that is currently the practice, and that he had every reason to believe it would continue. I therefore will not

offer any amendment to that particular portion of the bill, but I do send the desk my amendment lettered "A," which I now offer.

The **PRESIDING OFFICER.** The amendment will be stated.

The **LEGISLATIVE CLERK.** On page 1, line 10, beginning with the word "which", it is proposed to strike out through the word "cooperation" in line 2 on page 2.

Mr. **BALL.** Mr. President, the effect of that amendment is to strike out the words beginning in line 10 on page 2, "which would jeopardize any general European economic recovery program based on self-help and cooperation." The effect of the whole phrase is that it is the purpose of the measure to provide immediate assistance needed by the peoples of Austria, France, and Italy "to alleviate conditions of intolerable hunger and cold and prevent serious economic retrogression." Then the qualifying phrase continues.

It seems to me, and I think the Senator from Michigan agreed in our colloquy yesterday, that the President and the executive agencies can do everything under the language putting a period after the word "retrogression" which they could under the further language, the inclusion of which seems to me to imply to the countries in question a sort of commitment by our Government to go on with some general European economic recovery program. I realize that the distinguished chairman of the Foreign Relations Committee made it abundantly clear in his address yesterday that no Senator was to be committed by voting for the interim aid bill, and I think most of us certainly intend to support it. I myself am convinced that it is necessary to do so in order to prevent serious hunger and starvation and want over there due to their very short crops this year. But I for one have not had the information on which to reach any decision on the longer range plan. As a matter of fact, one set of factors that will be very important to me in making any final decision will be how these recipient countries under this bill perform in the next 4 or 5 months. If they make some progress toward stabilizing their currencies, which is one of the most serious problems in connection with the real economic recovery over there, if they make some progress in stopping the virtual insurrections which the Communists are staging in Italy and France today, then I certainly would be much more favorably disposed toward the longer range plans than I would be if conditions continue to deteriorate in the fields of currency stabilization and control of the Communist guerrilla warfare and sabotage of the economies of those countries.

For that reason it seems to me a little inconsistent with the statement made by the Senator and the statements in the committee report, to retain this language in the bill, which could very easily be interpreted by the countries in question as a commitment by the United States to the whole long-range plan. Personally I kind of like to keep them on good conduct for the next few months.

Mr. **VANDENBERG.** Mr. President, the language which the able Senator from Minnesota wishes to delete is lan-

guage which describes certainly a highly laudable and legitimate objective. If it is deleted, I would not want its deletion to indicate that we have ceased to have any interest in economic retrogressions which would jeopardize any general European economic recovery program based on self-help and cooperation. I am sure that we all have a common interest in that broad objective, whether we are going to agree with the so-called Marshall plan or not. The only thing I dislike about the Senator's amendment is that it might be interpreted as suggesting to somebody that we have no interest in this sort of an objective. I think we have a very definite interest in it regardless of how that interest is subsequently implemented. But so far as I am concerned, the additional language certainly is not essential to the operation of the bill. I agree that the Senator perhaps does have something of a point when he suggests that if we are sharply to discriminate between this bill and the long-range bill the language should be eliminated. Inasmuch as the long-range bill is quite obviously identified with the words that are used at the end of the sentence, it might perhaps make the discrimination between the long-range and the short-range plan more obvious if the language were changed as he requests. I have no feeling one way or the other about it.

Mr. **BARKLEY.** Mr. President, will the Senator yield?

Mr. **VANDENBERG.** I yield.

Mr. **BARKLEY.** I wish to say that the language which the Senator seeks to strike out is not essential to the carrying out of the purposes of the bill, but it seems to me that rather than in any way committing us to the long-range program it is an emphasis on the recovery of Europe based upon self-help and cooperation there. There is not anything in that language that commits us to anything in the future, but it does seem to me to emphasize that it is necessary and will be necessary for the European countries to indulge in a considerable amount of self-help and cooperation among themselves, not necessarily by reason of any aid from the United States based upon the long-range program, which I am quite sure when the time comes I shall support. The language has no immediate connection with the bill now under consideration. Rather than committing us to anything, it does hold out the requirement that there shall be self-help and cooperation among the European nations, and that perhaps the expenditure of this sum will have some connection with their beginning of that self-help and cooperation which we hope will increase as time goes by. In spite of that, I agree that the language is not absolutely necessary, but I do not think it is harmful in so far as committing us to anything in the future is concerned.

Mr. **BALL.** Mr. President, will the Senator yield?

Mr. **VANDENBERG.** If I have the floor I yield.

Mr. **BALL.** I should like to make very clear that my offering of the amendment certainly does not indicate any indifference on my part to the whole problem

of European economic recovery and stability. I have spent practically all my time for the last month trying to read through and analyze and study all the various reports on the long-range program, including the Nourse report, the Harriman report, the Krug report, and the Foreign Relations Committee documents, to say nothing of the Paris reports themselves. I admit I have not been able to get through all of them, but I certainly do not want the implication to be left in the **RECORD** that I offer the amendment out of any indifference to the basic purpose of any Marshall plan or any European economic recovery plan. The United States should help as much as it can to achieve economic stability and health in Europe. It certainly is to our own self-interest to do so. But I think the additional language clouds up somewhat the sharp differentiation between the interim program to carry the countries of western Europe through this winter and the long-range program, which I think everybody here wants to make clear.

Mr. **CONNALLY.** Mr. President, will the Senator yield?

Mr. **VANDENBERG.** I yield.

Mr. **CONNALLY.** I am in agreement with the Senator from Michigan and the Senator from Kentucky that the words in question are probably not essential. But those words do not tie down to any governmental plan whatever. The language relates to any recovery, whether the European countries achieve it on their own, or whether they achieve it in cooperation with other nations, or whether it is brought about by action of the Congress. It simply is a general expression respecting retrogression which would prevent recovery.

Mr. **TAFT.** Mr. President, will the Senator yield?

Mr. **VANDENBERG.** I yield.

Mr. **TAFT.** I suggest that if the Senator will agree to have the words stricken it certainly will eliminate a question of controversy and will point up what the Senator himself said, that this is not a reconstruction bill, it is a human relief bill, and that it is in no way intended to pass on the Marshall plan. I do not think the words in lines 1 and 2 on page 2 could be interpreted as anything but a reference to the Marshall plan. That is the only plan which is now before us. I do not think it can be said that those words are general. I think they refer clearly to the Marshall plan. I think it would be clearer and more in accord with the Senator's suggestion if we were to eliminate the words. There certainly is no implication against the Marshall plan. If the words had never been there no one would have thought of putting them in. I believe the Senator would eliminate considerable haziness and doubt if he were to agree to eliminate the words. That would point up his own argument of yesterday.

Mr. **VANDENBERG.** It might also remove a little further debate.

Mr. **BARKLEY.** Mr. President, in that connection I am interested in the latter suggestion; but if we eliminate those words and place a period after the word "retrogression," since we are

indulging in implications, it might be implied that we are interested only in maintaining the status quo in those countries, that we are indifferent to any advance, but do not want any retrogression. Certainly, conditions are bad enough so that if they can be improved a little the situation will be helped. I would not like to have us placed in the position where we would be considered as trying only to "hold the line." We hope those countries can advance somewhat from their present status, in addition to preventing any retrogression. However, the point is probably not worth talking about, so I shall say nothing further about it.

Mr. LUCAS. Mr. President, I do not suppose I can add anything to all these implications; but unless these words which were placed there are removed, it might also be implied that we do not expect to enter into any recovery program based upon self-help and cooperation. In other words, those countries might expect to come to us again for an interim-aid program at the expiration of the program now under consideration. I think the language might be very well construed to mean that we would continue what we are now doing.

Mr. BALL. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield for 1 minute.

Mr. BALL. I hardly think that any government can draw such an inference, because the President in his address to us a week ago Monday stated that he would have a message for us some time in December proposing the long-range European plan. I think there is no question about our intention to give

it very serious—and, I gather, very sympathetic—consideration. However, we do not wish to commit ourselves in advance.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. BALL].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment.

Mr. VANDENBERG. Mr. President, I believe that the amendments which the able Senator from Missouri [Mr. DONNELL] has submitted are awaiting printing. It was suggested that they go over until tomorrow. Let me ask whether there are any other amendments on the clerk's desk. The Senator from Illinois [Mr. LUCAS] has indicated that he does not intend to press his amendments.

The PRESIDING OFFICER. There are no other amendments on the desk.

Mr. VANDENBERG. Then the only amendments remaining are those submitted by the Senator from Missouri.

Mr. BARKLEY. Mr. President, I suggest that we might understand those amendments by having them read and explained, without waiting until tomorrow to have them printed. If that could be done, it would facilitate final disposition of the bill.

Mr. VANDENBERG. It certainly would.

Mr. BARKLEY. I am certain that the lucidity of the Senator from Missouri will give us a clear understanding of his amendments, without waiting until they are printed.

Mr. VANDENBERG. I am quite willing to experiment with the Senator's lucidity.

Mr. DONNELL. Mr. President, I appreciate the compliment. It is quite agreeable to me to consider the amendments at this time, if that is the desire of the Senate.

Mr. VANDENBERG. Suppose we try one or two of the more lucid amendments first.

The PRESIDING OFFICER. Copies of the amendments are expected to be available in a moment.

Mr. VANDENBERG. The Senator from Illinois [Mr. LUCAS] reminds me—and I think it is so—that some of us were asked by several Senators this afternoon whether it was intended to complete consideration of the bill today. Since we did not have the remotest contemplation that that could happen, I am afraid a number of Senators have been told that the consideration of the bill, undoubtedly, would not be finished today. I wonder if, in an excess of good faith—which is never a bad investment—it would not be well to take a recess until 12 o'clock noon tomorrow, since apparently there is very little left in controversy.

Mr. BARKLEY. In the language of a former Senator from Alabama whom we all remember, "under them heads" I have no objection.

RECESS

Mr. VANDENBERG. I move that the Senate take a recess until 12 o'clock noon tomorrow. In the meantime the remaining amendments will be printed, and they can be considered at that time.

The motion was agreed to; and (at 3 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, November 26, 1947, at 12 o'clock meridian.

engineers, who might be called for a few days or weeks to make studies of certain activities of the Government.

The second provision of the bill exempts the members of the Commission and its employees from the law which prohibits any employee of the Government transacting business with the executive branch of the Government.

We have men, such as the president of the Prudential Life Insurance Co. who has agreed to head the study of the Veterans' Administration, who will give the benefit of their great experience and knowledge to the Commission. His company, for instance, is constantly buying and selling bonds and doing business with the Treasury. It is a technical, legal question as to whether or not such men could serve without injury to themselves or their enterprises, and we do not want to bar from serving the Commission some of the best minds in the country, who are being called to this work on a purely voluntary and patriotic basis.

I might add, Mr. Speaker, that the enactment of this bill has been unanimously requested by the entire Commission, which is bipartisan.

This bill also has been unanimously reported favorably by the Committee on Expenditures in the Executive Departments.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 7 of the act of July 7, 1947 (Public Law 162, 80th Cong.), is hereby amended to read as follows:

"Sec. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended: *Provided*, That the Commission also may procure, without regard to the civil-service laws and classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (Public Law 600, 79th Cong., 60 Stat. 810), but at rates not to exceed \$50 per diem for individuals."

With the following committee amendments:

Page 1, line 5, after figure "7" insert "(a)."
Page 2, line 5, after the period, add paragraph:

"(b) That nothing contained in sections 109 and 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203) shall be deemed to apply to any member of, or to any person heretofore or hereafter employed by, the Commission on Organization of the Executive Branch of the Government pursuant to Public Law 162 approved July 7, 1947."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE MARSHALL PLAN

Mr. ARENDS. Mr. Speaker, while it is rather well agreed by most people that interim aid to certain foreign nations must soon be voted by the Congress, there exist great differences of opinion on the part of not only the Members of Congress but of citizens in all walks of life as to the so-called Marshall plan. I have discussed this plan with many people in my district, and I am now receiving mail from my constituents proposing various ideas and suggestions as to what is the best thing to do. This morning the following suggestion came to me:

Why not have a national referendum on the Marshall plan somewhat as follows:

The President has said that the Marshall plan represents one of the most important commitments the American people have ever been asked to make. He says the cost of it must be met in higher taxes. All the economists are agreed that the shipment of five to six billion dollars' worth of American products abroad each year for 4 or 5 years must result in higher prices for those products at home.

Are you willing to pay your share of the Marshall plan if it means (1) a minimum of 10-percent increase in your cost of living; (2) a withholding tax of at least 30 percent of your pay instead of the present 20 percent?

Vote "yes" or "no."

Mr. Speaker, I wonder how the American citizenry, the people whom we must consider, would vote on the above-mentioned question. It seems to me a proposal of this type might afford United States taxpayers an opportunity to state their position on this all-important question and call to their immediate attention the cold and blunt fact that if we are to give away five or six billion dollars' worth of our American substance each year for 4 or 5 years, that it will be done through real sacrifice on the part of all our citizens.

EXTENSION OF REMARKS

Mr. SNYDER asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. McCOWEN asked and was given permission to extend his remarks in the RECORD and include a resolution of the American Legion.

SPECIAL ORDER GRANTED

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent that on Tuesday next, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may be permitted to address the House for 76 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. BRADLEY asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the Compton Post of the Veterans of Foreign Wars in Compton, Calif.

Mr. TWYMAN asked and was given permission to extend his remarks in the Appendix of the Record.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the RECORD and include an editorial.

Mr. GROSS asked and was granted permission to extend his remarks in the Appendix and include a report he made on the Agricultural Committee's Nationwide tour, as published in the York Dispatch under recent date.

Mr. McMILLEN of Illinois asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Decatur Herald, Decatur, Ill., of recent date.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix and include a comparison between Americanism, fascism, and communism.

PERMISSION TO ADDRESS THE HOUSE

Mr. BUCK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BUCK]?

There was no objection.

DESECRATION

Mr. BUCK. Mr. Speaker, when the gallant battleship *New Mexico* moved recently through New York harbor en route to the scrapping yard, her hull carried a blatant sign advertising in huge letters the name of her new junkman owner.

Under unanimous consent, I include in my remarks a letter received from a constituent on the subject of this desecration:

NEW BRIGHTON, N. Y.,
Wednesday, November 19, 1947.

DEAR CONGRESSMAN BUCK: We have this day had the opportunity of seeing the grand old *New Mexico* towed through the Kills on the way to Newark. The towing conditions were perfect and the slow progress was impressive.

But to see this battleship, victor in some of the world's most famous engagements with the insignia denoting the defeat of enemy planes and ships painted on her bridge, insulted by the plastering of a junkman's name all over her hull is just plain disgusting.

Could not the respect that every American has for a proud American battleship be carried to its last resting place? Is it not true that deeds performed by other and older war vessels brought forth sentiments expressed by famous poets? Is the *New Mexico* any less to be respected than *Old Ironsides*? Why is such a vessel desecrated in this manner and who is so lacking in sentiment in the high places to allow of this act of disrespect? How can we explain to our younger generation on the one hand our praise of such as the *Constitution* and on the other the brazen advertising on a vessel equally deserving of honor and respect?

Is it asking too much, Mr. BUCK, of you as our Representative, making known our condemnation of such a flagrant act of disrespect and an effort being made that such an act will not be perpetrated in the future?

Respectfully,

ART DOWNS.

PERMISSION TO ADDRESS THE HOUSE

Mr. GOFF. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentleman from Idaho? There was no objection.

THE AIR SUPREMACY ACT

Mr. **GOFF**. Mr. Speaker, this Congress must take positive steps, not only to protect our Nation in case of attack, but more than that, to prevent the launching of any onslaught against us. I realize that widespread support exists for the enactment of H. R. 4278, the national security training bill, which has been reported favorably to this House. I do not feel that mere manpower is our most urgent need. For this reason, I introduced last Thursday H. R. 4527, to insure the safety of the United States by retrieving our air supremacy. Now is the time to resolve any uncertainty as to the means by which we can best guarantee our national security. I offer this bill for your careful consideration.

I favor the immediate building of an air fleet, and intensifying our research, instead of dawdling with a plan which will not solve our defense problem. In all our recent show of firmness with the Soviet, in all our statements and diplomatic exchanges, we have neglected to speak the one kind of language dictators understand.

Universal military training has received wide support because it is too often regarded as synonymous with national security, and because it has been recommended by certain of our professional military leaders.

I consider that its sponsors are considerably less than realistic in their thinking. In the preparation for war or its prevention, we ought to look forward instead of backward. I am a veteran of two wars, an active Reserve officer, but I am not connected with the Air Force. The hostilities just ended, the atom bomb, and the destruction our air forces brought to Germany and Japan, have changed my mind on this subject. The brief, taffy-pull training of all our 18-year-olds, who will be in the National Security Training Corps under a civilian training commission as provided by the bill reported out to the House, will give us a false sense of security. Our only antagonist on the immediate horizon is the U. S. S. R., and millions in half-trained manpower will neither dissuade Russia from attacking us nor be effective in carrying the war to her if she does. What we need is the biggest, fastest, and most modern air force in the world, backed up by guided missiles, unremitting research, and plenty of the machinery of destruction. We need a striking force that can go any place in the world on a moment's notice. We will never start a war with Russia. Russia will never attack us if we have the means to meet an assault from the air over the polar icecap and are capable of swift and devastating retaliation. The money this country will spend for national defense is bound to be limited. We must spend that money where it will give us the biggest return in security for each dollar invested. Of course, we need have no illusions that the "Mr. Milquetoast" attitude toward the Russians will keep them from descending on us. And we must not attempt to compete with them on

the basis of manpower, where we are already hopelessly outdistanced.

To those who believe that Russia will be impressed by our adopting universal military training, I can only say that in my opinion nothing would please the planners of the Kremlin more than for us to spend our money for raw manpower. The urgent need is for plenty of modern planes. With proper inducement we can enlist the relatively small number of men to man and service our planes. If there should be a shortage, then we can turn to the selective draft. In my opinion, only in case of the certainty of war should there be universal conscription. Under the plan I offer, men to operate planes will be trained in our colleges and in a vastly increased air reserve. Service in the reserve can be entirely voluntary, for the modern American youth is interested in airplanes and everything that has to do with aviation.

The B-29 was on the drawing boards in 1938. Production did not come until 1944. There will be no time for such development if we are attacked again.

The \$5,000,000,000 authorization called for by my bill in the House of Representatives need not increase our total defense budget. The \$3,000,000,000 current budget for the Air Force will be increased by \$2,000,000,000, but this can come from realignment of our plans for sea power and land operations. Remember that the smallest estimate of the additional cost of universal military training is \$2,000,000,000. I am informed that this sum does not include pay of officers.

I wish to acknowledge my indebtedness to the Veterans of Foreign Wars for the form of the bill, and to congratulate that organization on approval of the policy announced by its last national encampment. I am pleased to find support for the views expressed by me on other occasions, and particularly in my remarks in this Chamber of June 5 last, on the War Department appropriation bill, and of July 19 on the bill for Army and Navy unification.

On June 5, 1947, in urging additional funds for combat plane construction, I used these words:

I think in considering this amendment we ought to try to determine who our potential enemies may be and against whom we are likely to use any armed force that we build up. I think most of us will agree that the only potential enemy we have right now is the country of Russia. In considering Russia we ought to decide also what type of military force would be effective against such an enemy. When I say this, I do not want anyone to think that I believe war with Russia is inevitable. If war comes, it will be only because we are first attacked. We cannot hope to cope with Russia on the basis of land armies. Hitler tried 220 divisions of the best ground forces that up to that time had ever existed and they were defeated. Napoleon tried the same thing with the grand army. We are not going to fight Russia with our ground forces and we are not going to fight Russia with our Navy. Our Navy can blockade Russia all it wants to, but the Soviet Union is a self-sufficient country. * * *

I invite attention to the fact that times have changed since the airplane came. The north polar barrier does not mean anything any more. Across the top of the world it is only a matter of 5,000 miles from Europe and

Asia into any of our major cities in the United States. If we are going to stop an attacking force, that force is going to come from the air. Our Army and Navy are not going to defend this country in case of any attack that can be seen now. That is why it is so vital that we maintain the most effective air force in the world. (CONGRESSIONAL RECORD, June 5, 1947, pp. 6630-6631.)

On July 19, after pointing out that the unification bill did not, in fact, provide the unity with which it was labeled, I said:

I would not have you think that I do not fully appreciate the importance of the air arm in the situation that faces the security of this country today. In evaluating our national defense establishment we must come down to the practical business of analyzing just what enemy we are likely to fight, should the great tragedy come of our being forced into another war. I think all of us have to agree that there is but one nation from whom we may have any cause to anticipate an attack. * * * I say again that the attack, if it comes, will be by air, over the polar cap, and that is why I spoke so strongly for an increase in the House appropriation for the construction of planes, when the War Department appropriation bill was before this body.

In my view, for the next two decades war with Russia will almost entirely depend on whether we maintain an air-striking force superior to that of Russia. It will be far cheaper for this country to spend the major part of its defense funds for planes and guided missiles in the sure hope and expectation that they will never have to be used and from time to time be discarded as obsolete. We will have no war if we can maintain air superiority over the Russians until by education and agreements sincerely entered into on both sides, war is at last abandoned as a method of settling disputes and uniform disarmament becomes possible. (CONGRESSIONAL RECORD, July 19, 1947, p. 9617.)

I include a copy of H. R. 4527 for your information:

H. R. 4527

A bill to insure the safety of the United States, to authorize the construction of certain aircraft, and for other purposes

Be it enacted, etc., That this act may be cited as the "Air Supremacy Act of 1948."

SEC. 2. The purposes of this act are—

(a) to retrieve the air supremacy of the United States by insuring the construction and maintenance of 6,000 additional modern combat airplanes during the fiscal year 1949;

(b) to provide constant scientific air research in the development of aircraft, rockets, guided missiles, atomic weapons, electronic equipment, and other modern offensive and defensive weapons to the limit of the genius of the citizens, including the resources and industrial capacity, of the United States; and

(c) to foster and inspire a continuing program of national security designed to enable the United States to launch a maximum air offensive immediately the security of the United States is endangered through the overt act or acts of any aggressor nation.

SEC. 3. The President of the United States is hereby authorized to construct combat airplanes, and spare parts and equipment as may be necessary to insure the acquisition and maintenance of not more than 6,000 additional combat airplanes annually, and to preserve an aircraft industry capable of expansion to meet any emergency.

SEC. 4. There are hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary to effectuate the purposes of this act, not to exceed \$5,000,000,000 annually.

of it. I choose to remember him as a friend, and as a man.

To those who did not know him well or to those who will only be able to read about him, Senator Davis will be remembered as perhaps the outstanding example of what can be done by those who will in our American scheme of things. No one could have started with less material things or less opportunities. He had nothing but a sound spirit, mind, and body. It is hard, very hard, to realize that he rose from a job of separating iron slivers from nails to a place in the Cabinet of three Presidents. It is hard to realize that from puddling iron he went on to represent the great State of Pennsylvania in the Senate of the United States. It is hard to realize that from a bed in a barn he moved to a large home on Massachusetts Avenue. Both financially and in the arduous field of public service he made his way to the top. When he reached the top and all the way up he never failed to turn and help others, but that is not the point. The point is that probably no one in American history ever started with less and accomplished so much. His life is the great example of what can happen here.

Senator Davis' family, relatives, and friends will mourn his passing. There could not be less than great sorrow that he is no longer with us. But for all of them it must be a proud consolation to have had him. He had to die, but when he did die he left behind a record of achievement and loving kindnesses that may never be equalled by any immigrant to our great country. Just as his loved ones must be happy to have had him, America is happy to have had Jim Davis. The good he did will not be interred with his bones.

SPECIAL ORDER VACATED

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the special order granted today to the gentleman from Ohio [Mr. SMITH] may be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. JUDD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

WHAT ABOUT THE COMMUNIST THREAT IN CHINA?

Mr. JUDD. Mr. Speaker, for months the Soviet Union has been waging political war on the United States and everything we believe in and stand for. It is waging it all over the world—on all our fronts and on its fronts. We have a European front and an Asiatic front, even as the Soviet Union has a European front and an Asiatic front.

It has been most disturbing to have the administration ask us to put some \$20,000,000,000 into helping the people on the European front withstand the attacks of Communist-led groups and

nothing as yet to help those on the Asiatic front, who are making the same effort to maintain their independence against organized minorities trying to destroy them.

To be successful anywhere we must have a well-rounded and consistent program against this sort of warfare everywhere. Actually, more can be accomplished in Asia to help free nations remain free, for much less than will be required in Europe. I believe in doing all we can to help free peoples maintain their independence in both. It is indefensible to put billions into the resistance effort on one front and none on the other.

Last night, the Governor of the State of New York, Governor Dewey, made a comprehensive and, in my judgment, irrefutable argument on this exceedingly important question. I hope the Members will all read it carefully. I include his speech in my remarks under the permission granted:

[From the New York Times of November 25, 1947]

DEWEY'S TALK DEMANDING UNITED STATES HELP CHINA TO COMBAT COMMUNISTS

The text of the address delivered by Governor Dewey at the dinner of the alumni of Columbia University Law School at the Waldorf-Astoria Hotel last night follows:

"This is a wholly nonpolitical occasion. But in the state of the world today there is no subject which is not deeply fraught with heavy political implications.

"Economic decisions, the direction of government action, the fate of nations, and the peace of the world depend upon wholly political decisions. Accordingly, while it is quite impossible to be nonpolitical, I can and do speak about a subject which transcends political considerations and is of momentous import to the future of the United States. I shall speak as dispassionately as is possible, consistent with my very strong beliefs.

"Today we are, as always, interested in the security of the United States of America and in building that security for the years to come. We are also interested in preserving freedom, not only because we believe it is the highest expression of man's aspirations, but because in a world engaged in a cold war, we need friends. I speak, therefore, in the interest of America and of keeping our bulwarks strong enough so that our sons shall not be sacrificed in another world war.

"To this end, I undertook to set forth a program for foreign assistance in a speech 3 weeks ago, in this room, urging full aid on a bipartisan, businesslike basis. Our bipartisan foreign policy which I inaugurated in 1944 has served the Nation well. Even as I speak, Mr. John Foster Dulles, having completed a tremendously burdensome session at the United Nations Assembly, has flown to London to participate in the Conference of Foreign Ministers, while Senator VANDENBERG is piloting the program of foreign aid through the United States Senate. But most unfortunately there has been no consultation and therefore no bipartisanship in many aspects of our foreign policy and that is conspicuously true with relation to China.

"In addition to recommending strong and effective measures to preserve the integrity of the free nations of Europe, I pointed out that only 4 months after VJ-day we saw the strange spectacle of our own President, publicly ordering our Chinese allies, under pain of losing American support, to accept into their government the very Communists who seek to destroy it. It was my earnest hope that in the face of great peril to China, our own Government would reverse its policy and take positive steps while there is still time."

PROGRAM HELD WORLD-WIDE

"We are facing one whole problem—not little bits of problems. We have a whole struggle on our hands, world-wide in scope. We and all other nations which resist totalitarian dictatorship are being attacked by all means short of war. In America we are under attack by propaganda, falsehood, and economic sabotage. Free governments in Europe are being under attack by rioting, political strikes, and armed violence. But the program of Communist world conquest of the remaining free nations is furthest advanced in China, the largest nation of all. The cold war which has become a warm war in Europe, is a very hot and successful war in China. The inescapable fact is that unless we change our national policy immediately there is good reason to believe that the 450,000,000 people of China will soon fall wholly into Communist hands.

"The free world is now in the desperate position of a man who has gangrene in both legs—in western Europe and in Asia. As a doctor, our Government is telling the world we have a very good cure for gangrene but we will apply it to one leg only while the gangrene in the other leg destroys the patient.

"There can be no doubt that all Americans must be united on aid, prompt aid, to the free peoples of Europe. The ominous news from France and Italy, during these last few days, proves conclusively that international communism is on the march; that it is coldly and deliberately seeking to gain control in these countries by promoting civil wars such as those which are raging in China. It would be a world-wide catastrophe if they were to be successful. A Communist police state in the Mediterranean and in France would be as serious a blow to the freedom of man as would have been the victory of the Axis in the recent war.

"But obviously the danger points are not centered exclusively in Atlantic and Mediterranean areas. We also had to fight a great war in the Pacific. We need a strong policy in both oceans. We soon found that we needed the two-ocean Navy which I was so much abused for demanding in 1940. I insist that we now need a two-ocean foreign policy.

"We are generally agreed as a nation that we have no choice today whether or not to act in the world emergency. We are going to act because it is unthinkable that after winning a war we should surrender the fruits of victory by allowing the free nations to fall into economic chaos and then under Soviet control. But if 275,000,000 people are important, it seems to me that 450,000,000 people are also important. As we take action to save the 275,000,000 people of Europe for the free world, it is the sheerest folly to abandon the 450,000,000 people of China. If China falls, we may reasonably assume that all Asia is gone, and western Europe and the Americans will stand alone—very much alone in a hostile world.

"Accordingly, I was dismayed to discover that in the emergency program presented to the Congress by the President last Monday, there was not even a mention of China. This is utterly incomprehensible at a moment when the world is in imminent peril of losing a free China.

"Now, I suppose there are many Americans who are inclined to say, 'Well, China has been engaged in civil wars for decades and this is just some more Chinese civil war. Why should we undertake the impossible?'

"I can understand this point of view very well, but let's look at some facts. The previous civil wars in China have been primarily internal affairs. The present struggle is a war of conquest under the leadership of a small group of avowed Chinese Communists who are serving the purposes of Soviet imperialism.

"The startling fact is that these Communist forces have actually conquered nine-tenths of all of Manchuria, which is larger than all of France and Germany, and embraces 70 percent of the industrial might of all China. They have infiltrated nearly half of the balance of China with active and successful guerrilla warfare. A less sturdy people would already consider themselves defeated. But the Chinese still hold out, hoping that America, having helped to save them from one oppressor, will not deliver them into the hands of another.

"The situation in Korea is a good example of what might well happen in China. At this moment Soviet occupation forces hold the northern half of Korea and American occupation forces hold the southern half. The Communists have completely regimented the northern half, installed a totalitarian government, and built up a well-trained, well-armed, fighting army of 250,000 men under puppet leadership. In the American half there is no civilian government, no native military force—nothing but a political void.

"We have now, with great pains, prepared for a plebiscite in Korea, which the Soviets are cynically boycotting. They are boycotting it because they anticipate that immediately upon the withdrawal of American and Soviet occupation troops, the armed forces of the north will engulf all of Korea. This will completely outflank northern China and will result in the delivery of the 23,000,000 Korean people from Japanese tyranny to Soviet tyranny.

"Next to the Monroe Doctrine our policy of the open door and the political integrity of the Chinese Republic is the oldest and most fundamental part of the foreign policy of the Government of the United States. Time and again over the years we have reemphasized that policy through Republican and Democratic administrations. Time and again over the years we have implemented that policy with strong actions when required and generous assistance when needed.

"There must be some basic importance to a policy so deeply rooted in the history of our country. That importance obviously stems from the fact that as a Nation we long ago decided that it was essential to our welfare to have a free and friendly China while it was dangerous to have one under the dictatorship of an unfriendly and possibly hostile power.

"It is a frequently forgotten fact of modern history that the infamous Japanese attack on Pearl Harbor was precipitated by our insistence upon the independence of China and upon the withdrawal of Japanese troops from their adventure of armed conquest. This is made perfectly clear in our official white book issued in 1943. In short, however deeply our emotions were stirred and our interests were centered on the defeat of the Nazis in Europe, it was our defense of the freedom of China which precipitated the perfidious attack on our Nation and brought us into the war. For 5 years we waged a global war at staggering cost in blood and resources—and we won it.

"And now, a little more than 2 years later, our dearly bought victory still eludes us and our Government watches the same China under the same government rapidly being overrun by a new aggression.

"In the face of this world tragedy, I regret to say that for the first time in our history, we have a Government which has no discernible Chinese policy whatsoever. We are bankrupt so far as Chinese policy is concerned.

"In excuse for our failure, it has been said that there is corruption within the Chinese Government and that the most we can hope is that about 70 percent of any aid we might send would be effective. I do not know whether it would be 50 percent effective or 80 percent effective, and I doubt if anyone knows. Of one thing I am sure: it would be

immensely more effective than nothing. Now, I do not excuse the fact that there is corruption in the Chinese Government. I do not suppose anyone excuses the fact that the Greek and Turkish Governments do not wholly fit our ideals. There are obviously faults in the British and the French and the Italian Governments, and I suppose we have a couple of faults ourselves.

"But the fact is that these governments have taken their stand on the side of human freedom which we are struggling to preserve in the face of remorseless, spreading totalitarianism. We in America have chosen sides in a mighty movement. We chose our side a century and a half ago. It is still our side. We are on the side of freedom against tyranny and I hope we always shall be.

"But to be specific: This is the same Chinese Government, headed by the same individual, which we have supported against Japanese aggression since the invasion of Manchuria 16 years ago, in the year 1931. It is the same government which we supported in 1939 through the note of Secretary Hull demanding that the Japanese surrender their conquests. It is the same Chinese Government in defense of whose independence our Nation demanded that the Japanese cease their attacks in 1941. It is the same government with which we fought shoulder to shoulder for 5 years.

"It was this Chinese Government to which we insisted Marshal Stalin pledge his 'moral support and assistance with military equipment and other resources'—an agreement which is now openly and flagrantly violated.

"It is unnecessary to rehearse in detail the history of our own broken pledges. But it is worth noting that having provided small arms, artillery, and airplanes to the Chinese when they were fighting the Japanese at our side, we committed ourselves at Cairo to support them in reestablishing their territorial integrity after the war. Yet, even as the need became acute, our Government suspended the shipment of the ammunition without which those arms are today useless, and the parts without which many of those airplanes are today useless. It was not until a year later, in May of this year, that we released a small amount of ammunition, meanwhile allowing the half billion credit previously earmarked for China by the Export-Import Bank to lapse. Recent allocations of ammunition and aircraft are grossly inadequate. The miracle is that, beset on every hand, the Chinese still fight on in the dim hope that our country will finally redeem its pledges before it is altogether too late.

"The tragic result of our Government's ineptitude and lack of policy in Asia has been to allow the Soviets and their allies to make rapid progress in liquidating their problems there and completing their expansion in the Orient so as to be free to turn all their effort to the subjugation of Europe.

"Desperate as the situation is, it is still not too late. The tremendous resiliency, the hard work, the great loyalty of the Chinese people can still be mobilized if aid is extended. The total omission of any reference to China in the President's call for emergency foreign aid, is an error which can still be repaired. Any one of several administrative actions which are immediately available could partially repair the damage. The recent, faltering steps must be accelerated. They must be integrated into a comprehensive and effective program.

"Insertion of even modest aid in the bills now in preparation by the Congress would help materially. But if at least some aid is not given immediately by these bills, the moral effect upon our Chinese friends will be terrible beyond contemplation. Now, let me make myself perfectly clear. I know very well that there is no simple solution to this problem. But I can neither understand nor excuse a government which is too timid or befuddled to attempt a solution. I urged

most earnestly that however hard a job it will be to shape a policy and carry it out, it will be no harder than the war we fought, among other objectives, for the preservation of a free China. With a tiny fraction of the effort we expended in the Pacific theater of the war we could provide the resources and skills which we might reasonably hope would save China—would save one-fifth of the whole world for the growth of the institution of human freedom.

"I believe that sooner or later our Government will discover its errors and will inevitably, in the interest of the American people, return to our traditional policy of backing a free China. The only question is whether we will do it soon enough—while there is still a government to support and while it can be done without tremendous cost. Events are moving swiftly. Last August the Chinese dollar stood at 40,000 for 1 American dollar. The ensuing decline in three short months has carried it down to 100,000 for 1 American dollar. The combination of Communist successes and loss of hope in America has accelerated tragedy for the whole Chinese people. The Chinese know that without American help they are doomed to become victims of a Soviet scheme of world conquest. And that knowledge is reflected in the events from day to day.

"So much of China is mountain and desert that pressure of population on the arable land is intense. Eighty percent of the Chinese are farmers and live for the most part at a subsistence minimum. But perhaps because of this only the strongest have survived, and the Chinese can work harder on less food than any other people in the world. The average Chinese exists on the equivalent of about 40 American dollars a year. At the same time they preserve a level of courtesy and tolerance in human relations which might well be an example to the rest of the world.

"In the long Japanese war most of China's industrial regions, great cities and banking centers were occupied. The nation could maintain only a small portion of the cost of war by taxes or the sale of bonds. The result was that the war was financed to the extent of about 70 percent by the issuance of paper currency. The cost of living expressed in Chinese dollars was recently thirty thousand times what it was in 1937.

"The whole Chinese Government is maintained at a total cost at the current rate of international exchange of one billion United States dollars a year, including the cost of its current war, which accounts for 70 to 80 percent of the budget. In this condition of economic prostration it is obvious that the government is unable to purchase in the world markets any substantial amount of essential supplies.

"It is equally obvious that a comparatively small expenditure by our country should produce enormous results. Even seventy-five to one hundred million dollars in the present bill before the Congress for emergency aid to China would change the entire situation psychologically.

"The longer term program should be worked out by competent experts on the spot. It has been estimated that an annual program as small as \$250,000,000 a year for 3 or 4 years would provide the necessary imports to maintain China's economic life while she wages the struggle against her Communist enemies. A smaller sum in addition should meet all needs for purchase of military equipment and service of supply.

"There are in existence at this moment surplus supplies which would provide a large proportion of the material immediately necessary to the Chinese armies. These supplies are actually in the Pacific now, situated in the Philippines, Guam, Okinawa, and Japan. Only an order is needed from Washington, and they could be shipped immediately to armies where men are dying for lack of them.

"In short, sums of money are needed which would be comparatively modest additions to our foreign-aid program. The supplies in the Pacific are presently available. The military personnel urgently needed to provide technical advice to the Chinese armies is to a large extent on the spot and needs only orders to go to work. We need a man to run the job in China who not only knows China but who has the broad economic, social, and governmental training so essential to a task of this magnitude. Above all, we need an honest about-face which will produce immediate administrative action to restore the honor of the American Republic in keeping its commitments and in keeping one-fifth of the world in the area of human freedom.

"This program is essential, in my judgment, to the safety of the American Republic. It is a traditional and vital part of our American policy. With vigor and competence there is reason to believe we can succeed.

"I earnestly hope that our Government will speedily move to keep the faith by action which will bring cheer to freemen everywhere and will stand as a bulwark of American liberty and independence in all the years to come."

EXTENSION OF REMARKS

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD and include a letter from a constituent.

Mr. WEICHEL asked and was given permission to extend his remarks in the RECORD.

Mr. MURDOCK asked and was given permission to extend his remarks in the Appendix in regard to the Navajo Indian problem.

SPECIAL ORDER

The SPEAKER. Under previous order heretofore entered, the gentleman from Connecticut [Mr. LODGE] is recognized for 60 minutes.

THE CHALLENGE OF THE HOUR

Mr. LODGE. Mr. Speaker, I have listened with great interest to the stimulating and thoughtful addresses delivered in this Chamber by several of my colleagues since we foregathered here in special session. The issue with which we are confronted is probably the most challenging and complex that we have ever had to face in the history of our Republic. For this time we must do our thinking in an entirely new frame of reference. The lines of thought established over a long term of years have vanished and we must attempt to catapult our imaginations into the cold and unfamiliar mists of the future in an effort to grapple with our problems on the basis of present realities.

It is sad that so soon after a terrible war we should be face to face with another great crisis. I say another, although in a sense the crisis is a continuing one. The age-old struggle for freedom is not yet won. It is hard for us after all the tragic losses in human life, the vast expenditure of national treasure, and the great Gethsemane through which we passed during the war years to find ourselves once more threatened with the dread menace of tyranny. Of course, there are no pat answers to our great dilemma. There is no open sesame by which we can suddenly emerge from the dark clouds of oppression which are clos-

ing down upon us into the sunlight of a secure freedom. There is no sudden deed of excellence which will guarantee for us overnight the peace for which we recently sacrificed so much. We are inextricably involved in a conflict of titanic proportions, and it will take all the energies, all the stern resolve, all the balanced judgement, and all the spiritual fervor and spirit of sacrifice of which we are capable to surmount our difficulties. We cannot afford to grow tired at this time.

I have taken the liberty of asking for a special order this afternoon because I hope that perhaps I may make some contribution to the sum total of information possessed by this body—that I can somehow add a little to the thinking of this Congress in connection with these vital matters.

During the first part of my trip, I traveled with Mrs. BOLTON's Subcommittee No. 5 on National and International Movements. I then joined the Smith-Mundt committee, of which I am a member, and which, as you know, was charged with the investigation of the State Department's cultural and information program, and finally I made an investigation as a member of Subcommittee No. 1 of the Foreign Affairs Committee. This subcommittee is charged with questions affecting our national security.

I want to commend my colleagues in both Houses for the tireless energy and devotion which they displayed during this gruelling voyage. I want to commend the gentlewoman from Ohio [Mrs. BOLTON] and her subcommittee with whom I travelled for a few days for their valuable accomplishments.

I want to commend Senator SMITH, Congressman MUNDT, and my colleagues from both Houses on the Smith-Mundt committee for their important contributions to our vital undertaking. These were certainly no junkets. They were exhausting and wherever possible exhaustive surveys of the troubled continent from which most of our ancestors came to people our great land.

I want also to pay tribute to the ATC crews of the planes which transported us safely from one country to another. We are fortunate to have men of such high caliber in our Air Transport Command.

Now while I quite agree with the distinguished gentleman from Illinois [Mr. DIRKSEN], that in the long run the rehabilitation of Germany and its integration into the whole economic scheme of western Europe is of prime importance, it seems to me that from the short-term point of view, the Italian situation contains the most imminent dangers. Accordingly, with your permission, I shall address myself particularly to that situation since other aspects of this vast problem have been so ably covered by my colleagues. I shall address myself to that situation from the point of view of our national security which, as I have said, is the concern of Subcommittee No. 1, because I feel that the information program, the \$332,000,000 relief bill, interim aid, and the Marshall plan are all a part of the strategical

picture. In saying this, I do not mean to diminish in any way the humane considerations which animate us as a generous people to do what we can for those who are afflicted, for those who are starving, and for those who are suffering. It should be borne in mind, however, that what we can do in the future in this connection inevitably depends on the maintenance of a secure strategical position, since the forces of tyranny, darkness, and reaction, which we thought we had disposed of in World War II, are still very much on the march.

In addressing myself to these strategical considerations, I want it also clearly understood that this approach takes into account, though it does not discuss, the great ground swell of barbarism to which we are exposed in the world today, the fundamental conflict of liberty against tyranny, the challenge to us all to show how deeply we appreciate the responsibilities which are inseparable from our liberties, the assault upon our free private property incentive system, and the moral and spiritual factors which alone give life a meaning.

There is, however, an immediate challenge in connection with the European scene and with particular reference to Italy, an Italy which, I need hardly remind you, sacrificed much to help us achieve victory, an Italy which stands today as a bulwark of freedom across the path of Communist reaction. I should like to call your attention to that challenge.

In the course of the 3 weeks which I spent in Italy, I visited Rome, Naples, Salerno, Civitavecchia, Leghorn, Florence, Genoa, Milan, Turin, and other cities, and also Trieste, which although it is not officially a part of Italy is nevertheless, for some rather obvious reasons, appropriately to be considered in connection with the Italian problem.

With the exception of my trip to Trieste, my Italian travels were made by automobile and this gave me a chance to examine conditions in Italy more closely than I would otherwise have been able to do.

Now there are a few salient factors in connection with the Italian situation which I should like to have you bear in mind.

First. The Italians are working very hard. I think that is the consensus of opinion of most of my colleagues. They are showing a very real desire to reconstruct their country, to rehabilitate their economy, and to take their place among truly freedom, loving, law abiding nations.

Second. On the economic front they are suffering primarily from overpopulation. This is a situation which the Italians cannot solve by themselves. It should be studied by the appropriate United Nations body in order that some plan may soon be forthcoming to relieve this particular distress. The Italians now number some 46,000,000, which I believe is approximately 5,000,000 more than before the war. By the peace treaty they have lost certain parts of their own country, and they no longer have access to their colonies. There are coun-

tries which are short of population, and it is devoutly to be hoped that an early adjustment of these difficulties can be found.

Third. They are suffering from the widespread destruction and ravages of war and from the confusions of the Anglo-American postwar policy. The Italian population, which, as I have indicated, is a great deal larger than before the war, has, because of the war's destruction, far less housing to accommodate it. They are doing an excellent job of rebuilding roads and bridges, restoring railroads, and rebuilding their destroyed towns; but there is much to be done.

Fourth. They are suffering from the effects of the Italian peace treaty and the uncertainty of the status of their colonies.

Fifth. They are suffering from Communist infiltration, from the domestic disruptions ordered by Togliatti and Lungo, and from the pressure of the Yugoslavs on their borders. Here it is appropriate to point out that the Communist Italians are, generally speaking, Communists by default. Of the supposed 2,200,000 Communists in Italy, I believe, as a result of my investigation, that very few are sincere Communists. They are Communists from opportunism rather than from conviction. The number of Marxists is very small and the number of actual Comintern agents is small. The Italians are Communists in the same way that they were Fascists—for lack of a sense of a constructive alternative. There is where we come in. We must somehow provide the alternative. I think it important to bear in mind that the former army of liberation, the Partegiani, is now the center of the Communist movement and that the non-Communists have withdrawn from that organization. It can be compared to the FTPF in France. This was a kind of by-product of the FFI. While the FFI was a large, vital organization during the war and the FTPF was small, today the FFI has either been disbanded or absorbed into the French Army and the FTPF has grown to a huge size. So is it with the Partegiani.

Approximately—and this, of course, is a rough estimate—one-half of the leading Italian Communists are former Fascists. This is a measure of the cynical nature of the Communist movement.

I need hardly tell you that communism as it exists all over Europe, and indeed in the United States, is but the cynical tool of Soviet imperialism and has no bearing on any truly ideological concepts. Indeed, there is a Warsaw declaration that the real Communists—the Leninists and the Marxists—are the first to be liquidated or sent to concentration camps, which is practically the same thing. They are Public Enemy No. 1. That is a matter of official record. The same thing, of course, is truly in Italy.

Now there appear to be three stages in this so-called cold war: The first is the attempt to capture a legally constituted government by constitutional means;

The second is the resort to internal force;

The third is war.

I shall take up the third first. In my opinion there is no immediate danger of war. On the other hand, based on conversations which I had with many responsible people, people in private life as well as highly placed officials and military men in the countries which I visited, there is no question in my mind that if Russia chose at this point to capture western Europe by war, she could do so in approximately 2 or 3 weeks, including Spain and Portugal.

Personally, I do not believe that she will do that. One reason for my belief is that it seems to me that she is convinced that she can capture western Europe without war. Another reason is that she is not ready herself to engage in a world war.

I believe, however, that in France and Italy, which are the two most important continental nations in western Europe, Russia has abandoned the attempt to capture their governments by the first method; that is, by constitutional means. That is largely due to our efforts to maintain liberty and independence in these countries. It is in a way a tribute to the general effectiveness of our aid. In that sense, I agree with my distinguished and able colleague the gentleman from South Dakota, Congressman MUNDT. I agree that in terms of popularity, communism is on the wane in Europe. I believe that the contagion of communism has been slowed down by American relief and by the sense of American support. I believe that the change in the disastrous policy which we followed for so long after the end of the war has had a great deal to do with producing this result. But, as I told the Committee on Foreign Affairs a few days ago, I think that that is precisely the reason why communism has now entered the second stage which is the resort to internal force. We have precipitated that stage and we must now be prepared for an increased tempo in the onslaughts on the French and Italian Governments which are currently being made.

In Italy there are a certain number of factors which should be borne in mind in connection with this attempt:

First. The Italian Treaty, to which, at the time that it was under discussion, I was vehemently and actively opposed, is considered by most responsible people in Italy and France to be a major catastrophe. As you will recall, it provides for the withdrawal of United States troops by December 15 of this year. I had a conference with General Jaynes in Leghorn and he informed me that all United States troops will be out of Italy by December 3. One of the few arguments advanced in favor of the ratification of this treaty was that it should be considered in connection with the Hungarian, Rumanian, and Bulgarian treaties and that under the Bulgarian treaty all Russian troops were to withdraw from Bulgaria by December 15 of this year. Even were they to withdraw their troops, it would, judging by past performance, be no more than an idle gesture. The Soviets resort to a simple expedient—they take off their uniforms and put on civilian clothes. In any event Bulgaria is now in Dimitrov's iron grip. But to date they have not even begun to withdraw and it is the

opinion of our high military authorities that were they to begin now, they could not complete their withdrawal by December 15. This should not surprise us since the Soviet Government has not been in the habit of abiding by its agreements. They have violated the United Nations Charter, the Yalta Agreement, the Potsdam Agreement, and they have already violated the Hungarian, Rumanian, Bulgarian, and Italian peace treaties. These violations are easily documented. This is a part of their technique, as perhaps they will tell you. I can think of no surer path to national disaster and war than for us to feel bound by treaties and agreements by which the Soviet Government does not feel bound. A diplomat whom I know reminded me that a breach by one party to an agreement does not necessarily mean that we are not bound. I have not gone into the technical legalities of international law in this connection but I venture the suggestion that the time has arrived for us to find ways why we can do things in our national interest and in the interests of world peace instead of dreaming up reasons why we cannot. Here I might suggest also that it would be more salutary and just to take a page out of the book of George Washington or Abraham Lincoln instead of attempting to live in the tradition of Don Quixote.

Second. The Italian treaty provides for a reduction in the Italian Navy to 25,000 officers and men. The Italian Navy is reliable. It contains virtually no Fascists or Communists. This was true during the war and it is true now. But the navy is small.

Third. Under the Italian treaty the army is reduced to 165,000 officers and men. Although the army has begun to be infiltrated with Communists, it still constitutes an important element in preserving order in Italy and, in General Marras, the chief of staff, the Italians have a very fine soldier.

Fourth. The Italian treaty provides for some 60,000 carabinieri. These are on the whole very reliable, but they are ill-equipped and insufficient in numbers. It is the opinion of most of the thoughtful people with whom I conferred that the Communists, who are well armed, are in a position to dispose of the carabinieri within about 3 days.

Fifth. The Italian treaty provides for the defortification of the Italian frontier. This will weaken Italy, particularly with respect to her frontier with Yugoslavia. In Yugoslavia there are 41 divisions.

Sixth. The very cold winter ahead. The people will be largely unheated. Istrian coal has been amputated by the treaty; whatever coal they receive will go first to industry.

Seventh. In spite of everything we can do, the Italians will have an austerity diet. It will, in general, be inadequate. It will be the best we can provide. Here I think that much can be done to stimulate the production of local wheat and to bring it into the open market. The Italian farmer has no confidence in the currency, and hence neither grows the wheat that he could grow nor sells it at the controlled price in the quantities available. We might well consider providing consumer goods which are in long

supply here as inducements for the production of Italian wheat and thereby diminish the wheat demands on the United States.

Eighth. Unemployment is increasing. When I was in northern Italy, in Milan and Turin, thousands of workmen were being laid off because the plants no longer had any funds with which to pay them and because of the lack of raw materials. The Fiat Co., which had an Export-Import Bank loan, was going at full tilt, but in general there were increasing lay-offs.

Ninth. Fear. Fear more than anything else breeds adherence to communism. The Italians and the French have been through such unbelievable suffering at the hands of the Germans that it is hard to overestimate how much their resistance to intimidation has been broken. Human flesh and blood simply cannot endure any more brutality. And therefore out of fear they become Communists, since many of them believe that communism is in the offing.

Tenth. The inadequacy of publicity in connection with post-UNRRA relief which we know variously as the \$332,000,000 relief bill and Public Law 84. Generally speaking, they do not know where this relief comes from. It is all handled on such a high, vast government level that they rarely have a sense that it is a gift from the American taxpayers. There are a few labels pasted on here and there but by and large the publicity provision in Public Law 84 has not been implemented as we hoped. Of course, this may not be the fault of our administrators who are very few in number. Perhaps we should consider an entirely different system of distribution, although I imagine that it would be impracticable radically to alter the distribution system for interim aid. There are, however, a number of things which should be done and which I shall recommend.

Eleventh. The complete inadequacy of the USIS program due primarily to lack of funds. I believe that I was the only member of the Smith-Mundt committee to travel extensively in Italy. While I expect to make a full report on my findings to the gentleman from South Dakota [Mr. MUNDT], I should like at this time to make a few major suggestions in connection with the administration of an effective cultural and information program when, as I earnestly hope, adequate funds are forthcoming.

(a) I believe that until these activities are treated as top level matters by the State Department, they will fail of their objectives. The USIS offices in all the countries and cities which I visited were treated as stepchildren rather than as a vital and integral part of our diplomatic representation.

(b) While I do not believe that we should emulate the Germans and the Russians by spreading lies and distortions, I do believe that a mere recital of fact will not tell the truth about America. There is a happy middle ground which requires expertness and subtlety in presentation. Here, too, we have had a tendency to behave like Don Quixote. We must be more militant in our approach

to these great issues which divide the world. We must be willing to battle with the enemies of liberty on the propaganda front. Under our system a lawyer who has an innocent client nevertheless is bound to use all the guile and eloquence at his command in pleading his case. So must we do in pleading the cause of freedom before the bar of world public opinion.

(c) We must tell the truth, not only about America but also about Soviet Russia and the iron-curtain countries. This is vital in order that those countries which are not yet behind the iron curtain shall know the facts in connection with the forces which are seeking to enslave them. It is interesting to note that in France and Italy there is a larger percentage of Communists than in the countries behind the iron curtain. These French and Italian Communists do not know what communism is about. They should be informed.

(d) We must make contracts with the governments in these countries for radio time on the Government radio stations in order that the people may be fully informed, not only with respect to the world struggle but also with respect to the economic aid which we are bringing to them.

(e) Since we are engaged in a cold war, we should step this program up to the realm of psychological warfare. For example, we should address ourselves not only to our problems but to the problems which beset the Kremlin in its efforts to spread the Communist terror. One of its greatest problems is the fact that nationalism is still a stronger sentiment than communism. The great majority of French and Italian Communists are Frenchmen and Italians first. I happen to know that the Italian leader, Togliatti, was very much disturbed sometime ago by Tito's efforts in the Venezia-Giulia area. He is reported to have asked Tito to lay off because of the difficulties he was having in holding the Italian Communists in line. Tito is said to have replied that he, too, had his difficulties with Yugoslav nationalistic sentiments. Accordingly they brought their troubles to Stalin, who, I understand, maintained a Sphinxlike silence. We should tell the Italians how the Russians imposed onerous treaty terms on them, how they opposed their membership in the United Nations, and how they refused to renounce their share of the Italian Navy. We should tell the French how the Russians have opposed the French interests in the Saar. We should tell them that it is because of the Russian seizure of eastern Poland that there are now between seven and ten million more Germans than before the war living on the borders of France. We should tell the Germans to whom the Russians promise national unity about the anti-German propaganda which the Russians create. We should tell the truth about these things. We should turn on the light where now there is darkness.

These are but a few suggestions which I wish to make in connection with these vital implements in the execution of our foreign policy and in the cause of world peace.

Twelfth. One of the most significant factors in the Italian situation is the evil legacy which Mussolini bequeathed to the Italians in muddying the waters of an honest, decent patriotism. It is hard for Prime Minister De Gasperi, who is a fine man, a good man, and an able man, to make a call on the patriotic feelings of the Italians without resuscitating latent fascism and without accusations that he is another Mussolini. That situation does not obtain in France, and this factor presents the Italian Government with a very difficult problem.

Now let us turn our attention briefly to the political situation in Italy. In my opinion, the choice is between the De Gasperi government, which can be characterized as honest, able, and sincere, and communism. It may be that Mr. De Gasperi has had to resort to some measures which could be called socialistic. But the question of whether or not we believe in socialism is neither here nor there in this particular problem. Again it is a question of constructive alternatives. Unless we are willing to think in terms of constructive alternatives, we are going to miss the relentless realities of the situation.

The help which we have rendered to Italy is well known. It amounts to over \$1,500,000,000.

First. UNRRA aid. In spite of UNRRA aid to Tito, in spite of the inefficiency and misdirection associated with the UNRRA program, it was a vital factor in combating the spread of communism in Italy.

Second. The agreement renouncing approximately \$1,000,000,000 of Italy's debt to us, a debt due in large part to the expense of the United States army of occupation.

Third. Numerous credits extended by the Foreign Liquidation Commission, the Maritime Commission, and the Export-Import Bank. These credits enabled the Italians to acquire surplus property, shipping, and raw materials.

Fourth. The unfreezing of \$45,000,000 blocked by the United States Treasury.

Fifth. The release of \$15,000,000 with the Alien Property Custodian, and the transfer of some 200,000 tons of shipping to the Italians. This was provided for in legislation enacted during the last 2 days of the last session.

Sixth. The United States, while I was in Italy, renounced its share of the Italian Navy. This produced an excellent effect in Italy, and I devoutly hope that Britain will follow suit.

Seventh. The post-UNRRA foreign relief program. It is called AUSA in Italy and is of tremendous importance. I need hardly say why. As a passing comment, however, I might remark that it is a paradox of human nature that people are often willing to die for liberty but that they will give up liberty in order to live. AUSA aid has helped them to live.

Eighth. The proposed Marshall plan and interim aid has, I think, done much to consolidate the forces of anticommunism in Italy. I use the term "anticommunism" because there are some 14 parties in Italy. Indeed, it has been said that while in Italy there are some 14 parties and but two ways of thinking, in

the United States there are only two parties but at least 14 ways of thinking. We have rendered great assistance, but I repeat, we have, by virtue of the effectiveness of our assistance, precipitated a situation in which we must now consider what we are going to do to preserve our great past and prospective investments to safeguard our strategic position, and to protect freedom in these two countries from the onslaught of Soviet tyranny.

We have caused the Kremlin to abandon the attempt to capture the Italian Government by constitutional means. Accordingly a resort to internal force seems likely. The recent and current rumblings of civil war are indications of what we may expect. The Provisional Assembly expires on December 31. The present Italian Government is not a permanent government at this time. Elections are to be held in March. The Congress is considering interim aid and the Marshall plan. The Russians feel that time is running against them.

In spite of current riots in Italy, I am inclined to think that the Communists will not attempt to seize the Government before the end of the year. The present disturbances are probably designed to prepare the way and also to persuade the American Congress not to grant aid to a country so torn by internal strife. I believe that Togliatti will probably hold off for a discreet length of time following the withdrawal of United States troops. I am not a prophet, and of course there are many unpredictable factors; but based on the information which I have it might well come sometime prior to the March elections. I believe that it will be synchronized with a general strike in France.

Now the greatest danger is in northern Italy. That is the heart of Italian industry. It is an area about one-fourth the size of Italy but it contains one-half of the population. The entire valley of the Po, stretching all the way from Florence, Piacenza, and Bologna to Milan in the north, to Genoa in the west, and to Venice in the east, is caught in a Communist network. That whole valley has been organized from the mayors right down to the postmen. These people in key positions are Communists, and in some of these areas they are at the present time paying no attention to the regulations and to the laws promulgated in Rome. If Milan falls, northern Italy goes, and then it would be possible—and, of course, I am not a specialist in these matters, but it would be possible, I think, for the Communists to draw a line in the vicinity of Florence and to divide Italy in half. Although there are few Communists in southern Italy, southern Italy and Sicily could hardly hold out.

If Italy succumbs to the red infection, I need hardly call attention to the fact that the position of Greece, already precarious, becomes untenable. The program in Greece will be completely outflanked, the \$300,000,000 which we are investing there will be lost, and our efforts in Greece will have failed.

Now, of course, if Greece goes, there is no question that Turkey cannot hang on for very long. The situation in Tur-

key differs from that of other countries in that there are virtually no Communists within Turkey. Accordingly, Russia would presumably have to resort to external aggression. In any event, the position of Turkey would soon become untenable. I had a 2-hour conversation with the Chief of Staff in Turkey and with Mr. Sadak, the Foreign Minister. They said that the Turks will fight to the death for liberty but that they cannot hope to win.

If Turkey falls, I think you will agree that the entire Middle East, and with it the vital Arabian oil, the Suez Canal, and Egypt will be lost, North Africa would, of course, be helpless to defend itself.

As to whether France could survive under those circumstances, I leave to your imagination.

In fact we might wake up some fine day to find ourselves isolated from continental Europe. We might find the Red tide at high tide on the Atlantic. I am told that in these circumstances there is a grave question as to whether England could be used as a base of operations in view of the long-range weapons which are now in the offing. The United States would then suddenly be faced with an enormously difficult and highly expensive strategical problem. The entire European Continent would have been encompassed by Soviet tyranny without an overt act of war.

Accordingly, I believe that it is urgent that we reassess the nature of the threats to which we are exposed and reexamine the means at our disposal to meet such threats. "A stitch in time saves nine"; "an ounce of prevention is worth a pound of cure."

The main burden of what I have to say is to direct your attention to aspects of this problem which have nothing directly to do with economic aid, although, of course, the questions of internal force and economic aid are, to a great extent, interdependent. Economic aid will strengthen the hand of the Government in dealing with internal force. But it may not be enough. I do not mean that the amount we appropriate by way of economic aid will not be enough. I mean that economic aid and relief in and of themselves may well not do the job. Where the stakes are so high can we take that chance? Lincoln said, "Let us hope for the best and prepare for the worst." Are we preparing for the worst when we think solely in terms of economic aid? Can relief to Italy, amplified and extended by whatever we appropriate for interim aid, go far enough to help the De Gasperi government to protect itself against a Communist insurrection? In other words, will economic aid alone protect the legality of the Italian Government against extra-legal force? This is the urgent question.

If I may so say, I think we must revise some of our thinking. I think we have a tendency to indulge in certain superstitions, and I believe that these superstitions stand in the way of effective and protective action at this time.

First. It has become a sort of fetish that we must not intervene in the affairs of other nations. The word "isolation-

ism" has become an ugly word and, since the war, the word "interventionism" has also become taboo in some circles. To my knowledge, no one has bothered to explain how we can be both anti-isolationist and anti-interventionist at the same time. I believe it to be impossible. I believe that it is vital to recognize that as we shoulder our world responsibilities to that extent, we automatically intervene; that to the extent that we are not isolationists, to that extent are we interventionists. Economic aid is a form of intervention. The just conditions which we attach to our aid constitute intervention. The USIS program is a kind of intervention. The question is for what purpose do we intervene? We intervene not for the purpose of domination but for the purpose of preventing domination by others. We intervene not to impose any system but to allow other people to choose their own system. We intervene to protect freedom. We intervene in the cause of world peace. No amount of distortions and lies, no quantity of Soviet propaganda, no windy sophistries, can change these unalterable facts. We know this to be true; we know this in our own minds and hearts, and we need have no fear, therefore, to go ahead and, in this case, to intervene to protect the integrity of those nations, safeguard our own national security, and with it the peace of the world.

Second. There is a kind of feeling that we must either go to war or combat Communism by economic aid and the influence of an information program; that these are the only means which we have of combating the Red terror, that this is our only choice. As I have said, it does not appear likely that there will be war for several years. But it is my considered judgment that the question of whether or not there will be another great war and the question of whether or not we will win it will be decided within the next two or three years; in fact, the next four or five months are critical.

Now I am a firm believer both in economic aid and in an adequate information service. They are all very well in themselves. But those who are trying to capture the Governments of France and Italy by internal force do not restrict themselves to that particular pattern of action. There is no reason why we should do so. Economic aid and the USIS program are designed to counteract the growth of communism as a popular movement. Their purpose is to prevent the spread of this contagion. But it has been estimated that in Poland, Czechoslovakia, Hungary, Rumania, and Bulgaria only 5 percent of the population is Communist. Yet these countries are well behind the iron curtain. These countries became Communist, not through the popularity of the Communist movement, but by internal force. We shall be deluding ourselves if we think that economic aid and an information service are the only weapons available to us in this "cold war." We are quite willing to use an information program to combat the lies of Russian propaganda. We are not averse to using American dollars to relieve the starvation and misery caused by the war and

aggravated by Communist agitation. In wartime we are not averse to using flame throwers, incendiary bombs, and atom bombs to achieve victory. Had the Germans used poison gas, we, too, were prepared to use it. But we seem unwilling to meet the threat of internal force. In this undeclared "cold war" we somehow have failed to realize that we are not meeting the challenge merely with economic aid and an information service.

There is a twilight zone in which we can act cheaply and effectively. We must give up the fond notion that if we only curtail our own power we shall be safe. We have the power to act in this emergency. We must fill this vacuum in our strategical thinking. There are many effective ways of combating internal aggression. A disclosure of these countermeasures would compromise their aims and jeopardize national security. We must have a plan of action. The details of such a plan are an executive responsibility. My purpose is to call attention to the problem. I want to stimulate executive action. We have the means to assist France and Italy to combat internal force. It may not even require force on our part, but it will require action. As I have said, economic aid and the USIS will bolster these governments so that they can do more to combat it. The balance of what we can do will demand but a fractional effort and a minimal expense on our part. Insofar as it neutralizes this internal force it will substantially reduce the economic needs of these countries and will relieve the American taxpayers of a tremendous load. Let us not, Mr. Speaker, shrink from doing a fraction of what we would have to do in the case of war, a fraction of what we propose to do for the interim-aid program and the Marshall plan. We must be willing to protect these countries from internal aggression just as we would protect them from invading armies.

Third. We seem to cling to the belief that there is a sharp dividing line between war and peace. Although the Russians have not been exposed to the enlightened humanism of the nineteenth century or to the soothing winds of liberty, although they live largely in a sixteenth-century world, they have not succumbed to that particular superstition. They seem to recognize that these disagreements are a part of the stream of human conflict and they draw no such dividing line as we draw. We should not tie our hands at this time by adhering to the fiction that there is such a line. The expression "cold war" was happily coined, I think.

The Communists have a way of using our own forms against us, of perverting our conventions and traditions in order to destroy them. These forms, these conventions are an important part of our tradition; they are invaluable to us and they must be preserved. But they will be an Achilles heel if we allow them to be destroyed by permitting others to use them against us. As the late Mr. Justice Oliver Wendell Holmes once remarked, "Freedom does not mean the right to yell 'fire' in a crowded theater."

Mr. Speaker, freedom does not mean the right to destroy the freedom of any country.

We are preoccupied with the condition of our own economy. We are worried about our own dwindling resources, about high prices and inflation, and a diminished wheat crop. These aspects of interim aid and the Marshall plan have been stressed, and, in my opinion, quite properly. And yet the very thing which causes a greater drain on the American taxpayer and on our national resources is the fact that Communist agitation in these countries increases the strain on their economies. This makes the whole affair far more expensive for us. Indeed, that is one of the chief purposes of the agitation—to make it more expensive for us.

We know that economic stability cannot be restored to Greece while the guerrilla war continues. We know that economic stability in France and Italy is difficult and highly expensive to achieve while the disruptive forces of Communist aggression have not been disposed of. First things first. We must help these governments to eliminate Communist disruptions in order to create economic stability. Even if no internal coup were likely we should endeavor to minimize these disruptions in order to relieve the American taxpayer of at least a part of his great burden.

Therefore, I say that we must seriously consider taking the relatively infinitesimal steps that are required to meet the vicious threat of internal force within these countries. We must help the police in these countries or they will become police states. The dividends will be out of all proportion to what we invest in this effort. And if we should feel somewhat squeamish about taking this action, let us think of the concentration camps, the torture chambers, the mock trials, the kangaroo courts, the misery, starvation, brutality, degradation, and death which the Communists have spread far and wide over this troubled planet.

Let us think of Mihailovich and Petkov, of Maniu and Mikolajczyk. And let us think of our huge investments in relief and rehabilitation, of the sacred principles for which we fought World War II, of the America which we are now enjoying and which we owe to the blood and valor of our fighting men, of American national security, of our homes and loved ones, and of a peace based on freedom, virtue, and reason.

Let us roll back the tide of Red fascism before it envelops the democracies of western Europe. Let us make sure that these few remaining citadels of freedom do not become black and stinking hell holes of oppression languishing behind the "iron curtain." Let us meet the challenge of the hour.

It is almost midnight in Europe. This is no time to grow tired. This is the time for action. The future is now. Mr. Speaker, this is the time for greatness.

Mr. VURSELL. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Illinois.

Mr. VURSELL. I have enjoyed the very splendid address of the gentleman, who is well informed, possibly one of the

best informed men as to the Italian situation. I thought the gentleman was going to tell us how for an infinitesimal amount of money we could stop this Red scourge. Does the gentleman have a plan for that?

Mr. LODGE. I will say to the gentleman that we are in a cold war and that, as I remarked in my speech, a disclosure of details might compromise the aims. Further, the details are a matter of executive and not legislative responsibility.

Mr. VURSELL. The gentleman says the aid we render may not stop the success of internal force?

Mr. LODGE. It may not.

Mr. VURSELL. How far would the gentleman advise we go if it does not? Does the gentleman have a plan, if internal force cannot be stopped in Italy?

Mr. LODGE. I think that force could be very easily disposed of.

Mr. VURSELL. Assuming that it cannot, how far would the gentleman go?

Mr. LODGE. How far would I go with what?

Mr. VURSELL. To keep these governments on their feet, say for instance the government of Italy.

Mr. LODGE. I would go as far as necessary to protect the legality of the Italian government from extra-legal force.

Mr. VURSELL. Suppose internal force does overtopple these countries, say one or two of them. The gentleman says Russia does not want war now, and I agree with him. That is the information I get from talking with the Intelligence Department of the Army. I understood you to further say that in 2 weeks' time you thought Russia could conquer western Europe.

Mr. LODGE. I think she could conquer western Europe by force within 2 or 3 weeks if she wanted to, but I did not think she would for two reasons. First, because I think she feels she can conquer without a hot war that is by internal forces, and secondly, because I do not believe that she is ready for a world war.

Mr. VURSELL. I agree with you there.

Mr. LODGE. There are probably many other good reasons, but I will say that those are two that happen to come to mind.

Mr. VURSELL. Following just a little further, you doubted in your discussion as to whether or not we might be able to use England as a base. I would like to ask you how we are going to stop communism in western Europe, how we are going to prevent Russia from coming right out and taking all of western Europe, even if we do spend several billions of dollars to build up western Europe. How are we going to stop Russia if that is her future design and plan? How can we do it?

Mr. LODGE. You are talking about military force now, and in terms of external aggression. You are not talking in terms of internal aggression.

Mr. VURSELL. Yes; in any field. Say 4 years from now, western Europe is going to be in pretty good shape. Is there anything that we can do, and my question is, Can we stop her then from taking over all the rich prizes that we

have helped to build up at the expense of our taxpayers to the tune of ten or fifteen billion dollars? Can we stop her from taking them?

Mr. LODGE. You mean militarily?

Mr. VURSELL. I mean militarily.

Mr. LODGE. I am not a military expert; but I think it can be done, but it would take a far vaster effort than we have been willing so far to make.

Mr. VURSELL. Even if they establish or maintain a bridgehead in western Europe, from your observation and your knowledge, if Russia undertakes to do that?

Mr. LODGE. From the point of view of ground forces, of course, Russia has an enormous advantage, but I think that certain things could be done which would make it extremely doubtful that Russia would want to undertake such an effort.

Mr. VURSELL. This is a very big question in which many of us are interested. We ought to take time to discuss it a little. My point is I am wondering if you can stop communism as we all want to stop it or to confine it within certain limits.

Mr. LODGE. I would say that you can stop it. I am not in the least a defeatist on that score. I think this Nation can stop it.

Mr. VURSELL. I was not quite through with my question. Can we stop communism unless we go on the continent of Europe, that is, western Europe, and will that not involve men to stop the military power of Russia?

Mr. LODGE. I am not enough of a military expert to comment specifically on the measures which should be undertaken by our Department of National Defense to meet such an emergency. But I would say that there are certain things which could be done. It is a difficult military problem, but there is no question but that there are certain things that we could do that would strengthen us to such an extent that the chances for peace would be enhanced.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I am glad to yield to the gentleman.

Mr. JOHNSON of California. I commend the gentleman on the very interesting speech that he has made. He has been very eloquent. I went to Italy with another group and I think I met the gentleman one night in Rome. One question that I kept asking the people in the various countries was: Is Italy and is France and are the other countries taxing their people who have the capacity to pay?

Mr. LODGE. As far as Italy is concerned, there is a new tax structure which provides for a tax on what the Italians call patrimony, a tax on capital. They are going very far in an effort to meet the difficult situation in which they find themselves, in an effort to get money from the sources where the money is most abundant.

Mr. JOHNSON of California. The gentleman is perhaps the best-informed man in Congress on Italian problems. Did you convince yourself that they were taxing their wealthy people in anywhere near the degree we are taxing ours?

Mr. LODGE. They are taxing them heavily, but there is some question as to whether the taxes are always collected. They are inefficient in their administration of it, but they are making a great effort in that direction.

Mr. JOHNSON of California. When we realize that 80 percent of our tax money comes out of the people in the middle classes, we want them to collect taxes where they should also.

Mr. LODGE. They are trying hard. They have recently promulgated this new tax structure, and they are going to do their best to enforce it. There has always been a difficult problem of enforcement.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield.

Mr. CANFIELD. The gentleman from Connecticut very properly says it is close to midnight in Europe. We might also observe that the Russians can turn the lights out in Berlin and many other European hot spots almost any night. I wonder if the gentleman had the experience I had in the Eternal City of Rome. Was he there on Sunday when hundreds of lorries came into Rome from the nearby communities, carrying thousands of Communists?

Mr. LODGE. Yes.

Mr. CANFIELD. Choosing the Cathedral Squares to espouse their philosophy and damn everything American. I wonder if the gentleman observed on the outside walls of Vatican City the hammer-and-sickle insignia?

Mr. LODGE. I did.

Mr. CANFIELD. Pope Pius XII, the spiritual father of millions of people throughout this world, has to do this when he goes out to his summer home in the Albano Mountains. He has to pass house after house showing the hammer and sickle.

Mr. LODGE. I will say to the gentleman that if Italy goes under as a result of internal insurrection, it would make the Vatican the prisoner of the Communists, which would be a very tragic thing.

Mr. CANFIELD. I happened to be in Rome the very night De Gasperi was fighting for his constitutional life. There are 540 deputies in the assembly. He was pleading for a vote of confidence and he got one. What was the margin of victory? Five hundred and forty deputies, and he won by a margin of 34 votes. That shows the power of communism in Italy.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 15 minutes, with the permission of those who have special orders following.

The SPEAKER pro tempore (Mr. CURTIS). Before submitting that unanimous-consent request, the Chair would state the gentleman from Missouri [Mr. SHORT], the gentleman from Ohio [Mr. BENDER], and the gentleman from New York [Mr. TABER] all have special orders.

Mr. McCORMACK. I said with their permission.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RICH. Mr. Speaker, will the gentleman yield?

May I ask the gentleman from New Jersey a question?

Mr. CANFIELD. If it is agreeable to the gentleman from Connecticut who has the floor.

Mr. LODGE. I yield.

Mr. RICH. When you speak about these Italian boys in Italy now speaking for communism, do you recall before they came into the last war how those college students in Italy waved the flag of Italy and said, "Let us go out and fight France?" And they went into war at a time when they should have known better.

Mr. LODGE. I will say to the gentleman from Pennsylvania, he will have to make up his mind whether he is going to keep on fighting World War II or get ready to fight world war III.

Mr. RICH. If you are going to fight world war III, it will be whenever you have wrecked this country and we are not able to protect ourselves or protect the people of America. Just as soon as you weaken our own structure by helping all the countries of the world, then we are no good to help ourselves or to help anybody else.

Mr. LODGE. I thank the gentleman for his statement of opinion on the question of national security.

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Ohio.

Mr. BENDER. Is it not a fact that Mr. Roosevelt and Mr. Truman, by agreement, turned over eastern Europe to Russia?

Mr. LODGE. I think the policy that we followed with respect to the Yalta and Potsdam agreements was one of the most ruinous and disastrous policies ever followed by a great nation.

Mr. BENDER. What did they expect Russia to do after they turned it over to them?

Mr. LODGE. I have not asked them that.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield.

Mr. RICH. The gentleman in his speech awhile ago said we should do everything to help these foreign countries in order to get communism out of Europe. How much farther can America go with a \$260,000,000,000 debt and be able to furnish five, six, or seven billion dollars a year as a great many of the Members of Congress want this country to do, and keep solvent? How far can we go?

Mr. LODGE. I am afraid I did not make myself clear in my speech.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I am delighted to yield to the distinguished gentleman from Massachusetts.

Mr. McCORMACK. If I understand the gentleman's argument it is based upon the national interests of the United States. If I interpret the gentleman's remarks correctly he is thinking only of our national interests, present and future. Am I correct?

Mr. LODGE. That is correct. However I believe that there is a happy coincidence in that the peace of the world cannot be assured without guaranteeing the national security of this country; and, therefore, I see no reason to draw any egregious distinctions in that connection.

Mr. McCORMACK. And if I interpret the gentleman's remarks and his mind correctly—and I ask the gentleman if my construction is based on sound grounds—the gentleman is fearful that should Europe fall under the domination of communistic regimes it will not be consistent with the best interests of our country.

Mr. LODGE. That is precisely correct, sir.

Mr. McCORMACK. I thoroughly agree with the gentleman.

Mr. LODGE. I am delighted to have the concurrence of the distinguished gentleman from Massachusetts.

Mr. McCORMACK. In other words, my actions and speeches in the past have been, my actions and speeches are, and of the future will be predicated upon the national interest of our country. It happens that in responding to the call of humanity the response is consistent with our natural interest, because as I have observed, the best ally of communism outside of military power, is widespread poverty and distress.

Mr. LODGE. That is right.

Mr. McCORMACK. Wherever poverty and distress exist communism makes its gains.

Mr. LODGE. I agree with the gentleman.

Mr. McCORMACK. It makes its gains amongst people who are ill and suffering.

Mr. LODGE. Yes, amongst people who are ill and suffering. And may I say that I discussed only the strategical aspects and did so not because I was not mindful of what the gentleman has just so ably said.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield.

Mr. JOHNSON of California. Is it not also the view of the gentleman from Connecticut that the only way we have of obtaining collective security, which is the only way to have a peaceful world, is by strengthening those countries that have a form of government and an outlook socially like we have?

Mr. LODGE. Precisely.

Mr. JOHNSON of California. When, therefore, you strengthen those people from Norway all the way down to France and Italy, you are strengthening the opportunity to obtain collective security and ultimately, maybe, world peace.

Mr. LODGE. Precisely.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield.

Mr. KEEFE. Congress by a huge vote yesterday cited 10 alleged Communists for contempt of Congress. The statement was made that they all represented individuals who were making from a hundred to a hundred and fifty thousand dollars a year. If that be true, then, I wonder if it is a correct answer to the statement of the gentleman from

Massachusetts [Mr. McCORMACK] to say that communism flourishes and grows where there is death, destruction, disease, and so on?

Mr. LODGE. I think the gentleman is making a very interesting point. It is successful in those places. Let us say that it also flourishes in places where people are suffering from some kind of fundamental maladjustment.

Mr. KEEFE. Mr. Speaker, will the gentleman yield further?

Mr. LODGE. I yield.

Mr. KEEFE. I have listened very carefully to the gentleman's very excellent exposition of his investigation, and he is a member of the Foreign Affairs Committee of the House and is quite familiar with the Italian situation. I shall read his remarks in the RECORD tomorrow. May I say to the gentleman that having listened very carefully I fail to find where the gentleman offered a direct and positive program or plan to achieve the ends which he pictured so graphically.

Mr. LODGE. I realize the difficulty the gentleman has in that connection. I can only say that having exposed the problem, having indicated the solution, that I believe it would be irresponsible on my part to go into too many details; we might compromise the aims and objectives of national security in doing so. We are in a cold war. This is a twilight zone of action.

Mr. KEEFE. May I say to the gentleman we have altogether too many twilight zones of action. Too many things are being kept from the American people under the specious argument that the people should not know.

Mr. LODGE. I do not want to keep it from the American people.

The details of such action are the function of the Executive. If these details are made known to the public, they will be known to the world and the aims would be compromised.

Mr. KEEFE. The point is you cannot keep it from the American people and say that the American people are being directed and guided in the proper direction unless they know where they are going and why. Now, I want to ask the gentleman this one simple question. I assume that ultimately, I hope at some time, although we have been here now since the 17th of November, we will have some sort of a program from the gentleman's committee that will express an authorization of some kind of action on the part of the Congress in view of what we have been told the very critical condition is. I have been here, and willing to come for a month or two. I am a member of the Deficiency Committee of the Appropriations Committee that will consider this appropriation. I have been sitting here anxiously awaiting a program of action.

Mr. LODGE. May I say to the gentleman I am reliably and authoritatively informed that it is not the Foreign Affairs Committee which is holding that up.

Mr. KEEFE. Well, who is holding it up?

Mr. LODGE. That is what I would like to know.

Mr. KEEFE. If we are facing the midnight hour and the dire things are in

progress that the gentleman has described, why is it that we do not have some action and have this thing brought up here so that the American people may be given an opportunity to determine it?

Mr. LODGE. That is the question I was going to ask the gentleman.

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Tennessee.

Mr. GORE. I wonder if the answer to the gentleman's question might be that if we finish the foreign-aid program too soon, then a lot of questions might be asked why something is not done about the high cost of living before the Congress goes home for Christmas?

Mr. KEEFE. That is a demonstration of the little cheap politics that usually comes from the gentleman from Tennessee.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Illinois.

Mr. CHURCH. I am anxious to see if the gentleman knows and can inform the House whether or not the Italian people are helping themselves whenever they have an opportunity to do so?

Mr. LODGE. They most certainly are.

Mr. CHURCH. The allegation has been made that many of the people are not in the fields when heretofore during these periods in the years the people were in the fields of Italy working.

Mr. LODGE. I may say that the Italian people are working very hard indeed.

Mr. CHURCH. Did the gentleman go over that territory this year so that he could see the people or could not see the people working or not working in the fields?

Mr. LODGE. I did.

Mr. CHURCH. Was the gentleman there years before in the same period of time?

Mr. LODGE. Yes; I have been to Italy from time to time over a number of years.

Mr. CHURCH. Has the gentleman compared the possibility of working?

Mr. LODGE. I have made no detailed comparison. I would say, however, that based on my 3 weeks' investigation the Italian people are working hard.

Mr. O'KONSKI. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I wish to endorse the statement of the gentleman from Connecticut, especially when he said that the midnight hour is here. I have been of the opinion for a long time that the midnight hour has been here, particularly when we went over to Yalta in 1945. I would like to ask the gentleman this question: Your committee is urging that we assume the offensive in this whole war against communism. To me it is long overdue. What I want to know is this: Is the gentleman's committee contemplating any action to stop the shipment of strategic materials from this country to make Russia stronger than it is today?

Mr. LODGE. I have already made a point of that during our deliberations.

However, I wonder whether that is a function of our committee. I think it might possibly be attached as a condition to some of the legislation to come before us.

Mr. O'KONSKI. Then it is up to the legislative and executive branches to get together. If we are going to assume the offensive in the cold war, we should not finance communism on the one hand and feed it on the other.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Texas.

Mr. RAYBURN. I notice by the press that the United States of America this year will export somewhere in the neighborhood of \$20,000,000,000 in goods and services. The terrific amount of \$113,000,000 of that goes to Russia. In return for that we are getting a great many materials in which we are on short supply. Now, if we by \$113,000,000 out of \$20,000,000,000 prepare Russia to fight us, why that is strange arithmetic to me.

Mr. LODGE. May I say to the gentleman that insofar as we are getting a quid pro quo in the form of strategic materials for certain types of machinery and processed materials, I think that some trade with Russia might be justified. Insofar as western Europe is able to provide agricultural products against the capital goods of eastern Europe, it may perhaps be justified. But I understood Mr. Harriman to say that he did not feel that the quid pro quo was adequate at this time in many instances. Above all else I believe that we have to forbid the shipment of heavy machinery in which we are in short supply and which Soviet Russia can use to wage this cold war on us.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman, I think, expressed one viewpoint that reflects the general fallacy in this country and that is that communism feeds and fattens on poverty.

Mr. LODGE. I agree with the gentleman from Massachusetts that communism is bred in many instances in poverty and starvation. There is no question that those conditions stimulate communism. As the gentleman from Wisconsin pointed out, communists are not all bred in such an environment.

Mr. RANKIN. If the gentleman will yield further, I want to say that communism is one of the best organized and one of the most highly financed movements spread throughout the world that civilization has probably ever known. As the gentleman from Wisconsin [Mr. KEEFE] pointed out, those known communists who were cited yesterday were drawing down salaries of \$100,000 to \$150,000 a year and using the picture shows to spread communism throughout America. The idea that it feeds on poverty is a fallacy. It is one of the most highly financed organizations the world ever saw.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield.

Mr. McCORMACK. There is no question but what it is a powerfully financed organization, and there is no question but what there is power behind it. Twelve years ago I was chairman of a special committee out of which has come the only legislation aimed at subversive activities in over 30 years, the Foreign Agent Registration Act, the McCormack Act, making it a crime for anyone to knowingly or willfully advocate the overthrow of the Government by force, and giving the Army and the Navy power to combat subversive activities. That came out of my special committee, and I am looking forward some day to having legislation recommended to meet that situation. Everybody knows that. But what I say is this, that the best ally communism has in these foreign countries not subject to communism is where widespread poverty exists.

The SPEAKER pro tempore (Mr. CURTIS). The time of the gentleman from Connecticut has expired.

EXTENSION OF REMARKS

Mr. KEATING asked and was given permission to extend his remarks in the RECORD and include an address delivered by Gov. Thomas E. Dewey, of New York.

SPECIAL ORDER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Missouri [Mr. SHORT] is recognized for 75 minutes.

FOREIGN AID

Mr. SHORT. Mr. Speaker, we have listened with much interest, profit, and sincere appreciation to the many splendid addresses given by different Members of the House who went on various committees abroad during the recent recess. I feel a wee bit superfluous here today, because I know that much of what I shall say will be repetitious, more or less like carrying coals to Newcastle. However, it is poor stuff that does not bear a little repetition, and perhaps people need to be reminded more than informed. Having always believed that there is wisdom in a multitude of counsel, I think it is worth while for members of the various committees who have visited many of the same countries to express their views freely, because each individual approaches this very tough and complex problem from a different point of view. You could take any 30 Members of this House downtown to witness an accident, and bring them back to this Chamber, and you would get 30 different reports; but notwithstanding the minor discrepancies in these reports, I think you would find them all to be in fundamental agreement upon the big and important thing.

The decision we are called upon to make in this special session of the Congress is by no means an easy one. Whatever decision we make, we might be wishing before long that we had made it differently. Frankly, I am confused and bewildered myself. You roll and toss at night and try to arrive at some conclusion or form an intelligent opinion, only to awaken a few hours later skeptical of the decision you have reached.

Most of the worries and troubles of the admirals and generals ended on VE-

and VJ-days. The headaches and the worries of Congressmen and of statesmen just began. Never before in our history have the American people and the American Congress been confronted with so many baffling and complex problems as have confronted us since VE- and VJ-days. Demobilization, reconversion, peacetime military conscription, merger of the armed forces, control of atomic energy, disposal of surplus property—over \$100,000,000,000 worth—veterans' legislation, labor-management relations, strikes, the battle against inflation, relief for the needy and distressed, loans and gifts to foreign governments—these are only a few of the myriad, complex, and baffling problems that have left us all puzzled and bewildered.

Those of us who have served in this body through those troubled years of a prolonged and paralyzing depression, through the terrible years of a devastating and destructive war, will confess, I believe, that the most serious time in which we have served, and perhaps the most critical as far as the future of mankind is concerned, is this present hour, the postwar period of readjustment. It was tough enough to win two wars, in Europe and in Asia, but we are finding out it is even more difficult to establish a just and lasting peace. It only goes to prove that Will Rogers never uttered a greater truth than when he said: "The United States has never lost a war, but has never won a treaty or a conference."

We are living in dark and perilous days with the destiny of humanity hanging in the balance. Grave as is the difficulty, we shall not shirk it nor shun our responsibility, but will rather accept it as a glorious opportunity to stand up in the faith of our fathers and meet it squarely.

No one yet can accurately estimate the total loss of life and treasure in this recent global conflict. You cannot blow the brains of millions of men, women, and children into the mud, and billions upon billions of dollars of the world's wealth up in smoke and steel and powder, without every participant in the savage struggle suffering political upheaval, social chaos, and serious economic dislocation. Indeed the neutral countries, fortunate as they were to escape the ravages of war, find themselves caught in this economic maelstrom in the backwash of the repercussions of war which often are worse than war itself. Hunger, starvation, disease, pestilence, and often revolution follow in its wake. Our Committee on the Armed Services and the Committee on Appropriations left on the 8th of September in a C-54. We flew the northern route by way of Newfoundland to Shannon Airport, where we spent the night at Limerick in that peaceful, refreshing, green emerald isle, where one would never dream that a war had ever existed. God bless the Irish! From Limerick we flew to Berlin over London across Belgium and part of France down to Frankfurt, because we were compelled to enter the capitol of Germany through the narrow 10-mile air corridor, and we were compelled to leave the same way. The Russians had decreed it.

Our primary mission, of course, was to study our occupation forces, to find out the number, their needs, and their requirements, and the morale of our troops and their discipline and black-market dealings and the disposal of surplus property and other related matters. But, naturally, we were interested in studying first-hand the political, economic, and social conditions in each one of the countries we visited, because it is upon those conditions that our foreign and also our military policy is determined.

We talked to our representatives, not only in the Army, Navy, and Air Corps, but to our civil authorities as well, and also to the military and civil authorities of each country that we visited. I am happy to report to you that we found discipline exceptionally high and the morale good among our troops wherever we went. We were also pleased to discover that there was closer cooperation and liaison between the State Department and the War, Navy, and Air Departments than ever before in our history. After spending 4 days in Berlin at the Harnach House, named for one of my old professors, the greatest theologian of this century under whom I studied a quarter of a century ago as a student in Berlin, we conferred with General Clay, who, on the whole, has done a splendid job.

MacArthur has done a superb job in the Orient but he has had a single command. It was more simple there but I think the Japs would be with us against Russia and I think the Germans would, too. Strange as it may seem, both Germany and Japan would be on our side. They are enlightened.

We talked not only to the high ranking officers but to the enlisted men as well; to private citizens of the various countries we visited.

From Berlin we went to Frankfurt, our European headquarters, where we spent another 4 days. From there we went on to Munich and spent another 4 days, over beautiful Bavaria, and our great air depot at Oberpfaffenhofen.

After going through Germany, I think it was the consensus of opinion among not only the members of our committee but of the members of other committees that visited the Reich, as well as civilians, newspapermen, radio commentators, and others, that the appalling bomb damage done in Germany is absolutely inconceivable to anyone who never has seen it for himself. Not only a few cities in isolated spots, but practically every city in Germany, with the exception of old Heidelberg, an old university city of about 80,000 population and with no military advantage, has been blasted to bits, and 70,000,000 people in an area no larger than the State of Texas are living in a heap of rats, rubble, and ruin, roaming like nomads over the countryside, with no place to lay their heads. That is the festering sore in the very heart of Europe. Regardless of what anyone might think about Germany, Germany is the economic heart of Europe, and there can be no sound, permanent recovery until that nation is back on its feet.

The economy of all the surrounding countries, France, Switzerland, Italy,

and the lowlands, is inexorably interwoven and intertwined with the German economy. They depend chiefly upon coal from the Ruhr. You have to have food to get coal. You have to have coal to get steel. You have to have steel to revive industry. Certainly the American and British in their zones realize the great mistake of having the four zones of occupation, of carving up this single economic unit into four parts. We are now willing, of course, to have Germany revive her steel industry to the point of 10.7 million tons output of steel per year; still much less than before the war, but much more than she is producing now.

All those miners in the Ruhr are given a greater amount of food than most any other portion of the population. It is only natural for those miners to share their food with their hungry children at home. Every father would. One of the greatest needs, of course, is to help the Germans help themselves. If they cannot, someone must take care of them, and that someone, of course, is Uncle Sam. It is now costing us more than \$500,000,000 each year to keep our American zone in the Reich. We would like to get out. I know the British would like to get out. They want us to pay their cost of occupation. The Germans would like all occupational armies to get out, but they certainly do not want us to leave until the Russians get out.

Germany must not only be able to help herself but have enough to acquire a few dollars' credit to pay reparations, or to buy raw materials abroad for her manufacturing, because Germany is the workhouse; it is the industrial heart of all Europe. When you consider she has lost more than a quarter of her agricultural lands, Silesia, Pomerania, East Prussia to the Poles and the Russians, that she has suffered the worst drought she has ever had in a hundred years, with a shortage of farm machinery and of fertilizers; in addition to the heap of rubble and ruin all over that country, then you can get a fine idea of the serious economic plight in which not only Germany finds herself, but the great threat that she is to the sound or permanent recovery of her neighbors around her. This cancerous sore cannot remain without destroying all around her.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield at that point for a question?

Mr. SHORT. I yield.

Mr. JOHNSON of California. Is it not a fact—and I wish the gentleman would comment on it—that all our plans for the economic recovery of Germany are based upon this premise that no matter what we allow them to do or what they do do, they must not be permitted to develop their war potential?

Mr. SHORT. I was just coming to that. While we want to see economic recovery here in the heart of Europe, we must keep an eagle eye and ever be alert to see that there is not a revival of Germany's war potential.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield.

Mr. McDONOUGH. What assurance do we have that in strengthening other

countries in Europe we are not developing a war potential that will be a danger to Europe and the rest of the world?

Mr. SHORT. I feel, of course, that whatever aid we give to Europe in the future must certainly be more carefully administered and should be more equitably distributed under close supervision than it ever has been in the past. We furnished 72 percent of the funds for UNRRA, yet everybody knows that many of those supplies were diverted into dangerous channels. The Russians took those supplies and distributed them among their own satellites making them believe the goods came from Russia instead of the United States. There is where we have fallen down pitifully and woefully in our psychological warfare, and that is why it is essential and necessary that we not only feed the stomachs of the hungry people in Europe, but we must feed their minds with ideas and we must have an informational service which realizes that. Man does not live on bread alone.

Mr. ANDREWS of New York. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield.

Mr. ANDREWS of New York. May I suggest to the membership that what the gentleman from Missouri is undertaking to do is not easy. It is a subject that he has rehearsed once before the Armed Services Committee. I suggest that we let him finish his statement and refrain from asking questions until he has finished.

Mr. SHORT. I will appreciate it if I may proceed more or less in chronological order because I asked for 15 extra minutes in order to submit myself to questioning. I should be very happy to be interrogated when I have finished my general statement.

From Germany we went to Austria, old Vienna, which was the great watering place, the most beautiful city in all the world, certainly before the first World War, a city upon which the old Emperor Franz Josef spent lavish sums, beautiful Vienna. It was pretty badly bombed during the closing days of the war, 3 or 4 days before the surrender. Much of the city was burned by the Nazis just as they retreated. There again you will find the four zones, American, British, French, and Russian, just as you have in Berlin. Unfortunately a mistake, I think, was made when our armies were held back from going into Berlin a month before its final capitulation because we had promised the Russians that they could enter first. Naturally they got the best sections of both cities and they have shown up until this hour no inclination to get out of either one. Austria, however, serious as her domestic economy was before the last global conflict, because of the great developments in the Seitzendorf oil fields in the northeast part of that country and because of the exploration of certain mineral deposits, Austria today if she were a free and independent country would be self-sustaining, and she would not depend upon outside help from any source whatever.

I think that Austria is one of the most critical spots in the world today and we

should by all means lend her assistance because she has shown a firm determination to oppose communism even with the Russians there overshadowing them.

We should build up a stock pile of critical and strategic materials. They can give us many things which we do not now have. Let us do a little Yankee horse-trading. We will do a bit of swapping. We will give them what they need; they will give us what we want. We will live and get along together.

From Vienna we flew over the Alps at 15,000 feet down through the Brenner Pass to Trieste which, perhaps, with the exception of Korea, is about the hottest spot on this earth today. Some time back when our Eighty-eighth Division was moved out of there, under the terms of the treaty, Trieste was set up as a free city or territory and we agreed that 5,000 American troops should remain, 5,000 British, and 5,000 Yugoslavs. Only the Lord knows how many Yugoslavs are back of the border.

When we reached there we found that situation very tense, because only 2 or 3 nights before, 2,000 Yugoslavs or "Jugs" as our boys call them, had been massed on the highway leading into this free territory. They were going in and taking it over by force. Had it not been for the quick, diplomatic but firm action of our American Major General Moore and the British commanding General Airey, we might have touched off that powder keg that would have us actually in war at this moment. Nowhere we visited were there better soldiers, keener, more alert on their toes, highly trained, well disciplined and immaculate than we found in the Mediterranean theater. I do not care what any newspaper columnist might have written or how critical any commentators might have been, those of us who were privileged to visit our troops, not only in Trieste but in Rome, will tell you that we were greatly impressed from the generals down to the lowest buck private by the high discipline, the splendid training and the immaculateness of those troops. Notwithstanding the average age is 19, young kids, they have the lowest venereal rate of any troops we visited, not only in Europe but in Asia as well.

From the free city of Trieste, a great Adriatic port, that furnished the old Austro-Hungarian empire and the Balkans an outlet through the Adriatic to foreign commerce, we flew down around Yugoslavia. Of course, we could not fly over it without running the risk of being shot down as some of our American boys had been. We flew down the Adriatic and skirted the tip end of Yugoslavia on the way to Athens, because one of our motors had conked out. We were delayed a day and our visit to Athens was cut short. We were briefed by General Griswold and our military and State Department representatives as well.

I do not know the answer to the Greek problem. Greece is a barren, unproductive country with 7,000,000 people, about the population of New York City. But they have 16 political parties and 16 newspapers published in Athens, so that nobody knows who is his friend or who is on his side from one day to the next,

if not from one hour to the next. It seems to be an almost hopeless situation; the multiple party system of government that they have there, but because of the constant pressure brought by the Soviets through Albania, Yugoslavia and Bulgaria, Greece finds herself, of course, caught in the pincers and since we have gone in we cannot let go because that is our only toe-hold in southeastern Europe along with Turkey whereby we can keep open the artery of commerce through the Suez and protect our vital oil interests as well as other interests in the Near East. Few peoples have ever equalled and none have ever surpassed the civilization of ancient Greece. What a tragedy today!

We flew from Athens to Istanbul, and after spending a day and night in that beautiful and interesting old Moslem city with its gorgeous mosques, we flew the entire length of Turkey, entering the Near East over Aleppo and Antioch, down the Tigris and Euphrates Valley, where we have withdrawn most of our representatives and the British have also withdrawn all their troops and representatives except a token force, because of the hostility of the Iraq Government over the stand taken by both Britain and the United States in the United Nations on the Palestine question. We flew down the Tigris and Euphrates Valley over to Bagdad and from there up to Teheran and Old Persia. We were very cordially received and courteously treated in Iran. We had the pleasure of meeting with the members of the Iranian Parliament and were pleased highly to discover that that small and rather weak nation in comparison with some of its mighty neighbors showed a firm and resolute determination not to be dominated by any outside power. Russia at the very moment reported 30 of her divisions or more than 400,000 troops massing on the Iranian border at Azerbaijan, the northwest Province of that country, bringing constant pressure upon that small and weak people, in order to get oil concessions. We were more than pleased 2 or 3 days after we left Teheran to read where the Iranian Parliament had refused this concession. What a bold stroke that was, because they put this question to us. "If we refuse to grant Russia this oil concession, and if Russia attacks us, what will the United States do?" Well, I had to answer that we were not a policy-making but a fact-finding committee; that I could not speak for the Congress or the State Department or for the administration in power, but that we were most sympathetic with her problems and her needs; that we had mutual ties; that many of her own people were citizens of our own country and that we hoped to promote this feeling of good will and friendship that has always existed between us. So, there we found a real friend, due largely, I think, to the splendid work that our young American Ambassador, George Allen, is doing there, and because of the splendid military mission that we have there, who have dealt so openly and frankly and above-board with the Iranian people.

From Tehran we flew over old Persia, down over Basra and Abadan to Bahrein

on the Persian Gulf, on the east coast of Saudi Arabia. There we discovered that America, private enterprise, private American capital 15 years ago, long before the war broke out, was willing to run the risk to go down and make explorations for oil. If you flew over Saudi Arabia, a bleak and barren desert waste, you would not give a dime for the country, but there is an ocean of oil under it. First a California company made the exploration, which was joined 3 years later by a Texas company, the Cal-Tex, to form the American-Arabian Oil Co., which today is furnishing 72 percent of all the oil for our United States Navy and without which it would be very difficult to operate our Navy. They have two or three wells down in that area that produce as much oil as 100 ordinary wells in the California, Oklahoma, Texas, or Illinois fields. They do not need pumps. You put a hole down into the earth and she blows. They have got 40,000- and 50,000-barrel wells. We are building a pipe line, 30 inches in diameter, 1,050 miles long, across Saudi Arabia, through Trans-Jordan and Lebanon to the Mediterranean. They saved us once. They could save us again.

I want to pause long enough to remind you gentlemen that America is a nation on wheels; that during this last global conflict we furnished 70 percent of all the oil to our allies. We have largely depleted many of our reserves and the best geological estimate we have is that we have a known reserve of about 22,000,000,000 barrels left in this country which at the present rate of consumption will last us about 15 years.

Of course, we Americans are ingenious, and we will produce much synthetic oil as we have rubber. Let no foreign nation underestimate our capacity. Our domestic consumption of oil has doubled since the outbreak of the last war. We are consuming more than 2,000,000,000 barrels annually at the present time. We dare not lose control of that rich oil field which we went in and developed, or of the giant refinery on the island of Bahrein in the Persian Gulf, owned by a Canadian company but operated wholly by an American company. We understand each other.

We discovered the friendliest relations existing between King Ibn Saud and members of the Saudi-Arabian Government and our own American business representatives of the Arabian-American Oil Co. Twenty percent of the total income goes to the King in royalties. One-third of the total income from that rich oil field goes to the United States Government in the form of taxes. So I think that we should by all means hold onto, protect, and defend those rich reserves in the Near East. We need that oil in peace, and certainly it is our lifeblood in time of war. We will not let it go.

From Saudi Arabia we flew back from Bahrein to Basra and over to Cairo, landing there at the height of the cholera. Egyptian students a short time before had been rioting and demonstrating against the American policy. Of course the Arab League, composed of Egypt, Saudi-Arabia, Iraq, Iran, Greece, Turkey, Syria, the Levant States, and Lebanon,

have been very bitter against certain decisions made by the United Nations. But when we landed at Cairo, notwithstanding that anti-British and anti-American feeling, three or four of our C-54 planes had flown in huge cargos of medicines and vaccines, and the attitude of the Egyptians had changed almost overnight. They were friendly enough that members of the Egyptian Parliament, some of whom I had the pleasure of meeting in Cairo at the Interparliamentary Union last April, gave a very nice luncheon for us at Shepheard's Hotel. Of course, their great headache is the settlement of the Sudanese question. That is a conflict between Egypt and Great Britain. It is a matter, of course, which will eventually, and certainly, if it is to be settled successfully, have to be settled or determined by the United Nations. We want Egypt as our friend.

We flew from Cairo to Rome. I wish to verify or corroborate what the gentleman from Connecticut has said about Italy and the Italian people. Much to our surprise, or at least to my surprise, we discovered that with the possible exception of Belgium, Italy has staged a greater comeback than any other country in western Europe. Of course, Scandinavia is back. Sweden was neutral. Production in Norway is even above the prewar level. Denmark is very little behind. Holland has made great strides. Belgium is normal, and Brussels is perhaps the best city in all Europe in which to shop today. You can buy nearly everything you want and at a fairly reasonable price. But Belgium has a rich Congo in Africa to fall back upon, because during the war she profited a great deal by the raw materials that were sold from that rich colonial province in Africa. Rome is not far behind. The Belgians have gone to work.

In Rome we discovered that the Italian people showed a resolution and a determination to get back on their feet. They have gone to work in Italy, and I think that the De Gasperi government, on the whole, is fundamentally honest and also a capable and efficient government. It has the backing of the Vatican. We visited the Italian Parliament the very night that the United States announced we would not take the ships of the Italian Navy, which were awarded to us under the Italian Peace Treaty. Of course that was a great boon and a blessing and we were cordially received and courteously treated by the Italians. Not only Count Sforza, De Gasperi, and members of the Parliament, but on the following day we called on the Chiefs of Staff of the Army, Navy, and Air Corps. All three men had seen combat service in both world wars, and they impressed us as being very dynamic, strong, and winning personalities, men who are confident and capable and who want to try to forget the past and to bring about a new and better order in Italy. As long as the Italian Government is in the hands of De Gasperi and those chiefs of staff, I do not have too much fear of communism in spite of the fact that it has made great inroads in Italy and has as its leader of that movement Togliatti, one of the most astute and successful

and resourceful politicians in all Europe. I hope he will join us.

Mr. BELL. Mr. Speaker, will the gentleman yield for a question?

Mr. SHORT. I yield.

Mr. BELL. I have listened very attentively to the gentleman and have been interested in his description of what he found in the various countries of the world. May I ask the gentleman this question? Does the recovery in these countries have any relationship to the question of whether or not those countries are pursuing private enterprise or have gone over to socialism and stateism in their governmental structure?

Mr. SHORT. Of course, from our own American standards, we would say that state socialism is never as productive as private enterprise. Personally I have no quarrel with any country as to what kind of government it has as long as the people are free to choose that government. If Russia wants communism, let her have it. When I was over there in 1931 through European Russia, where 70 percent of their population lived, if I had thought so much of their system I would have stayed there. Sometimes I think we ought to make up a jackpot to send a few Members of the Congress of the United States over there and make it a one-way ticket. Perhaps I should be a Communist because I have nothing and am willing to share it with everybody.

If Russia wants communism, let her have it, but I do not like to see her force her communism upon weaker satellite nations at the point of a gun. I have no quarrel with Great Britain. If they want to nationalize their banks, their coal industry, their transportation and communication systems, if Great Britain wants state socialism, she is welcome to it, but I do not think she should call upon the already overburdened American taxpayers to finance her noble experiment in that particular kind of government.

Mr. BELL. I am not sure that I made myself clear with respect to the question that I wanted to ask. What I had in mind was whether you found a greater degree of prosperity or rather recovery, because, of course, there was no prosperity where you found socialism; or did you find it where you found private enterprise. Of course you did not find prosperity anywhere, but I mean comparatively speaking, where is recovery the most rapid?

Mr. SHORT. Wherever freemen are, because freemen have always outworked, outproduced, and outfought slaves, whether it be in America, Europe, Asia, or anywhere else. I think the committee was impressed by that.

Before we left Rome, being pleased to find the Italian people had gone to work, and that their present government is striving hard to stabilize itself and to bring about stabilization of its currency, we visited His Holiness the Pope at his summer retreat, one of the most impressive audiences we have ever had. I wish to say, as a Methodist and a Mason, the Catholic Church has been one of the most stabilizing influences in this post-war world. I do not know where Europe would be without it.

We went from Italy up to Geneva, more for a day or two of rest than anything else, to the little country of Switzerland, with her dense population, whose chief crop is tourists and, next, watches; a most beautiful spot, with a population that is highly educated and cultured; where they have three official languages, French, German, and Italian, but all very loyal to the Swiss Government. Switzerland, having maintained her neutrality in both world wars, naturally prospered to some extent during the war, but like Italy and Sweden and others who had remained neutral, now finds herself squeezed in this European economy, and finding it necessary to import fuel and raw materials, just as Italy, her recovery, we were frankly told by the Swiss authorities, as well as our own representatives, depended largely upon recovery in Germany, to reestablish that international trade between those various countries surrounding the Reich.

Next to Turkey, I would say Switzerland is the most anti-Communist country in all Europe. The Turks are tough and they will fight. Of course, they are Moslems. They will have nothing to do with communism. They detest it and despise it. Of course, she lives in constant fear of this huge Russian bear that overshadows her, and she, like Iran, wonders what will the United States and other nations do if she is attacked by this overpowering giant to the north of her.

From Switzerland we went to Paris, gay, beautiful Paris—once gay, but now very sad. France was licked before this last war ever started. Oh, she had an army. She boasted of a large army. She had universal military training. She had the impregnable Maginot line. She felt secure, but she was rotten to the core. Corrupt politicians, internal dissension, and strife; and you find that unhealthy condition in France today. Unfortunately, I do not think the French have gone to work as hard as many of her neighbors. Too many are sitting on their hands with their mouths open, talking and arguing politics instead of going to work. You know, human nature is pretty much the same the world over. We like to think we are a little different from other people, but we are not. The more I travel and the more I study men and institutions the more I find out that when you get down beneath the skin of a man, regardless of his race, color, or creed, he is governed very largely by the same aspirations, passions, likes and dislikes. There are people in France who never have worked very much and who never will as long as somebody will take care of them. They will never be satisfied, because the more you give them the more they want. I am not saying that I have no sympathy with France, because we can all appreciate the fear under which she lived. Having been overrun, plundered, pillaged, and looted twice in our generation, you can imagine the fear. She suffered the humiliation of occupation. Millions of her best men were carried off to slave-labor camps, and many of them died in concentration camps. Her factories were looted; her banks were robbed. Her people were outraged and mistreated. So I have a great deal of

sympathy with France, considering everything through which she has passed.

After all, she is one of the great powers of western Europe; she does believe in our western culture and western ways of life. She has made magnificent contributions. There are historical ties, the help she gave us in winning our independence, and the help we gave her in both World Wars. Because of the effort they put forth in the underground, which made it easier for our Army to penetrate their country and to cross the Rhine, I think we should be very sympathetic and as helpful as we can to France. But we should give France and every other country to whom we give aid, to understand that any further aid coming from the United States is really going to our friends and not our enemies, to those who believe in the American way of life, who love liberty and freedom; and it is going to the people who are really making a serious, earnest, honest effort to help themselves. It is not going to be any blank check grant. I have always thought that a careless and indiscriminate philanthropy is an ignoble thing because it is conducive only to the perpetuation of poverty and of ignorance. It takes brains to make money, it requires more brains to spend it and dispense it properly.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield.

Mr. MILLER of Nebraska. I wonder if the gentleman feels that we will be able to know that aid given to the present governments of Europe will get to the people who really need it?

Mr. SHORT. It is going to be a matter of proper administration, making sure that the relief is distributed properly. But you have got to take the best you can get. I think it should be under the careful supervision of Americans, and we should reserve the right to turn the spigot off the moment these supplies are diverted into wrong channels or whenever it fails to reach the people for whom it is intended. Beggars cannot be choosers.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield.

Mr. RANKIN. The gentleman mentioned the name of the Communist leader in Italy a little while ago. I have forgotten it.

Mr. SHORT. Togliatti.

Mr. RANKIN. The gentleman said he was a very powerful politician. I wonder if it was the gentleman's observation that he was not only powerful but highly financed.

Mr. SHORT. Yes, because he was educated, as Tito, in Moscow.

Mr. RANKIN. And everywhere that you find Communist tentacles in Europe, do you not find them highly financed from some source?

Mr. SHORT. They have plenty of money, there is no question about that.

Mr. RANKIN. The reason I asked that was because some men seem to be under the delusion that communism grows from poverty. The Communists use poverty, of course, as a tool, but every Communist tentacle that we have ever

run into was highly financed from some source.

Mr. SHORT. I think it is not a question of "either or," but of "both and." It is highly financed, and some of the smartest, slickest, smoothest, most astute, and earnest politicians in this world are those trained in Moscow. They have one of the finest intelligence systems; and I agree with the gentleman from Mississippi that it is the only international organization in the world today that acts as a unit and that can strike at one moment. Communism is not only a political dogma, it is a religious creed. You cannot argue with a Communist, he is a fanatic, he is a zealot.

Mr. RANKIN. He is an atheist.

Mr. SHORT. Communism is rooted in atheism and a crass, sordid materialism. Their mind never gets above their belt.

Mr. RANKIN. I may say to the gentleman from Missouri that when he says they have some of the smartest people on earth, he might add that they also have some of the smartest professors in American colleges to be found on earth, and a great many of them.

Mr. SHORT. Now, if I might be allowed to continue for a moment without interruption.

Mr. RANKIN. I beg the gentleman's pardon for taking up his time. I will try to get him an extension.

Mr. SHORT. Communism is an insidious thing. It thrives on chaos and misery and discontent.

Mr. RANKIN. Which it creates.

Mr. SHORT. It is the psychology, the infiltration, the boring from within to stir up trouble—why, the method of Stalin is no different from that of Adolf Schicklgruber. Communism and nazism are not two different things, they are the head and tail of the same skunk; they are two sides of the same coin. Communism and nazism are totalitarian states. The state is everything, the individual is nothing. Both of them are governments by force, by murder, and by terror. The people do not want it. They must accept it or death. What would you do?

It is government by the secret police. The OGPU is no different from the Gestapo. It is government by the firing squad, government by liquidation of all who dare oppose the will of the dictator; it is government by the concentration camp and by slave labor. That is the kind of government it is. Whether communism can exist side by side in this free world with capitalism, of course, remains to be seen. I hope we can resolve these differences.

Mr. RANKIN. Mr. Speaker, will the gentleman yield further?

Mr. SHORT. I yield to the gentleman from Mississippi.

Mr. RANKIN. Communism and fascism are both symptoms of the same disease. One of them is the fever and the other one is the chill of a dying civilization.

Mr. SHORT. I can agree wholeheartedly with that. It is very well put.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from California.

Mr. McDONOUGH. In reference to the policy and the administration of this aid that we are considering for western Europe, how far does the gentleman think we should go insofar as the internal affairs of those governments that will receive the aid is concerned and what threat shall we hold if the specifications are not lived up to? How are we going to stop it?

Mr. SHORT. I do not think that we should try to force our own form of government, much as we believe in it, upon any other country or make it an absolute or fundamental requirement that they accept our social or political philosophy before we help a starving or hungry people. I do not think we should do that, because I am not convinced that democracy is the best form of government for every nation on this earth today. Democracy cannot be imposed from without. It has to be achieved from within. People must prepare themselves for it over a long, hard period of time. Why, the Anglo-Saxon people who formed our Government fought for over a thousand years for our democratic, representative form of government, from Marstenmoor and Runnymede, down through the English Bill of Rights, our own Declaration of Independence and Constitution, together with our own Bill of Rights. You cannot win self-government overnight. It is not what the Germans call "gabe" but "ausgabe." It is not a gift. It is a task. So we should not try to force our form of government upon any people. We should try to teach other people about it and show them the good results of it. We should remind our totalitarian friends, particularly the Communists, that this benighted nation of capitalism, with our great industrial output and productive capacity, was the one thing that won this last global conflict. Where, in the name of common sense, would our Russian friends have been at Stalingrad had it not been for the \$11,000,000,000 lend-lease that American workmen, the men on the farms, in the factories, and in the mines sent to her? Where would Britain be without the \$29,000,000,000 of lend-lease extended her?

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield further?

Mr. SHORT. I yield to the gentleman from California.

Mr. McDONOUGH. I agree that we should not impose or attempt to impose our form of government on these people; but if in the specifications and program that we outline in the aid we are rendering these people, should we not recommend certain corrections in the fallacies of their governments that have caused this disturbance in their own country in order to correct that situation?

Mr. SHORT. Yes, I think we should. In fact, I tried to impress upon the people I met in the different countries, particularly members of the Iranian Parliament in Tehran, the members of the Italian Parliament in Rome, and the members of the Parliament in England that austerity would never take the place of production. Increased production not only in Britain but in America and every other country is the only key to recovery.

I also tried to point out that our own resources were not inexhaustible and that there was a definite limit to the aid that we could continue to give nations of the Old World. I paused long enough, after two or three of them intimated this was our war and we were very slow and tardy in getting into it, after they had borne the brunt of the struggle, to remind them that America has never been indifferent to human suffering in peace or in war.

We have always given help to the poor and distressed people of this earth, whether it was due to an earthquake in Chile or to a typhoon in Japan. Why, only a few years before the war we shipped shipload after shipload of food, medicine, and clothing to those stricken people. Our American Red Cross has taken relief and succor to the needy and the hungry. The Rockefeller Institute has spent millions of dollars building universities, asylums, orphanages, and hospitals all over the world.

Our Christian missionaries, our Christian churches of every denomination, have spent millions of dollars in taking the light to the heathens who are less fortunate than ourselves. I reminded our British cousins and friends that we entered both world wars without pride of power, without lust of ambition, or without the desire for imperial dominion. We came out of both wars without a square acre of territory or without a dollar of indemnity. It cost us plenty to help win the First World War. This last war cost us over a million casualties. More than 300,000 young Americans gave their last full measure of devotion, and 750,000 of their comrades came home with arms and legs shot off and eyes knocked out, many of them to remain neurotics for the rest of their days in psychopathic wards. We spent \$350,000,000,000 in this last conflict to win it, and we have a tremendous debt of \$260,000,000,000 on our backs, and our people are suffering from high taxes. Oh, we have plenty of headaches in America. We have our own burdens to carry. I can stand on the back porch of my little home down in the Ozarks and throw a rock and hit half a dozen families who need help and relief. I always contend that charity begins at home. "He that provideth not for his own is worse than an infidel."

Well, we started on this last trip in good spirits and good faith. I gave an interview in which I said that I thought the American Congress was acting wisely in sending Members of both Houses on different committees to visit the various countries, but when we return it will also be required of us that we go back to our respective districts and States and investigate and explore and find out what our needs are at home and what our resources are and what our capacity is in order to help others less fortunate. I think that is very important. We have done not only these charitable things in time of peace and played the part of the good Samaritan, but we also have done them in both world wars. In the first war we fed not only Belgium but our other allies. We fed the conquered nations of Germany and Austria, and we are spending \$500,000,000 a year now to occupy our zone in Germany. We can-

not forever go on and continue to pour out our treasure to every nation on the face of the earth unless we want to bleed ourselves white. Of course, Russia does not want economic recovery. She wants to continue chaos. She wants to perpetuate this misery. That is the fertile soil in which the seeds of communism can take root and grow. She wants America to pour out her wealth and to bleed herself weak, and then when we do that where in the name of God is the nation that is going to give us a blood transfusion? There is none.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield.

Mr. RANKIN. I want to ask the gentleman one question. The gentleman called attention to the fact that this country has a debt of \$260,000,000,000. How does our indebtedness per capita compare with the indebtedness of the people of the various countries of Europe? Are they as deeply in debt in proportion as we are?

Mr. SHORT. They practically have no debts. They have all been wiped out.

Mr. RANKIN. Then why should they not float bonds against their own countries to help carry on this program instead of asking us to carry the entire burden?

Mr. SHORT. I do not know. Who in the world would buy their bonds?

Mr. RANKIN. If the bonds are not worth anything, of course—

Mr. SHORT. They are just heaps of ruin and rubble. I would not want to buy any myself. Nor would you.

Mr. RANKIN. If that is the case then, if you put that up to the average American he is not going to be willing to bind his children and his grandchildren and great-grandchildren to try to save countries that are not worth saving.

Mr. SHORT. I agree with the gentleman that charity begins at home, but having escaped the ravages of war, certainly we have not suffered anything in comparison to what some other peoples have, I still want to find some way—the easiest way—out of this dilemma. God knows it is not easy.

Since western civilization is hanging in the balance, I am going to do my best to tide these poor and hungry millions of innocent women and children through this coming winter. Many will perish regardless of our decision. I think we should not go beyond that, but let us cross the other bridges when we come to them. We cannot bind other Congresses, and I think it would be supreme folly for us to vote funds over a long period of years, because we have been gambling with nature. What in the name of common sense are we going to do if we should have a serious drought in this country next year, and it is about time for one. It moves in cycles.

Mr. RANKIN. Nobody objects to helping feed the hungry women and children, I do not believe anybody in America does, but if we are going into a long-range program to take care of countries that are less in debt per capita than we are, it seems to me that we should expect them to bear their part of the burden.

Mr. SHORT. No doubt about that. Furthermore, I might say to the gentleman we should help these people, and the important reason for wanting to help them through this winter is to stabilize their governments and stabilize their currencies so that they have a minimum degree of suffering, not merely from a humanitarian or philanthropic point of view, noble as that is, but I want to do it in mere self-defense. If my neighbor's house is on fire a few doors from me and a wind is blowing my way, I do not care whether I like that neighbor or dislike him. He may be friend, he might be foe, but I am going to do my best to put that fire out before my own house is consumed.

Mr. RANKIN. I agree with the gentleman thoroughly on that proposition, and in connection with that I would keep the atomic bomb and keep an ample supply of them on hand, build the strongest air force on earth, and let the world know that we are prepared to take care of ourselves.

Mr. SHORT. I agree with the gentleman. I was coming to that as I proceeded.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from New Jersey.

Mr. CANFIELD. I think the gentleman speaking in the well today would be interested to hear that among those listening to him is a young American trooper from our United States forces in Trieste, the hottest of all the hot spots in Europe. The gentleman in the well and I and other members of our committee were supposed to rendezvous with him and Trust troops on September 23 last, but he and two of his buddies could not be with us because they had been captured by the Yugoslavs in the stony hills of Trieste for stepping over a newly created boundary line. They were taken to Goriano and put in a lousy jail, where they were briefed on Stalin and Tito and questioned concerning the disposition of our troops in the Free State of Trieste. Young Pvt. Earl C. Hendricks, of Arlington, Va., is in this House today. I cannot help but feel that he would agree with almost everything the gentleman from Missouri has said in the well.

Mr. SHORT. We are very happy to have him with us today. I know that occurrence did take place when we were there.

I do not want to delay you unduly, but in closing I wish to say this. When the Nazi hordes were running rough-shod over Europe, plundering and looting different countries, and mercilessly murdering millions of people, Mr. Churchill and Mr. Roosevelt told us and told all the world that among other things two of the chief reasons we were engaged in that titanic global conflict were, first, to respect the territorial integrity of the different countries, the little nations, and second, to allow those people in the little countries at the close of the conflict to choose for themselves in free, open, and honest elections, without outside interference, without any foreign pressure, the kind of government they

wanted. Those were the two reasons we fought this last war, and we have failed to achieve either objective.

In fact, before the capitulation of Germany one of our allies had seized a huge hunk of Finland, all of East Prussia, all the east half of Poland, and Estonia, Latvia, Lithuania, Bessarabia, and Rutenia, and now she is down in the east central part of Europe, with the east half of the Reich and all the Balkan States with the exception of poor little Greece, she aims a pistol at Turkey, that is under constant pressure, and she aims an arrow at the heart of Iran, massing troops on the Azerbaijan border. We knocked off Adolf, and we rolled up Uncle Joe, but we still are confronted with a totalitarian state whose chief mission in this world is to destroy the bourgeoisie in all countries and set up the absolute rule of the proletariat and worldwide communism at any and all costs. The end justifies the means. They will stoop to trickery and deception. They will employ any artifice or device or method whereby to achieve their goal or reach their objective. Not only does Russia control more of Europe today than any other nation has ever before controlled, but she has expanded similarly in the Orient. Long before we dropped the atomic bombs on Hiroshima and Nagasaki, the Japanese were thoroughly licked. Her cities were pulverized. A year ago I was with our Subcommittee on Aviation. We flew 30,000 miles in 40 days, all the way from Alaska to Australia, and we spent a week in Japan. I know that Tokyo, Yokohama, Nagoya, and Nagasaki, Hiroshima, and practically every city with the exception of Kyoto was blown to bits. Japan had sued for peace before we dropped the atomic bomb, but we knew nothing about it until the Potsdam Conference, when the Russians frankly admitted that they had been approached by Japan to intercede for peace. That was before the atomic bomb had ever been dropped. Then at the eleventh hour of that struggle in the Pacific, after furnishing three-fourths of all the Allied soldiers in north Africa, Sicily, and Italy, and on the western fronts in Europe, we won the Pacific war almost single-handed. The Australians helped us a little, but they have a population of only 7,000,000 on that continent, which is almost as big as the United States.

At the eleventh hour of the Pacific war, 3 or 4 days before Japan's unconditional surrender, Russia came into the conflict after we had dropped the atomic bomb. Why? Was it to pick off the south half of Sakhalin, or the Kurile Islands, and the north half, the industrial half, of Korea, and to control Outer Mongolia, and to rape, plunder, and loot Manchuria, and to furnish her Communist friends in north China with American-made weapons that we had furnished to Russia under lend-lease?

No; the time for Russian appeasement has long since passed. It should have been stopped long ago. It is futile and useless for us to talk about the mistakes that were made at Tehran and Yalta and at Potsdam. That is water under the bridge and over the dam. They were

tragic mistakes. We now find ourselves in a serious situation. We must extricate ourselves the best we can. What are we going to do about it? We can do one of three things. We can pull out completely. I have even thought of what would happen if we did that. Just let all of Europe go under. Are there enough lovers of liberty and followers of Mazzini and Cavour and Garibaldi in Italy? Are there enough Frenchmen who still respond to the martial strains of the Marseillaise? Are there enough lovers of liberty in Great Britain and in the Scandinavian countries and in western Europe who really do not want communism to start an uprising? What can they do? What can they do with a bayonet in their back, a pistol to their heads? They are in the same position as the Nazis were under Hitler. We can pull out and just leave a vacuum there, but the minute we pull out, you can bet your bottom dollar that Russia will move in, and none of us want that.

The second thing we can do is to go to war. I do not know of anybody who actually wants to fight. It is easy to vote for the other fellow to go out and fight, but I do not know of a single soldier among our own troops or a sailor in our Navy who would welcome another war. I do not know of any nation that can stand another war. Much as I detest communism, I believe that most of the Russian people do not want to fight another war. They are war weary.

They have displayed many admirable qualities. They are genial; they have a sense of humor; they are hard working. All they have known is hardship. They have lived under the heel of tyranny and oppression for centuries. Russian economy is bad. Her standard of living is low. There is widespread opposition to communism in Russia itself, but it is scattered and ineffective. You have only a dozen men in the Kremlin. You have 4,000,000 out of a hundred and ninety million, but they rule with an iron hand in the same manner that Hitler did. We can pull out of Europe and let Russia take over. We can go to war, for which we are really not prepared, though God help Russia if she should ever invite trouble with us. We are not as weak as some people might think.

Certainly she respects our strength, and that is the only reason she has not taken all of Europe today. She knows we have got the atomic bomb. She knows something else. She knows our great industrial capacity output in this country. Much as they cuss capitalism, she knows it was our capitalism and our industrial power that helped her win this war. Russia is not going to pick a fight with anybody in the near future, simply because her domestic economy would not support a long, drawn-out war. What the Nazis did not blast to bits at Stalin-grad the Russians themselves destroyed by the scorched-earth policy. Then they drove the Nazis back a second time, clear to Berlin. Conditions in Russia are deplorable. So if we do not want to move out and let them move into the vacuum without a battle, if we do not want to engage in another war, which would end in the total destruction of civilization

itself, because no one will be the winner in the next war and nobody will live to tell the tale, because the next one is going to be just as different as the last war was from the one in the first quarter of the century.

So what is the third alternative? It is to remain patient, to persevere in your fight for peace, to try to build up a United Nations organization which, in my opinion, is the only hope for the future of mankind. Until the United Nations becomes strong and we have a police force adequate to carry out its decisions, our own country must remain invincible in the air, on land, and on sea. The Lord help us if we ever drop our guard.

I know that the Russian people understand only the language of force. They respect strength. They have contempt for weakness. Bread alone is not going to stave off communism. It is going to be armed power and might back of that. It is going to be the moral conscience of mankind that is being slowly, painfully, but surely created in the United Nations. It is an infant. It is going to have to crawl before it can walk. I think we have made genuine progress in the United Nations. I think we will continue to win the good will and friendship of all peoples everywhere. The think we have to do is try to understand our Russian friends, particularly their background, their persecution through the centuries. Most of all we need to get over to them the message of America, our intentions. Educate them as well as feed them. It is a long, slow, painful process. It is a process of education.

The SPEAKER pro tempore (Mr. D'EWART). The time of the gentleman from Missouri has expired.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SHORT. I have talked longer than I should. However, we have tried every weapon on earth except the weapon of love; of human brotherhood. We cannot put all our faith in horses that run upon the rocks. "Not by power nor by might, but by my spirit," said Yahweh, Lord God of Hosts.

We do have to cooperate and build up a public opinion or a moral conscience of mankind which along with our military might and power will help guarantee the peace of the world. This global conflict has left us economically and politically supreme among the sovereign nations. With that power goes a responsibility we cannot ignore.

The world in which you and I live today is a small one. Modern science, invention, research, and technological developments, new methods of rapid transportation and communication have reduced our modern world to a miniature province. Space has been annihilated, time has been conquered, ever since Lindbergh pushed Paris up into our front yard and Dr. Eckener brought Tokyo, Bombay, Moscow, and Berlin not within months, weeks, but within days now, and

even hours, of Washington. We are going to have to learn to live and get on with other peoples whether we want to or not. Coming back on this last trip, I had breakfast in Bermuda. I had lunch here in Washington, spent 5 hours from 11:30 a. m. to 4:30 p. m., and then had dinner out in the Ozarks in southwest Missouri, near the Kansas-Oklahoma line that evening.

A year ago, coming back from Australia, stopping at Fiji and Canton, I had the honor and pleasure of addressing the chamber of commerce in Honolulu at its noon luncheon. I had lunch in Honolulu at noon. The next evening I was having dinner with Mrs. Short here in Washington, stopping over in San Francisco to refuel—and we were traveling in an old oxcart, a lumber wagon, an old C-54. You can fly nonstop now from Honolulu to Washington in 14½ hours. Why, only a few weeks ago, on Army Day, one of our American flyers flew from Chicago to Washington in 80 minutes, another one flew from LaGuardia Field in New York down here in 22 minutes; one flew from Miami on the same day to Washington in 2 hours. It is actually closer from Washington, D. C., to Berlin and Moscow, Rome and Paris today than it was from Washington to New York or Norfolk during the Civil War.

What are we going to do about it? We are going to have to live and get on with one another. We cannot do it in a spirit of hate and of revenge. I do not think the world's difficulties are going to be solved by a bill of Congress, by a decree or fiat by the President, or by a decision of the Supreme Court. Back of any one of those three or all three of them you have got to have a public opinion that is enlightened and that is moral.

Recompense to no man evil for evil. Provide things honest in the sight of all men.

If it be possible, as much as lieth in you, live peaceably with all men.

Dearly beloved, avenge not yourselves, but rather give place unto wrath: for it is written, "Vengeance is mine; I will repay," saith the Lord.

Therefore if thine enemy hunger, feed him; if he thirst, give him drink: for in so doing thou shalt heap coals of fire on his head.

Be not overcome of evil, but overcome evil with good.

He hath shown thee, Oh man, what is good.

And what does the Lord require of thee but to do justly, and to love mercy, and to walk humbly with thy God?

SPECIAL ORDER

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Ohio [Mr. BENDER] is recognized for 75 minutes.

Mr. HUGH D. SCOTT, JR. Mr. Speaker, will the gentleman yield?

Mr. BENDER. I yield to the gentleman from Pennsylvania.

Mr. HUGH D. SCOTT, JR. Mr. Speaker, I would like the RECORD to show on behalf of one Member of the House that I listened with a great deal of interest and a great deal of profit and a great deal of pleasure to the speech of the very distinguished gentleman from Missouri.

PEACE: THE HOPE OF THE WORLD

Mr. BENDER. Mr. Speaker, in the welter of today's confusion, I want to raise my voice for peace.

In so doing, I realize that I am following one of the great orators of the House of Representatives. He is a graduate of Heidelberg, of Oxford, of Harvard, and of Yale. I have great respect for this gentleman, I have great respect for his ability. It was not my privilege to go to college. I had to work. But I believe that I do understand, as he does, pretty much how the American people feel about this whole international situation.

I understand that our people know that war does not solve anything, that it creates greater problems, more trouble, more hardship, depressions. I think our people in America in this Thanksgiving season and in the coming Christmas season are thinking about peace. They are thinking about the Prince of Peace. They are thinking about the thing that we sang about in our church last Sunday. Here is a hymn I sang in my church last Sunday:

O living Christ, chief Corner Stone of God's great temple Thou:

As here with joy this stone we lay, vouchsafe Thy presence now.

These walls for Thine own sake, O Lord, be pleased to bless, we pray;

In grateful service would we now their strong foundation lay.

May benedictions here attend the teaching of Thy word,

And Christ, with love's persuasive power, here make His message heard.

To God the Father, God the Son, and Spirit we adore;

All praise and honor, glory, power, be now and ever more—Amen.

They will never be accomplished through war. It will never be accomplished through sowing seeds of a conflict or through having the military run the show, because the military is interested in war.

If I believed that war were either necessary or inevitable, I would support military preparedness to the hilt. If I believed there was no danger of war, I would not be concerned with the increasing public hysteria or the whispers of a new world war. But what I see is that while war is neither necessary nor inevitable, we are drifting dangerously in that direction.

The United Nations, the instrument designed to secure a durable peace, is being torn asunder in a conflict between the United States and the second most powerful nation in the world. In a time when all nations are desperately in need of restoring civilian production and organizing their economies on a stable peacetime basis the world is increasingly burdened by enormous expenditures for arms. The countries of the world now have a total military budget of more than \$25,000,000,000 a year. For the period 1948 to 1951, covered by the Marshall plan, if present military budgets are continued, the nations of the world will spend over \$100,000,000,000 for armaments. The United States alone would spend more than forty billion for arms.

In a world sincerely devoted to peace this is a burden which represents the difference between recovery and chaos.

In the midst of all the plans we hear about today, there is one plan which looms larger than all the rest—the one-hundred-billion-dollar plan for a new world war.

THE NATURE OF MODERN WAR

I am afraid that many of us in America may have illusions about the nature of modern war. We have heard so much about airplanes which girdle the globe, about single atom bombs which destroy whole cities, about pilotless missiles which, like homing pigeons, search out distant targets, that we have begun to think of war as something remote from our homeland.

Supremely fortunate that World War II was fought thousands of miles from our homes and cities, we fail as a nation to realize how a new war might be brought inside our shores.

Two years ago we put together the first atom bomb. Our military leaders then assured us that we would have a 15-year monopoly before other powers would develop this new weapon. But some of the scientists who worked on it said other great powers might construct a bomb in only 2 to 5 years. Recently our military leaders have assured us that because of superior technical resources our bombs would be bigger and better than others. Can our military leaders assure us that other nations do not already have atom bombs? Have defenses been developed against even such primitive atom bombs as those of Nagasaki and Hiroshima?

While we have a lead in atomic armaments, it is known that other nations have resources as great as ours for the production of bacteriological armaments. Is there anyone who can give us assurances that if we were to use our atom bombs germ warfare could not be launched against us and human and plant diseases spread over our continent in a matter of hours?

Unless our military leaders can give us such assurances, then their talk of inevitable war is equivalent to talk of the inevitable destruction of our land and the death and crippling of our citizens.

I just heard the distinguished statesman, the gentleman from Missouri [Mr. SHORT] make a very eloquent plea for peace in closing his remarks, and as a minister of the Gospel it is appropriate and fitting that he should close his remarks in that manner.

THE INCONCLUSIVENESS OF MODERN WAR

Even if we won a new world war—and if by some miracle our homeland was still unscathed—what would we have won? Would we not then be faced with problems at least as difficult as those which we now find so troublesome? Would not the relief and reconstruction burden be many times what it is today? Would not the task of organizing a peace be infinitely more difficult? How can anyone with common sense then tolerate the alternative of war? How can anyone knowingly and willfully engage in a single act which promotes an armaments race?

How can men of Christian conscience concentrate their moneys and energies on armament expenditures? Do not the teachings of Jesus counsel us to devote our energies to peace—and to try to put

an end to the present dangerous drift toward war?

Our common sense, our democratic heritage, and our Christian teachings all join to demand of us that we buckle down to the serious job of building the peace.

PEACE WILL NOT BE IMPOSED BY FORCE

If we are to get on with the job of building the peace, we need to realize that peace will not be imposed by any one nation but must come as the result of the negotiation of differences. It is for this reason that I say with all reverence that I pray that the London negotiations on a German peace treaty will not be broken off. There are those who tell us that negotiations with some nations is unavailing and that the only language they understand is force. I am afraid that this is the spirit of the Truman doctrine. Making the peace can be seriously undertaken only if we renounce this misplaced faith in force. We cannot make the peace when all our thinking, all our talking, bristles with military phraseology.

Today, as never before in the history of our country, the military mind is dominating the foreign policy of the United States. Military men have been brought into the State Department and other civilian agencies. We all acknowledge the great contribution of these men to our defense and victory in war. But war is their business and we dare not entrust our national policy, whether foreign or domestic, to them. Surely this great Nation of ours has produced civilians capable of exercising leadership. Surely we do not need to invite the military, which is and should be the servant of the state to become the dominant element in our democratic society. At this time more than ever before when war has become so fearsome a thing, civilians must not abdicate their responsibilities to their country by calling in the generals to run its affairs.

TOLERANCE AMONG NATIONS

We will be much less than realistic if we do not recognize that a durable peace will require the living together of countries of different faiths, political systems, and economic organization. We cannot expect the world to be remade in our own image. More than half the population of the world lives under primitive conditions remote from our way of life. We must use our great influence in the world to bring out the common desires for peace rather than to emphasize the inherent conflicts which make it difficult to achieve.

WE MUST LEAD BY EXAMPLE

We enjoy great political and economic benefits which have made our country rich and strong. The best in our way of life can be brought to other nations only by example. We cannot and we dare not intervene into other nations to force acceptance of our systems. We cannot be missionaries by the sword for our own economic and political institutions. Our faith in our own institutions must be shown through keeping our economy strong and healthy and engaging in truly friendly commercial relations with the rest of the world.

I come from a missionary family. I know that American wealth and Ameri-

can institutions have provided the money to send our missionaries throughout the world to preach the gospel of peace. People talk about one being an isolationist when you stand up to speak for peace. There is no isolationism in me. Ever since I have been an infant, I have been singing "from Greenland's icy mountains to India's coral strands." I know what that means. I believe in the world being one great family. I believe in that, but I also believe that in order to achieve these goals, the United States of America must remain strong. When we weaken our own country, we endanger the entire world.

In the last 2 years, we have heard a great deal about the obstructions to peace created by other nations. There can be no doubt that some nations have been truculent and stubborn in their conduct in international affairs. But we cannot justify our own failures simply by pointing to the sins of our neighbors in the world.

The fact is unchallenged that the military element of this country has had an unprecedented influence in national policy. The fact is that conflict is their business. The fact is that differences with other nations have been continually emphasized. The fact is that the Greek-Turkish military program with its spirit of force and its bypassing of the United Nations did not contribute to the peace. We cannot escape our own responsibilities by pointing the fingers of blame at others.

RELATIONS WITH RUSSIA

We have been repeatedly told that the reason we cannot secure the peace is the aggressive behavior of the second most powerful nation in the world. This aggressive behavior we are told has been manifest in eastern Europe where nation after nation has been drawn or forced into a single economic and political orbit. Of course, we all know that eastern Europe is being brutally transformed into socialistic states. But is that the whole truth? Is it not a fact that the Roosevelt-Truman Administration by agreement gave Russia a free hand in eastern Europe?

What did they expect Russia to do? Did they expect Russia to make Christians out of the satellite countries? They knew what to expect. They knew that those countries would become Communist. Were you at Yalta? Were you at Potsdam? Were you at Tehran? Did the American people know what was going on? Did you know what happened? What is the Marshall plan? There are 140,000,000 people in America and everyone has a different point of view about the Marshall plan. There are 435 Members on this floor. Not one of you knows what the Marshall plan is, any more than I do. If you do, get up here and tell me.

Now, I heard the distinguished gentleman from Connecticut [Mr. LODGE] make an hour's speech here. I thought he was going to recommend action. He was in Italy and France, and elsewhere. I was not in Europe. I have listened to the speeches made on this floor. Not one of those gentlemen who went to Europe has come up with the answer. Maybe some of you newspaper gentle-

men or radio commentators, who know the answers, will tell us what the Marshall plan is. What does it embrace? I would like to know. I have been here since the 19th of this month. I thought the world was on fire and we needed action. I thought Mr. Truman would come in here with a program.

You know, when Mr. Roosevelt and Mr. Truman turned over Poland, Czechoslovakia, Yugoslavia, and the Balkan States, and turned over part of Germany to Stalin, did they expect that any attention would be given the American viewpoint after they had agreed that Russia was to be the sole occupying power and the primary administering power?

Oh, they say they are putting the Republicans in the hole. Mr. Truman made a very clever speech. They have been in power for 16 years in this country, with an overwhelming Democratic Congress in control for 2 years while Hoover was President. For 14 years Mr. Roosevelt was running the show. Now they are blaming the Republicans for all the troubles of mankind. We have a majority of 40 or 50 in the House and in the other body they have a majority of 2 or 3, with 8 or 10 of those fellows being 10 percent Republicans, and then they raise Ned with BOB TAFT that he is not able to do thus and so.

Incidentally, I am from Ohio, and I am proud of BOB TAFT. I think BOB TAFT is one of the most capable, honest, and decent citizens in America. I think he has courage. I do not always agree with him and he does not always agree with me, but I know that BOB TAFT is honest and he has guts.

Sure, the fellows on the Democratic side, whenever one of our fellows is a convert to their philosophy, ask for a call of the House and for extensions of time. They always have 30 or 40 Democrats here to applaud him and cheer him. What do they have to offer? Confusion; deficit financing; headaches wholesale; a false doctrine of security. By the time they get through with their programs "you don't know from nothing." You do not know whether you are afoot or horseback. The same thing is true of this whole international program.

Can any member of the Roosevelt-Truman administration truthfully say he was surprised that Russia set about socializing eastern Europe? Imagine those fellows. They gave it to them lock, stock, and barrel. They said, "Here is Poland. Take it. Here is Czechoslovakia. Take it." What do they expect?

What did they expect Russia to do after that? Did they expect Stalin to ask Mr. Truman's advice on how to reorganize these states? Did the Roosevelt-Truman administration expect that any attention would be given the American viewpoint after they had agreed that Russia was to be the sole occupying power and the primary administering power? Can any member of the Roosevelt-Truman administration truthfully say he was surprised that Russia set about socializing eastern Europe? Did the Roosevelt-Truman administration expect Russia to institute democratic political systems which do not exist in Russia itself? Yet now they sound a wild alarm about the socialization of eastern

Europe and use a "stop communism" slogan to persuade us to regiment our own economy with wartime controls. They talk about socialization of eastern Europe as an irreconcilable difference between us and Russia, as a conflict which may lead to war. They want to bring all these controls back, all these black markets.

Controls! Do you want controls? You will have the same thing here they have in England. Do you want socialization here? Do you want a strong country here, a free country, a free economy, or do you want socialization? Brother, you here from Tennessee, what do you think about it?

Mr. GORE. I think the distinguished gentleman from Ohio is making a very splendid speech.

Mr. BENDER. I thank the gentleman very much. That is the first compliment I have ever had from the gentleman from Tennessee, and I thank him.

Mr. GORE. Will the distinguished gentleman yield?

Mr. BENDER. Of course, I will yield. I want to take a drink of water.

Mr. GORE. I am sure if the distinguished gentleman will recall, it has been my pleasure upon many occasions to pay him the highest compliment.

Mr. BENDER. I thank the gentleman. We did occupy the same platform on a radio program. The gentleman and I are good friends, but he still sticks to his New Deal point of view, and I never could get that point of view.

Mr. MURRAY of Wisconsin rose.

Mr. BENDER. I wondered when the gentleman would rise. Brother MURRAY, I am glad you are getting up.

Mr. MURRAY of Wisconsin. I do not remember asking the distinguished gentleman to yield before. I wonder if the gentleman from Ohio has taken the time to read the testimony of a representative of the United States Department of Agriculture given before the Senate-House Economic Committee yesterday, in which the party of Thomas Jefferson, if you please, is asking the Congress to enact legislation which set up an agricultural dictatorship within the confines of the United States. Someone wants to shuffle that off onto the American farmer instead of going over to the other side where they have not asked the farmers over there to submit to one-tenth as much as the farmers of this country have already submitted to.

Mr. BENDER. The gentleman is absolutely right. Regarding Thomas Jefferson, may I say that one phrase attributed to him which I recall best is that "That government is best which governs least."

Some of these folks who hold banquets in his memory have forgotten all about what he said, like some of our Republican people have forgotten all about Abraham Lincoln. I am mindful of that, too.

Mr. MURRAY of Wisconsin. The gentleman I hope will read that testimony. That gentleman representing the United States has asked for powers and control over one segment of our society, the farm people of this country, away beyond any of the war powers given to President

Roosevelt during the war. I hope that every Member of Congress will read this. Later I shall ask unanimous consent to put it in the RECORD so that everyone here instead of spending so much time talking about what the dictators of the world are doing will once in a while open an eye to see what members of our own Government are trying to do to one segment of our society, the rural people of America. They want to put the strait-jacket on the American farm but it sounds and looks like a brainchild of our friends of another land.

Mr. BENDER. I will say "Amen" to every word the gentleman said.

DANGER OF COMMUNISM

The danger of communism in parts of the world other than eastern Europe has been pictured as another major bloc to the peace. But this danger is one which it is easy to exaggerate. Mr. Ernest Weir, an outstanding American industrialist, pointed out, upon his recent return from a trip to Europe, that it is in fact being very much exaggerated.

Let me quote Mr. Weir:

I came back fully convinced that in France and England there is not the slightest danger of communism. I am also convinced there is no danger of ultimate communism in the United States. In my opinion, communism, as exemplified by Russia, can only be applied in a country such as Russia, where people are of low standard as a result of centuries of mistreatment. In England, France, and the United States, people are very individualistic, and they will never stand for any government which destroys their individual freedom and keeps the iron heel of control on their necks. In my opinion, the bugaboo put out by our administration, namely, that unless we finance countries they will go communistic, is without the slightest justification. People who will stand for communism will go in that direction irrespective of what we may do to the contrary. I think Greece is an outstanding example of a waste of our money without in any way bringing into that country peace and stability.

I am more convinced than ever that this country must keep itself strong and active, with high production, improving standards of living for all the people, and a normal prosperity that will be a great example to the balance of the world as to the values of our type of government. Nobody can visit European countries with problems resulting directly from their form of government and low production without coming back to the United States with a deep appreciation of its fundamental values and of the great things it has done to improve the standards of living of all of the people.

Later in his report, Mr. Weir concludes:

The net result of all this is that interested as the United States is and must be in the conditions of foreign countries, the ultimate solution must be in their own hands and not in ours, and the quicker we realize this as a country the better off we will all be, both here and abroad. We have put great sums of money into China over the past 10 years and yet the recent report of General Wedemeyer shows that China is still being operated on the same old basis with bad government, graft, starvation, and a growing strength of communism.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. BENDER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I am a little interested in the report by Mr. Weir, who quotes from the report of General Wedemeyer. Evidently Mr. Weir has sources of information that have been denied to Members of Congress. I happen to know General Wedemeyer, and he is a man for whom I have the very highest esteem. He is a good American. He understands China and its problems. He was sent there, following the inability of General Marshall to do anything toward organizing a peace in China, to make a report, a fair survey, and so far as I have been able to ascertain that report has been put into the secret archives of the State Department, and this is the first information that I have had that anybody has had access to that statement except, perhaps, the higher ups in the State Department. I think it is a fair subject of inquiry, especially in view of the fact that I hold to the belief that one of the great faults that we can point to as responsible for our entrance into the last war and that perhaps may be one of the things upon which we will predicate our entrance into the next war—and I hope it will never come—is the fact that we still persist in this idea of secret diplomacy, and we expect the American people to follow the leadership of those in charge of that diplomacy when they are unwilling to trust the American people with the truth and the facts. Now, I would like to know—and I expect to make a demand on the floor more pertinently and directly—what has become of General Wedemeyer's report on China that was asked for and paid for by the people of America?

Why is it that the Members of Congress do not know what that report is and have no access to it? The answer is always the same as was given to me by the distinguished gentleman from Connecticut. Oh, diplomatic reasons do not permit the disclosure to the American people because if we would disclose it to the Congress or the American people, foreign governments would find out about it. It is about as simple, in my opinion, as the answer General Marshall gave during the Pearl Harbor investigation as to why he did not take the scrambler telephone and call up General Short. He said he did not do it because he first would have had to get somebody out of bed at an early hour, and then when that answer did not go across very good he said it was because of secret reasons. At that very hour the Japanese Fleet was carrying its planes to Pearl Harbor to make that devastating attack.

I should like to have the gentleman discuss in his speech, if he will, the answer to the problem that faces the people of America. It is easy to speculate in terms of eloquent generalities and point out all of these situations that exist, but what the American people want to have is somebody who will arise out of this confusion and point to a program that we can put our fingers on. The gentleman will find, as I have, when he asks the direct question, "What is this program and how is it going to work?" that they say, "We do not dare go into the

details because that would be playing into the hands of the other country."

I dare say there are not 10 men on the floor of this House that can stand up here and give to the American people or the Members of this Congress the actual mechanics as to how this aid program is going to be carried out, how it is actually going to work in the event the money is provided, and how it has actually worked in the case of the administering of aid to Greece, to Austria, to Italy, to China, and to France under the programs that are already in effect. I should like at some time in this discussion to have somebody tell the American people what the program is, how it is proposed that it shall work, what the result is, the end that we seek to accomplish, and what the prospects are for accomplishing that end in view of what is transpiring from day to day. I hope the gentleman will advert to some of those questions in the talk he is giving.

Mr. BENDER. I expect if I have the time to give the gentleman some of my answers. I am glad the gentleman emphasized that which I was emphasizing, that there is no program, that there is no concrete proposal. All they are interested in is putting the Republicans in the hole. It is obvious. You talk to them privately and they smile up their sleeve and say, "Well, you fellows have got this. It is your baby now." It is not our baby at all. It is the American people's baby, and it is theirs because of the bungling of the present administration and its predecessor.

Incidentally, that great military man, Mr. Marshall, was the last man to leave China, and what did he do? He threw up his hands and said, "I am going to get out of here." Did he have an answer? They talk about communism. He said to the Communists in China, "Go ahead, boys, help yourselves."

Mr. CLEVINGER. Mr. Speaker, will the gentleman yield?

Mr. BENDER. I yield to the gentleman from Ohio.

Mr. CLEVINGER. It is with considerable regret that I must make this suggestion, but in my ears rings the good-bye of a general officer in that bear trap that is baited with 5,100 of the finest officers and men of the United States Army. I am speaking of that corridor 100 miles behind the Red line in Vienna. The same man went to Yalta and Tehran that was on guard with the scrambled telephone the morning of December 7. At Trieste are 5,000 more, and there are about the same down the Berlin corridor. My memory goes back to "Remember the Maine," "Remember the Lusitania," "Remember Pearl Harbor," and "Remember Bataan." These gentlemen did not protest it on purpose, when they affected thousands of miles of territory that American valor won, and then placed these men back in there, baiting the next trap to give America the blood bath that is necessary to make her fight. I cannot think of Thanksgiving and Christmas without thinking of the good-bye that those men said to me when I left the city of Vienna on September 7 last.

THE TRUMAN DOCTRINE

Mr. BENDER. Ever since the end of the war I have determined my position

on all foreign economic proposals in the light of three principles:

First. Is the particular proposal or project a humanitarian one that will aid the people of our country and/or the world?

Second. Is it a project designed to promote peace or will it tend to create greater tension and lead us on the road to war?

Third. Is the particular proposal or project economically efficient and will it be administered in an efficient and business-like manner?

Last March when President Truman enunciated his doctrine in relation to Greece and Turkey, I vigorously opposed it because I felt that while it pretended to be humanitarian and to promote the peace, it was actually militaristic and war-like, at variance with all historic peaceful traditions of the United States. I pointed out that it would not settle anything in Greece but on the contrary would aggravate the unhappy condition of the Greek people. I predicted that the large amount of funds sent to Greece and Turkey would be wasted, and that we would be starting what is now becoming known as operation rathole—the pouring of American dollars down an endless drain.

All reliable reports since have verified the correctness of that position. It is clear that conditions in Greece have become aggravated, that the money Congress appropriated has been squandered, and that soon the administration will ask for huge additional funds. Not only have we broken with our American tradition by sending a military commission into Greece during a peacetime period, but it has now been announced by the Truman administration that the commission will be tripled in size.

Only this week end, an American radio commentator reporting on his recent visit to Greece stated that the guerillas now occupied more territory than they did last summer when the Americans first came. He reported that Communist influence is spreading in Greece. On the other hand, we are informed that the \$300,000,000 already appropriated is practically expended and that the United States must withdraw or appropriate more funds.

Many Americans have wondered how a small band of 10,000 rebels could hold off a Greek Army of more than 100,000—an army on which the British had spent a half billion dollars and which was costing the American taxpayers another quarter billion dollars. I asked competent observers and was told a fact which I rarely see in print—that the Greek Army of the present royalist government does not want to fight their brother Greeks. It appears that the Greek Army consists of men who would otherwise be unemployed. They are willing to get Army pay—financed incidentally by the United States—but they are unwilling to shoot fellow Greeks in behalf of the corrupt Royalists who are supported by United States funds.

Let me recall at this time the constructive proposals which I, together with a number of others who were vigorously opposed to the Truman doctrine, made last March.

First of all, we urged that the United States engage in no military intervention, but on the contrary take the initiative before the United Nations to secure agreement that no country intervene in either Greece or Turkey. Secondly, we urged that instead of the sum of \$400,000,000 to finance the so-called Truman doctrine in Greece and Turkey, about one-fourth of that amount be appropriated for genuine humanitarian relief. We proposed that this sum be administered by the United Nations and that nations in addition to the United States be asked to contribute. The wisdom of these proposals is daily becoming more abundantly clear. They could have been effectively carried out. They are the kind of proposals which with our support could have obtained unanimous agreement of the United Nations. They are the kind of proposals which would have strengthened the United Nations Organization. They are the kind of proposals which would have lessened civil conflict in Greece and appreciably mitigated the starvation of the Greek people.

Before leaving the subject of Greece and Turkey, I would like to mention to my colleagues some facts on the origins of this program which were brought to my attention this summer. At that time, I wrote to the chairman of the House Appropriations Committee, the gentleman from New York, Mr. JOHN TABER, calling them to his attention. To bring out these facts I should like to read the text of this letter written on September 2:

SEPTEMBER 2, 1947.

HON. JOHN TABER,
Chairman, Committee on Appropriations,
House of Representatives,
Washington, D. C.

DEAR JOHN: I have been informed that last March at the time Mr. Truman proclaimed his \$400,000,000 doctrine with respect to Greece and Turkey, no request had come from either Greece or Turkey for assistance; rather, this proposal was formulated by the Truman administration itself which extended an offer of United States money to Greece and Turkey. I am further informed that the Greek royalist government accepted this proposal and agreed to supervision by Americans of the expenditure of \$300,000,000 in Greece. The Turkish government, on the other hand, signified willingness to accept the proffered "loan" only if there were no strings attached to it; in other words, no supervision of its expenditures. The accuracy of this report would seem to be borne out by the fact that actually no supervision has been undertaken with respect to the Turkish expenditures under the Truman doctrine. This report could, I believe, be checked by a congressional committee.

It would seem to me entirely fitting that the House Appropriations Committee, which had the serious responsibility of making a recommendation to Congress with respect to the \$400,000,000 involved in the first presentation of the Truman doctrine, should inquire into the facts surrounding the origin of the so-called Greek-Turkish loan. Your committee could, in fact, determine whether the people of the United States and the Congress are confronted with a willful and provocative policy of misrepresentation in foreign affairs, a policy which is leading to extravagant and perilous military and international expenditures.

It is my belief that in the interests of peace and economical government, the Congress at some point in the near future will be obliged to curb the Truman administration's

reckless policy of foreign expenditures. It is my belief that the Congress, in the interests of peace and the economic stability of the United States, will have to repudiate Mr. Truman's general policy of militarism and vast military expenditures and limit international economic commitments to genuine commercial credits for American goods, credits of a kind which are designed to promote world production and which therefore we can expect will ultimately be repaid. Your committee would be a major factor in such a congressional decision, since repudiation of the Truman doctrine must necessarily take the form of rejecting Mr. Truman's budget request for financing this project. I would accordingly urge you, in view of the information which I have received, and which I have communicated to you, to call your committee into session for a full-scale investigation of the origin and background of the Truman doctrine, and of related administration projects which are requiring large military expenditures or foreign grants and credits for which no repayment can be expected.

Please let me know if I can be of any assistance to you in this matter.

Sincerely yours,

GEORGE H. BENDER.

Copy to JOSEPH W. MARTIN, JR., Speaker of the House of Representatives.

The debate which is now taking place throughout our country is certainly the most important in current postwar history. It has brought into the open a set of issues which we must face as the world's most powerful Nation. But like all major problems, the fundamental conflicts have been so obscured by reports, statistics, appeals to emotion, and denunciations that our people have become confused.

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. BENDER. I yield.

Mr. GORE. Does the gentleman himself confess clarity of vision, or does he admit some confusion of thought?

Mr. BENDER. I have been talking for an hour outlining my position. I do not claim to know all the answers. I was not a graduate of Harvard or Yale or Oxford or Heidelberg. If the gentleman who has graduated from all these colleges cannot give you the answers, what do you expect of me?

Mr. GORE. After listening to the gentleman's address, I was under the impression the gentleman was a graduate of all those institutions.

Mr. BENDER. I am addressing my observations on our foreign policy to five specific phases of the question to clarify the issues and to challenge the administration on its inconsistencies.

First, let there be no misstatement of our position. Virtually all of us, irrespective of political viewpoints, agree that the humanitarian aspects of the aid program must be handled quickly and efficiently. The needs of western Europe for food, fuel, and clothing required for immediate necessities must be met. I believe that we should turn the responsibility for handling the actual administration of such a relief program over to the Society of Quakers or a special agency established for this specific purpose.

Second, and basic to the whole question of the Marshall plan is a determination of its primary purpose. Certainly, Americans are entitled to question the stated purpose of the plan in the light

of the facts. On its face, the Marshall program proposes to extend American aid as a means of checking Russian penetration into western Europe. But it must be obvious that this is utterly inconsistent with our announced policy in Asia. It is equally obvious that if we are really sincere in our determination to stop Russian advances in Europe, we should not be permitting the large-scale manufacture and shipment of heavy goods to the Soviet Union. When our President can simultaneously belabor Russia in his published statements and urge American businessmen who want to stop doing business with Moscow to keep on, something is definitely peculiar. Something is not being told to us. Somebody is kidding someone. Certainly our experience in the recent war must demonstrate beyond the slightest doubt that machinery and tools intended for peacetime purposes, factories set up for the production of farm implements, can be turned overnight from plowshares into swords and from pruning hooks into spears. This inconsistency between battling Russian expansionism and simultaneously encouraging and abetting it is precisely what we did to our sorrow with Japan in the years before Pearl Harbor.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. BENDER. I yield.

Mr. KEEFE. Does the gentleman believe that we have alleviated the threat of war potential by transferring dismantled plants and factories from Germany over to Russia?

Mr. BENDER. The gentleman's question answers itself.

Mr. KEEFE. We have just built up another new and perhaps more sinister war potential.

Mr. BENDER. If we would labor as hard for peace as we labor for war we would get somewhere. If we took the hymn books from which we sing in our churches—Catholic, Protestant, and Jewish—and really believed what we sang we would get somewhere.

But no. Mr. Truman is more interested in the next election.

I ask the administration to explain its reasoning before it asks Congress to vote huge appropriations for a purpose which it is not honestly endeavoring to accomplish.

The third of my observations on this great controversy is this: What safeguards are we establishing for the protection of our investment in Europe? No one ever offers the vast sums we are proposing without first examining the situation closely. Can anybody argue that we are behaving as misers if we ask our potential beneficiaries to disclose their own resources first? When a man applies for public assistance, you have the right—and the duty—to ascertain his own means before you spend the public funds entrusted to you. There is good reason to believe that Europeans have huge amounts of money invested right here in our own country. These people have an obligation to the countries in which they live, which have enabled them to accumulate those riches, to come to the aid of their homes. What would we think of a relief applicant who asked for

help because he did not want to touch his last \$10,000 of savings? There are literally billions of dollars in foreign-owned assets held by English, French, Italian, Swedish, and Swiss corporations and individual investors throughout the world. As a prerequisite for our help, I believe that we have a right to ask the governments we propose to assist, to impose taxes on those who can afford to help those governments. As our program appears at this moment, the remaining rich of Europe stand to grow richer and the poor stand to remain lean indeed. The 16 countries of western Europe have not hesitated to set down their requirements for the future. They should be called on to set down an inventory of their assets no less.

Fourth and perhaps more important than some White House advisers like to admit is the consideration of the administrative techniques involved. Just how vital this matter is can be seen by a glance at our lack of success in Greece. There, despite the fact that we have been on the scene for 6 months, we have not yet overcome the administrative problems involved. Our Ambassador to Greece and our administrative director are reportedly at odds. Guerilla warfare in the hills of Thrace has been increasing. Communist agitation throughout the entire peninsula is intensifying. Large quantities of goods shipped to Athens have been described as rotting on the docks.

Nothing in our experience can give us any real confidence in the ability of our State Department to administer a large-scale program extending through the vast reaches of the European continent. There is real significance to the desire of many Americans to establish an independent corporation to finance and administer the entire program. Such a corporation could sell bonds and assume the responsibility with better prospects of an accurate accounting and complete responsiveness to public opinion than would be possible under State Department jurisdiction.

Even within the Federal Government itself, there is divergence of opinion as to the advisability of handling the Marshall plan with a single individual as the top man or some other administrative head.

Under these circumstances, there is an administrative obstacle at the very outset which must not be minimized. Unless it is overcome more effectively than we have overcome far simpler difficulties, the Marshall plan may become a headache worse than anything we have ever known.

The administration says that all of these problems are details which can be worked out. I say that they are fundamental to the success of any plan; that they must be worked out before the program starts, not afterward.

But perhaps even more pertinent to the whole discussion is my fifth point. During the years preceding the war, we became well acquainted with the slogan "Too little and too late." I ask the question today, "How much and how long?"

We have had so many sets of figures; we have had so much cutting down and adding up, that the \$6,000,000,000 per

year for 4 years, most frequently mentioned, looks like the merest guesswork. The 16 nations which met at Paris to figure their needs at our suggestion apparently can raise or lower their requirements to suit themselves. They will take as much as we will give, and they will get along with as little as we can spare.

The second question, "How long?", is equally important to our entire future. We must know the answer if we are to plan intelligently for our own needs. At the moment a 4-year period is being discussed most frequently. Just why it must take 4 years before the total of \$24,000,000,000 allocated during this period can become effective is not clear.

In fact, just about everything connected with the whole program is unclear, except the one prime fact that we are going to pay. I believe that it is not asking too much to insist that we get a prospectus before we buy.

We recognize that help must be offered to Europe. Let us not delude ourselves into a belief that we are spending our money to create effective barriers to communism. We must go into this with our eyes no less open than our pocket-books. Before we start let us have some clear, specific, and consistent answers to the doubts which trouble us in this troubled generation.

THE COLD WAR

The Greek-Turkish program called for by President Truman may be considered as the official declaration of the cold war against Russia. It was part of a doctrine which proposed the organization of anti-Soviet states over the entire perimeter of the Russian zone. The theory called for military and financial support to every country on this perimeter that would ask for a hand-out in the name of stopping communism.

The impracticability of such a doctrine has been demonstrated by a number of students of foreign affairs, perhaps most ably by Mr. Walter Lippmann.

Let me quote Mr. Lippmann:

The policy of containment * * * demands the employment of American economic, political and, in the last analysis, American military power at sectors in the interior of Europe and Asia. This requires, as I have pointed out, ground forces—that is to say, reserves of infantry, which we do not possess.

The United States cannot by its own military power contain the expensive pressure of the Russians at every point where they show signs of encroaching. The United States cannot have ready unalterable counterforce consisting of American troops. Therefore, the counterforces which Mr. X requires have to be composed of Chinese, Afghans, Iranians, Turks, Kurds, Arabs, Greeks, Italians, Austrians, of anti-Soviet Poles, Czechoslovaks, Bulgars, Yugoslavs, Albanians, Hungarians, Finns, and Germans.

The policy can be implemented only by recruiting, subsidizing, and supporting the heterogeneous array of satellites, clients, dependents, and puppets. The instrument of the policy of containment is therefore a coalition of disorganized, disunited, feeble, or disorderly nations, tribes, and factions around the perimeter of the Soviet Union.

To organize a coalition among powerful modern states is, even in time of war and under dire necessity, an enormously difficult thing to do well. To organize a coalition of

disunited, feeble, and immature states, and to hold it together for a prolonged diplomatic siege, which might last for 10 or 15 years, is, I submit, impossibly difficult.

It would require, however much the real name for it were disavowed, continual, and complicated intervention by the United States in the affairs of all the members of the coalition which we were proposing to organize, to protect, to lead, and to use. Our diplomatic agents abroad would have to have an almost unerring capacity to judge correctly and quickly which men and which parties were reliable containers. Here at home Congress and the people would have to stand ready to back their judgments as to who should be nominated, who should be subsidized, who should be whitewashed, who should be seen through rose-colored spectacles, who should be made our clients and our allies.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. BENDER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. The article from which the gentleman has quoted is one of a series of articles written by Walter Lippmann which I have been privileged to read, in which Mr. Lippmann analyzes an article which appeared in *Foreign Affairs Magazine* under the nom de plume of Mr. X, which purported to state the foreign policy of the United States Government. Mr. Lippmann finally identified Mr. X as one of the high-ranking officials of our State Department.

In this article in *Foreign Affairs Magazine* the policy of encirclement and containment as a policy of the United States Government, which purports to implement the military strategy of the United States, is discussed at length. Mr. Lippmann in a series of 9 or 10 or 11 articles has taken that article apart section by section and sentence by sentence in an effort to show that the present policy is doomed to failure as a policy of containment and must necessarily be implemented by military strength.

I have studied his reply and studied the article itself, but it is difficult to know what the alternative answer is from Mr. Lippmann's own argument and debate. The problem that was posed to me this summer when I had the time to read this series was, what is the alternative to the program which has become the policy of your country and mine, and what must my attitude as a Member of Congress be in the matter of foreign policy, which fundamentally under our Constitution it is the province of the executive to form?

I can say to the gentleman that as between Mr. Stalin and my own country, although I may disagree, I think there is only one course that I can follow. I may disagree with the policy, I may think it is doomed to failure, but it is the policy of my country. I should like to have the gentleman address himself to that phase of the situation growing out of the quotation which he has given from Mr. Walter Lippmann.

Mr. BENDER. I should like to ask the gentleman from Wisconsin to answer his question: What is the policy?

Mr. KEEFE. The policy is very clearly one which is designed through a policy of encirclement to encourage those nations that are subject to the oppression of Russia to rise up ultimately, with our

help, and throw off that yoke of oppression, and in the meantime to contain this communistic aggression as much as possible in the hope that what we may do may ultimately stop this sweep of communistic propaganda and communistic aggression now sweeping across the entire world. That is our policy. What we are doing in Greece and what we are doing in Turkey, stripped of all the emotionalism about taking care of the starving children and taking care of people suffering from the impacts of typhus, tuberculosis, and all that sort of thing, stripping that backdrop out of the picture and leaving the picture as it is, what we are doing there and what we propose to do is an implementation of the military strategy of the United States Government. On that basis you may look at it from an entirely different point of view and not from the point of view where it is presented as a situation where Uncle Sam is going abroad and out of the generous spirit of his heart attempting merely to relieve suffering. When you put it on that basis, you can then discuss the question of what this is and what this program may ultimately do as affecting the security of the United States.

The SPEAKER pro tempore (Mr. ROCKWELL). The time of the gentleman from Ohio has expired.

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio may proceed for 10 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. KEEFE. Would the gentleman address himself to that point as a matter of argument?

Mr. BENDER. I would like to address myself to that point to this extent. Last week Mr. Truman had a press conference, and at that press conference he justified the shipment of locomotives, freight cars, machinery, tools, and the sale of surplus war materials to Russia and her satellite nations. What kind of business is this, anyhow? It looks like someone in the administration is talking out of both sides of his mouth.

Frankly, I believe in peace. I believe this whole thing can be handled if it is handled through negotiation and by means of an approach other than the one we are using. I certainly do not want war any more than the gentleman from Wisconsin wants war. If this is a war program, let us tell our people the facts frankly. Let us not feed it to them by degrees.

Mr. KEEFE. I have raised this question and asked the gentleman this question for the purpose of inspiring and provoking some thought on this subject. I might say to the gentleman that within the next 10 days I expect to ask for time to address the House on that specific subject. I have devoted some time to an analysis of that situation. I would like to have the gentleman in his own thinking, and may I say that I am not giving expression to any confirmed opinion of my own, I have great respect for the gentleman's view, because we came to Congress at the same time, and shared simi-

lar views on many, many occasions in connection with these international matters, but the situation calls for some pretty clear thinking, and I do not know who I am going to turn to in the desperate hour if it ever comes, except the men who are charged with the defense of this country.

Mr. BENDER. May I ask the gentleman if he believes that war ever settles anything?

Mr. KEEFE. Why, of course, it does not. I said that before we got into the last war. What have we got? Nothing but desolation, disease, and death, and chaos. That is all. Not a single one of the promises, that were so glibly made here in the well of this House in 1940 and 1941 when you and I were battling the situation has been kept, or has come to pass. The record is clear. But we are only adverting to the past in order to guide us in our actions in the future. That is water over the dam. We are now face to face with the realities of a foreign policy that has been made. What are we going to do about it? How are you going to approach it? I do not want a war, and I will fight to the bitter end to prevent it, but I do not want communism sweeping this Nation and the world with all of its brutality and ruthlessness, as it is doing over there today. I have a little more confidence in the military men than the gentleman from Ohio has, because they are the men to whom I must turn in the event of war.

Mr. BENDER. I have confidence in those men, and all of us have given of our own to that military machine that did such a remarkable job in the First and Second World Wars. I am not talking about that, but I do not want the military men dominating the thinking of the American Nation, and I do not think the gentleman wants that. I do not believe he thinks that is a healthy condition for this country or for the world.

Now, I just have a few minutes remaining. In closing I want to read an editorial from one of my own papers, the Akron Beacon Journal:

ARE WE PLANNING FOR PEACE OR FOR WAR, MR. SECRETARY?

Having listened on successive days to President Truman, Secretary of State George C. Marshall, and Clare Boothe Luce, we originally intended to call this editorial: "Truman, Marshall, and Clare Boothe Luce." Perhaps we may still call it that.

Such an impressive round-up of superior intellects should have thrown the additional light on the Marshall plan which the American people are seeking.

The President disappointed us when he made only general references to the European-economy program while asking for re-institution of the controls previously described by him as the methods of a police state.

The Secretary of State told us nothing we did not already know, but our State Department expert, Wallace R. Deuel, says the strategy of General Marshall's Chicago speech was to steal a march on the Soviets by stating our position on Germany in advance of the forthcoming London conference so Mr. Molotov could not misrepresent our views at the meeting of foreign ministers.

Mrs. Luce, in an off-the-record talk before the Chicago Commercial Club, played lightly over the keyboard of our foreign policy in her best drawing-room manner, yet her

sprightly phrases and witticisms had all been forgotten before the last guest left the ball-room.

Earlier, in an interview with the Chicago Daily News, the glamorous gentlewoman from Connecticut had posed three questions regarding the Marshall plan which are uppermost in the minds of the American public today:

1. Is it a plan for peace or a plan for war?
2. Can we stop communism with dollars?
3. Is it the administration's objective to stop communism or to feed hungry people?

Readers of this column may recall that similar questions have been asked here ever since the Marshall plan was first proposed.

Describing these times as the "contortionist era intellectually," Mrs. Luce freely admitted her own confusion. Shouldn't we all be as candid?

When Congress gets around to considering the long-range implications of the Marshall plan, it should demand that all of the facts be brought to light. There is no need to delay on stopgap assistance required to fill empty bellies and keep little children warm and comfortable.

Due to the administration's failure to take Congress and the American people into its confidence, the country has only a hazy idea of what is actually being proposed.

In a general way, we know that United States industry and agriculture are to be called upon to supply the things and goods needed in western Europe to get their own economies on a going basis.

The first year of the plan will cost nearly seven billions with the total contributions over 4 years reaching twenty-one billions.

The bulk of the money will be appropriated by the United States Congress with loans from the Export-Import Bank, World Bank, and private sources making up the balance.

Where will these dollars go?

A chart in the current issue of World Report shows that Great Britain will get 34 percent; France, 22 percent; and Germany, 14 percent.

The remaining 30 percent is to be distributed to 13 other countries: Italy, Austria, Belgium, Denmark, Ireland, Greece, Iceland, Luxemburg, Netherlands, Norway, Sweden, Switzerland, and Turkey.

Will the money be repaid? Based on past performance, there is little reason to believe that it will.

We know, too, that an attempt will be made to induce nations participating in the Marshall plan to stabilize their currencies, balance budgets, stop international inflation, and establish definite production targets for coal and other basic goods.

Some of these highly desirable objectives have not as yet been wholly achieved in America, yet we prescribe them freely for Europe. That is part of our modern intellectual contortionism to which Mrs. Luce made reference.

Will the plan work?

No one can give that answer with absolute certainty. Our own conviction is that the odds are against its success.

Our reasons are these:

1. The United States has already "loaned" Great Britain three and three-quarter billions which was exhausted in little more than a year without materially improving her economy. With this record, how will additional American dollars solve her problems?

2. France and Italy are so torn by internal dissension that the sound economic practices which we preach abroad are unlikely to be adopted.

3. The mere loaning of money to Europe will in itself retard rather than encourage the moral regeneration without which no permanent recovery is possible.

4. The inflationary effects of the Marshall loans will be so sharply felt in the United

States that our own people may demand the program be curtailed before it is fully implemented.

5. Even optimistic advocates of the Marshall Plan admit that under the most favorable circumstances, the Europeans will not be as well off in 1951 as they were in 1938. At this point, Europe will again be seeking aid and the American taxpayers may try a sit-down strike. They haven't entirely forgotten the one and one-half billions we tossed away in China.

Other doubts arise about money for Ireland, a land where choice cuts of roast beef, thick steaks, and country fresh eggs have always been available at easy prices.

There are doubts, too, about loans to the "neutral" nations in World War II which traded with both sides and lined their pockets while "sitting out" the conflict.

Skepticism arises from developments in Greece where we invested \$300,000,000 to "contain" Russia under the now forgotten Truman doctrine. Thus far, American dollars have not even been able to suppress the guerrillas in the north. So we are sending more dollars and, at this time, limited military aid.

We resent the fact that wealthy interests in France and other parts of Europe have never been called upon to give up their gold although citizens of the United States willingly exchanged theirs for treasury certificates in the early days of the Roosevelt administration.

Yet Mr. Bevin offers the "political" suggestion that we redistribute the gold that is buried at Fort Knox.

It is the duty of Congress to turn the spotlight upon every phase of the Marshall plan so that the facts of life can be made apparent to all.

At present public opinion is understandably confused and perplexed. The secretive policies of the Truman administration have made it so. It is the old story of "papa knows best" and to hell with Joe Doakes.

The Marshall plan is being sold to the American people as a three-way cure-all for the world's ills.

Its "helping hand" components appeal to our humanitarian instincts.

The "stop Russia" ingredients are easily swallowed by a peace-loving people.

The promised restoration of a sound European economy is a nice tonic for our material greed.

Can it truly be all of these things, rolled into a \$20,000,000,000 pill? Or as Mrs. Luce so shrewdly inquires: Is it a plan for peace or a plan for war? Plainly, it cannot be both.

The American people have a right to know.

JOHN S. KNIGHT.

SPECIAL ORDER GRANTED

Mr. BENDER. Mr. Speaker, so that I may be able to finish this speech, I ask unanimous consent to address the House for 75 minutes on next Monday after the legislative business of the day and any special orders heretofore entered for that day.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SPECIAL ORDER

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from New York [Mr. TABER] is recognized for 30 minutes.

APPEASEMENT PROGRAMS

Mr. TABER. Mr. Speaker, appeasement of Russia has been and still is the policy of the administration and the State Department since Yalta and Potsdam. We have spent billions of dollars

trying to combat communism in the British loan, the German and Austrian occupation loan, the French loan, the Italian grants and loans, the support of the Chinese authorities, and yet what has that availed us. The State Department has brought about the appeasement of Russia by the expenditure of hundreds of millions of dollars since September 2, 1945, to send articles to Russia through lend-lease, through UNRRA, through the sales by private organizations where export control could have prevented it, and by shipment of our own relief activities. It makes us wonder whether or not the State Department really means to protect the interests of the United States or whether the State Department itself is on both sides of all these questions. What does it avail us to make shipments to Greece and Turkey to stop communism and at the same time ship things to Russia and satellite countries to promote communism?

In my opinion, there is no question but what the attitude that Russia has taken in the United Nations is directly attributable to the appeasement that has been going on. I believe if we would cut all lend-lease shipments to Russia and her satellites, all exportation of things to Russia through UNRRA, and refuse to permit the exportation of things to Russia which could be used to make trouble for the United States that Russia would have ceased long since the policy of upsetting United Nations' meetings and that she would have agreed to a world peace which would have been of great benefit to all mankind. But what do we find? There has been a constant and deliberate violation of the law, especially the lend-lease law.

The original Lend-Lease Act provided in section 3 (b) that—

That nothing in this paragraph shall be construed to authorize the President to assume or incur any obligations on the part of the United States with respect to postwar policy involving international relations except in accordance with established constitutional procedure.

In Public Law 31, approved April 16, 1945, there was a proviso inserted in section 3 (c) which provided that "nothing in section 3 (c) of that act should authorize the President to enter into or carry out any contract or agreement with a foreign government with regard to postwar relief, postwar rehabilitation, or postwar reconstruction."

In spite of that provision, from January 1 to September 30, 1947, \$113,000,000 worth of foods, textiles, fibers, minerals, petroleum products, metals and manufactures, including railway cars, wheels, tires and axles, machinery and vehicles, including electrical machinery, electric locomotives, railway mining and industrial, 33 steam locomotives, 69 Diesel locomotives, 136 internal-combustion engines, excavating cranes, and so forth, have been sent to Russia.

The lend-lease shipments to Russia beginning May 30, 1945, after the end of the German war down to October 31, total \$226,000,000. Among these exports, those that were for postwar relief, postwar rehabilitation, or postwar reconstruction were in direct and deliberate

violation of the law which I have just cited. The lend-lease shipments to Russia from January 1, 1947, to September 30, 1947, ran to \$16,200,000. The UNRRA shipments during that period were \$31,900,000. In addition, shipments to the satellite countries the last 3 months under UNRRA ran to \$20,577,000.

We are, through our own State Department, providing with our own funds the things with which Russia can destroy us. The President of the United States announced the other day that he could see no objection to the further shipment of heavy machinery to Russia. It is time for the United States of America and its State Department to wake up and realize that if we are going to succeed in the foreign policy that we must move in one direction and that appeasement of those who are opposing us openly in the world is stopped.

It is not too much to review some of our operations. The UNRRA goods that we shipped into Russia and Russian satellites, that were paid for by the United States, were half of the total UNRRA shipments. The information that we developed in committee hearings was that the relief food, clothing, and machinery that we sent over there was used and is being used for the purpose of promoting communism; that the people are obliged to join the Communist Party before they receive relief; and that there is no such thing as proper credit to the United States for sending these things to these people. The language of the bill which has now come down here from the State Department would permit these rackets to continue and would make of the bill which has been sent here by the Department an absolute travesty.

Without regard to anything else, it is time for the State Department and the administration to clean up and have a definite positive policy and program and to cut out all of the appeasement programs. Certainly, any legislation designed to effectuate the President's recommendations must have the kind of amendments required to protect the United States and prevent the State Department and the administration from further pursuing an appeasement policy.

Not only has the State Department violated the law, which we passed in 1945, designed to prevent postwar rehabilitation and postwar reconstruction from lend-lease funds, but they have violated the provision which was inserted in the Third Deficiency Act of July 23, 1946, prohibiting any of the funds being used for the shipment of any commodity abroad after December 31, 1946.

These appeasement programs which have created all of these difficulties for us abroad have resulted from a violation of the acts of Congress by the Department.

Is it not about time that these people were put in their place and that the departments of the Government began to proceed in accordance with the law?

In an article by Walter Lippmann this morning, we are advised that the Communists believe that if we continue the operations that we are now attempting

for from 3 to 5 years, it will break down not only the United States economy, but all the free economy in the rest of the world.

Are we going longer to follow the policy of appeasement and play into their hands?

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. The gentleman has referred to certain shipments abroad and certain expenditures. Does the gentleman include in those items the \$40,000,000 loan which was made to Poland for the purchase of locomotives and railroad equipment?

Mr. TABER. I have no detailed figures that would cover everything yet. I do not include that. I have only included the things I have the detail on. I expect more detail and break-down, which I will make available to the membership of the House next week.

Mr. KEEFE. In support of the gentleman's position as to our attempting to effect a policy of containment of Russia and to stop communism by refusing to give relief aid to the so-called suffering and undernourished people of Poland and Hungary, which was the action of the Congress of the United States, we still find that at this very hour locomotives, freight cars and \$40,000,000 worth of other railroad equipment is going to Poland and has been acquired as a result of a loan approved by the Export-Import Bank, and the same is true of a lot of this other stuff. It just does not add up and strengthens the position that the gentleman has made.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New Jersey.

Mr. CANFIELD. I think that the President has made a great mistake in permitting these shipments to the Soviets. President Truman, I think, is making today a greater mistake in not arranging a face to face meeting with Mr. Stalin and do a job in the interest of world peace, to see if something cannot be done to prevent this ever increasing trend toward war. It is a shocking situation. I have just come back from Europe. I saw the horrifying picture over there and I understand quite thoroughly its portents. It is surprising to me that the President, with his powers, has not exercised them more ardently in the interest of world peace. He has a great opportunity, perhaps to become the greatest President of all times. He can do a job for all mankind, most certainly for the citizens of our beloved America.

Mr. TABER. No one can do anything with Stalin, I am afraid, so long as Mr. Stalin is getting what he wants out of us. As long as he finds that the appeasement policy continues, he will continue to hold the position that he has taken and that is just exactly what any human being would expect. Unless Mr. Truman would first quit the policy of appeasement it would not do a bit of good to have a conference with Mr. Stalin.

Mr. CANFIELD. May I say to the gentleman from New York, who knows

something about Mr. Stalin and the Russian mind, that the Russian mind recognizes only intervention on the highest level, and we have not had that intervention to date in the interest of world peace.

Mr. TABER. That is true, but we have not had any foundation laid.

Mr. CANFIELD. Now is the time for a conference to be held on the highest levels.

Mr. TABER. There is no use having a conference until you lay the foundation for it by stopping this appeasement program.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Texas.

Mr. RAYBURN. Would the gentleman state that he is in favor of cutting off all trade with Russia?

Mr. TABER. That is what I would do at this time, at least cut off the shipment of these heavy machinery items, the shipment of which is certainly a very serious burden on our economy. We should not ship anything of that character that might be a serious drain on us to any outfit that is performing the way these people are. We certainly should not do it under lend-lease and UNRRA, where we are putting up the money and paying for it.

Mr. RAYBURN. The gentleman has not quite understood my question. I asked the gentleman if he is in favor of cutting off all trade with Russia, at least of certain kinds.

Mr. TABER. I do not now whether I would do that, but I certainly would cut off everything of a character critical to our own economy at this time.

Mr. RAYBURN. Of course, everybody would agree to that.

Mr. TABER. I would hope so.

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Tennessee.

Mr. GORE. Would the gentleman prohibit the shipment to Russia of a railroad car that was not usable in this country, that some private citizen owned, and which he must either sell or scrap?

Mr. TABER. That is not the situation at all. That situation has not arisen. The situation has arisen that we have sent those things over there as lend-lease in violation of the law, deliberately, and we have not only done that but we have done everything else we could to make ourselves ridiculous in connection with it.

Mr. GORE. Would the gentleman likewise prohibit the exchange of something of which we have a surplus for things like manganese and chromite, which we are stock piling for national defense?

Mr. TABER. I would not object to the shipment of those things unless they were items of a nature critical to our own protection.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. It might be well to inquire as to just how much chromite and

manganese Russia is shipping to this country in exchange for the lease-lend pipe-line goods they have received. The question of the gentleman from Tennessee might have some potency if we had some facts upon which to justify the statement that we are receiving those items from the other end.

Mr. TABER. Russia has never paid for any lend-lease guns yet. They have paid a little interest on some notes way back, but they have never paid the principal.

Mr. PHILLIPS of California. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from California.

Mr. PHILLIPS of California. The amount we are receiving from Russia is so infinitesimal that the gentleman from Tennessee can hardly have any facts to suggest that we are getting something in return for our shipments. I should like to say through the gentleman from New York to the gentleman from Texas that we have sent 235 protests to Russia since the end of the shooting war for violations of agreements with the United States. May I ask the gentleman from Texas how long he thinks that should keep up, while we continue to ship heavy machinery which has both industrial and war use. We are not talking about either the exchanges talked about by the gentleman from Tennessee or the ordinary trade talked about by the gentleman from Texas.

Mr. RAYBURN. The gentleman from Texas did not hear all the remarks of the gentleman from California, therefore is not wise enough to answer the gentleman's question. I simply asked the gentleman from New York if he is in favor of cutting off all trade and exchange of goods with Russia. That is as far as I went. I did not make any speech. I do not see that I should yield to anybody, but I will say this, that I think in all probability Russia has some materials that we would like to have. I say that when we are doing a business with the rest of the world in exports of goods and services amounting to \$20,000,000,000 a year, which is the estimate at the present time, then \$113,000,000, as the gentleman from New York has just said, is a bagatelle compared to the trade with the rest of the world. I do not think the gentleman from California would think that is a great percentage.

Mr. PHILLIPS of California. That is a rather odd argument, that the amount of money controls the importance and the type of material that we are shipping to a nation which at the moment is breaking and violating all these agreements, and the gentleman from Texas makes the argument that that should control.

Mr. RAYBURN. The gentleman from Texas is not making any argument at all. The gentleman from Texas asked a question, and that is all.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. CANFIELD. What our country wants from Russia and what we need from Russia more than anything else is a little good will and a little understand-

ing and we are certainly not getting that today.

Mr. RAYBURN. How are you going to get it?

Mr. CANFIELD. If the President of the United States, the Commander in Chief of the Army and Navy, would—

Mr. RAYBURN. Would do what?

Mr. CANFIELD. If the President of the United States, the Commander in Chief of the Army and Navy, were to go to see our troops in Vienna today, he would, on landing from the air, have to traverse a route which at every 200 yards would have a sign saying "This is Russian territory. Pass beyond this road at your peril." What kind of good will is that? Russia is on the march.

Mr. RAYBURN. I do not think there is any kind of good will, but I do not understand what the gentleman from New Jersey is talking about.

Mr. CANFIELD. I want a commodity that apparently we cannot get from Russia, and that is a little understanding and a little good will. That is what we need.

Mr. RAYBURN. How do you propose to get it?

Mr. CANFIELD. We are not getting it by what we are doing today. We are not getting it by appeasing Russia.

Mr. RAYBURN. I know that, but how would the gentleman get it?

Mr. CANFIELD. I believe that the President could have done a job instead of indicating at his press conference last Friday that we are going to continue these shipments of machinery to Russia. He could have said, "No, we are not going to send any more of that machinery to Russia until Russia acts a little more friendly."

Mr. RAYBURN. Would you have the President say that he was not going to allow anything else to be shipped out of the United States to Russia—anything at all?

Mr. CANFIELD. May I say to the distinguished gentleman from Texas, it has come to such a pass that even that might be a wholesome and salutary thing.

Mr. RAYBURN. It might come to pass, but I do not believe the gentleman wants to say that we should commit an act which is tantamount to a declaration of war either.

Mr. CANFIELD. I do not think it would be that. I do not want to see thousands and thousands of our youth in a blood bath in a war a year or 2 years from now.

CORRECTION OF ROLL CALL

Mr. KING. Mr. Speaker, on roll call No. 27 I am recorded as voting "aye." I voted "no." I ask unanimous consent that the RECORD and the Journal may be corrected accordingly.

The SPEAKER pro tempore. Without objection, the RECORD and Journal will be corrected accordingly.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes, revise and extend my remarks, and also revise and extend the remarks I made earlier this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

ARE WE TO HAVE AN AGRICULTURAL
DICTATOR?

Mr. MURRAY of Wisconsin. Mr. Speaker, I dislike to speak at this late hour in Washington, yet out in Wisconsin a good many of my constituents are still going to do a half a day's work. So I will think about them, and I will not think so much about Washington. This summer at Geneva we saw a moving picture shown at the food conference. The moving picture was produced by the British Government. It was introduced and presented by Sir John Orr, the official head of FAO. The United States of America is paying for 25 percent of the cost of the FAO, and other countries are trying to figure out a scheme so that they can get the United States to pay more of the annual costs of the FAO. In fact there is an effort to get the United States to contribute as much in percentage as the United States contributes to the UN or some 44 or more percent.

The British Government picture was one of the silliest pictures I have ever seen. In the first place it was not factual. In the second place, it did present the food picture in its proper light. It castigated countries like the United States, Australia, and Canada, who furnished the food to win this war. They showed pictures of starving children and pointed the finger of suspicion at the farmers of the United States and these other countries which furnished food, as if they would rather feed their livestock than feed children. Millions, yes billions, of pounds of food are produced each year on and from land that cannot raise grains.

Now the time has arrived when I thought the thing was squelched but lo and behold yesterday the same thesis, so to speak, is presented here before the Joint Economic Committee of the Senate and House. If this is all the FAO has to offer, they had better fold up. The institution had better get some leadership that knows something about food, nutrition, and food production. If this is all they have to offer, the Congress should cut down its appropriation to this agency before it becomes a part of any more silly, senseless proposals. Do you think the Congress should appropriate money to destroy the greatest part of the American agriculture, namely, the livestock industry of our country?

I wish every Member of Congress could see that picture. I am not going to take any more of your time tonight, but in due time, with every effort of which I am capable, I assure you I will try to give the American farmers and the American people a picture of exactly what is taking place. Do you want to sit here and let the livestock industry of this country be ruined? Do we want a lot of people who live in some other country telling the American people and the American farmers what kind of program they shall have in this country? Why, it is bad enough to listen to a lot of these people who are so far away from the farms that they do not know what they are talking about trying to ruin Ameri-

can farmers without going to work and letting some foreign country map out a silly agricultural program for our country.

So I ask, Mr. Speaker, that at this point I may be allowed to insert the testimony given yesterday by Mr. Carl C. Farrington before the Senate-House Economic Committee on Reports.

Mr. SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. MURRAY]?

There was no objection.

The matter referred to is as follows, and I ask you to decide for yourself if this does not smack of an agricultural dictatorship:

STATEMENT ON ALLOCATION CONTROLS BY CARL C. FARRINGTON, ASSISTANT ADMINISTRATOR, PRODUCTION AND MARKETING ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, BEFORE THE JOINT COMMITTEE ON THE ECONOMIC REPORT, AT THE HEARING BEGINNING AT 2 P. M. NOVEMBER 21, 1947

This statement covers items 5 and 7 of the President's recommendations for immediate legislative action insofar as those recommendations apply to agriculture. Item 5 recommends action to conserve grain through the most efficient marketing of livestock and poultry, and item 7 recommends authorization for allocation and inventory control of scarce commodities which basically affect the cost of living or industrial production.

We believe that everything possible to make additional quantities of food available for export should be accomplished on a voluntary basis. As the President has pointed out in his message, voluntary means of doing the job that needs to be done should be stressed both before and after mandatory measures are made available for use as needed.

The Department has already begun an extensive program of education and assistance to producers in conserving grain and using it in the most efficient manner, as the Secretary testified in connection with item 6. This work needs to be continued and intensified.

However, the reduced supplies of feed available for use this year, the probabilities of lower meat production and possibilities of a much smaller wheat crop in 1948, the continuing high level of consumer demand in this country, and the urgency of maintaining a large flow of food abroad, while at the same time assuring that our own essential needs will be met, make it essential that we be prepared to use allocation powers and inventory controls. In some cases rationing and price control would be necessary to afford the necessary protection to our own economy.

While we understand it is the desire of the committee to defer for the time being hearings with respect to items 9 and 10 of the President's 10-point program, it will be necessary in developing our statement with respect to items 5 and 7 to make some reference to price and distribution, since price-control and rationing, together with the use of allocations, would constitute the principal means, outside of voluntary measures, of accomplishing the objective stated in item 5.

Our grain supplies largely determine our ability to meet the demands for food abroad and for livestock products at home. Of the total quantity of grain and grain products and by-products, utilized in the past year, approximately 75 percent was fed to livestock, about 15 percent was used for domestic food, seed, and all industrial uses, and about 10 percent was exported. But this 10 percent of our grain supplies exported constituted about 80 percent of our total exports, or more than 19,000,000 tons of food. It is apparent that any substantial reduction in grain supplies must be immediately reflected in feeding operations, and any substantial saving in

grain, in order to make more available for export, must come largely from a reduction in the feeding of grain.

The total feed grain and other feed concentrate supply for 1947-48 is 139,000,000 tons, compared with 162,000,000 in 1946-47, and a 1937-41 average of 136,000,000 tons. Supplies per grain-consuming animal are about 14 percent smaller than last year.

This reduction in the supply of feed makes it necessary that we market hogs at lighter weights, market beef cattle with less finish, cull our dairy herds and poultry flocks more closely than normal, reduce broiler and turkey production, and use our feed supplies as efficiently as possible.

These necessary measures with respect to livestock-feeding operations will inevitably result in smaller supplies of livestock products in 1948 than we had in 1947. Meat production in 1948 is expected to total about 21,500,000,000 pounds or 1,500,000,000 pounds less than estimated production in 1947. The supply of meat for domestic consumption per person in 1948 will be about 146 pounds or about 10 pounds less than in the present year. The decrease in meat production next year will be in both beef and pork and will be a reflection of the short corn crop this year as well as the decreasing numbers of cattle on farms and ranges. The decrease will be most pronounced in the spring and summer of 1948 when marketing of hogs and all grain-fed cattle will be sharply reduced.

Although total meat production and supply of meat per capita in 1948 will be smaller than in 1947 the supply of meat available will be much above the prewar 1935-39 average of 125.6 pounds. Despite this fact, the decrease from 1947 along with a high level of consumer incomes will tend to further strengthen prices that are already at or near record levels. No material increase in meat production over the reduced 1948 level is likely until after the summer of 1949.

The hog-corn price ratio has been well below average almost continuously since May. Together with the poor corn crop prospects, the below-average ratio has tended to reduce the size of the 1947 fall pig crop below the indications in the latest pig crop report, issued in June, and possibly almost as low as the 1946 fall crop. These factors also indicate that the 1948 spring pig crop will be smaller than the 53,000,000 saved in the spring of 1947, and may be smaller than the goal of 50,000,000 announced for the spring of 1948. The unfavorable feeding ratio has also reduced hog weights, particularly since August. The average weights of barrow and gilt butcher hogs received at the major Corn Belt markets during October and November have run 10 to 20 pounds lighter than in the same months of 1946, but have averaged slightly above the prewar 1937-41 average.

Prices of meats and livestock have been at record or near-record levels in recent months. For example, the price of hogs in October 1947 was 93 percent above the June 1946 level. Choice and prime beef steers were 89 percent above the June 1946 level. Fresh pork loins were 112 percent above the June 1946 level. Bacon was 168 percent above the June 1946 level. Choice steer carcass beef was 117 percent above the June 1946 level. Further strength in these prices is likely during 1948 as a result of reduced supplies and continued strong demand.

Although livestock-feeding ratios now are unfavorable, particularly for hogs, a further advance in prices of meats and livestock, as supplies become shorter, will have one or both of the following results: (1) An improvement in feeding ratios which would encourage more grain feeding of livestock with grains already in short supply; or (2) further advances in grain prices, which would prevent such a further increase in livestock-feeding ratios.

In 1947 we produced a record wheat crop of more than 1,400,000,000 bushels. This

record production of wheat exceeded the 1946 production (which in turn was a record) by almost 250,000,000 bushels. It has been a godsend in view of the sharp reduction in the crops of western Europe and limited export availabilities from Canada, Argentina, and eastern Europe. It has also helped offset the reduction of 800,000,000 bushels in the corn crop in 1947 as compared with 1946. Even the record crop of this year was not enough to supply all needs. Wheat prices have advanced sharply. The current price of wheat at Kansas City is about 40 percent above the price a year ago and about 60 percent above the June 30, 1946, price. It is estimated that the use of wheat for food in this country will total about 510,000,000 bushels this year or about the same as in other recent years. Feed use was estimated early in the year as high as 350,000,000 bushels but as a result of conservation measures and the increase in the price of wheat it now appears that feed use may be as low as 250,000,000 bushels and could be even lower. Seed use should be about 85,000,000 bushels, leaving 646,000,000 bushels for export and carry-over. If crop prospects in the spring look sufficiently favorable to permit the carry-over to be reduced to below 150,000,000 bushels it would be possible to export up to 500,000,000 bushels. If crop prospects are unfavorable it would be dangerous to reduce our carry-over to that level.

We have asked farmers to plant for harvest in 1948 another near-record acreage of wheat. It is well known, however, that weather conditions in the Southern Great Plains area have been very unfavorable this fall and large areas have been extremely dry. Rains during the past week have partially relieved this drought condition but unusually favorable weather conditions will be necessary in order to assure another large crop in this area.

The necessity of reducing our carry-over to relatively low levels in order to meet export needs this year together with the possibility of a much smaller production in 1948 and continuing heavy export needs in 1948-49 create a situation which makes it essential that authority be available not only for controlling the export of wheat but also for limiting inventories and directing use to the most essential channels.

Other commodities which are important sources of food for export include fats and oils, rice, beans, and peas. For these also there is likely to be need for some domestic allocation controls as well as for controls of exports.

The allocation powers which are believed necessary in order to be prepared to deal adequately with the domestic use of food include:

(1) Authority to allocate food by (a) imposing limitations on inventories; (b) restricting and prohibiting the use on the basis of the essentiality of the particular use; (c) placing limitations on the delivery or transportation; (d) requiring producers and distributors to set aside specific amounts or the entire production for acquisition by governmental agencies; (e) providing for priorities in the filling of orders based upon the essentiality of the use for which the order was given, including priorities for exports; and (f) establishing an import licensing system to control the importation of foods to make effective cooperation with friendly nations with respect to world short supply.

(2) Authority to allocate the use of facilities and nonfood materials to carry out the food program by (a) restrictions upon the use of storage facilities, limiting their use to the storage of specific commodities and for specific periods of time; (b) controlling the distribution and importation of fertilizer; (c) controlling the distribution of farm machinery; (d) controlling the use of trans-

portation facilities by rail carriers; and (e) controlling the use of tin and tin plate to aid in the preservation of foods.

It would be preferable that these authorities be granted in general terms similar to those contained in the Second War Powers Act, but if it is considered desirable to specify the particular material or facilities relating to food, the materials which we believe should be specified are grain and grain products, rice and rice products, dry beans and peas, fats and oils (including oil bearing materials, fatty acids, soap and soap powder, but not including petroleum and petroleum products), livestock and poultry and their products, and milk and milk products. In addition, we believe provision should be made, under a public hearing procedure, for the use of these powers with respect to other commodities and facilities whenever it is determined that such action is necessary in order to fulfill the requirements for the defense of the United States, for carrying out the foreign policy of the United States and for purposes necessary to the health, safety, and welfare of the American people.

We believe that the exercise of the allocation authority, as proposed above, could limit or prohibit the use of scarce commodities in less essential uses and prevent hoarding in commercial channels through inventory control limitations, thereby increasing the amount available for essential uses and exports. Through priorities and set-aside programs procurement for export under the program would be aided.

In the event of an emergency situation such as might be brought about by an extremely short wheat crop, for example, the powers should be such as to make it possible for the Government to become the sole buyer of the crop in a manner similar to that which was used during the war with respect to soybeans, peanuts, and wool.

Similarly, the allocation powers with respect to poultry might be used to limit the number of eggs set by commercial hatcherymen during a specified period of time in the event this is necessary in order to keep hatchings at a rate consistent with available feed supplies. In the case of livestock they could be used to limit inventories of livestock products, thereby assuring more equitable distribution.

Our experiences during the war period provide many examples of cases in which allocation authorities were needed to make the most effective use of our total available food supplies. For example, by this means distillers were prohibited from using wheat and were limited in the quantity of grain they could use in the manufacture of both beverage and industrial alcohol, and brewers were prohibited for a while from using wheat and table grades of rice and limited in the total quantity of grain used by them. Mixed feed manufacturers were prohibited from using wheat of milling grades and limited in the quantities of other feed ingredients that they could use. Flour millers were limited with respect to the quantity of wheat they could use in the manufacture of flour for domestic use, and bakers were prohibited from engaging in certain wasteful practices. Inventories were limited generally throughout the grain processing and distribution channels. All of these measures were designed to direct grain into its most essential uses and to the extent that it is necessary to do so could be used again if the allocation powers were reenacted as recommended.

During the war period also inventory controls and use limitations were found necessary with respect to nearly all fats and oils and oil-bearing materials. The use of these powers may again be needed in order to conserve supplies, assure equitable domestic distribution, and make available necessary minimum quantities for export. The Department

has been cooperating and will continue its cooperation with industry in the fat salvage campaign, which has provided about 10 percent of our inedible tallow and grease supplies.

Set-aside orders were used frequently during the war period to assure the availability of adequate supplies for the most essential uses and facilitate procurement by Government agencies. In view of the shortages that are in prospect and the large volume of Government procurement that may be necessary for export, these powers should again be available.

In conclusion, I feel that I should stress again that the Department proposes to do all it can through voluntary measures to meet our export program and bring about needed adjustments in the use of grain. We have no wish to go through another period of emergency controls.

But we must face realistically the facts of the current and prospective situation. These facts indicate that the allocation powers discussed above, though essential as the first step beyond voluntary measures, may not get the full job done. To insure the maximum savings of grain and at the same time combat inflation, authority for rationing and price ceilings should be provided.

EXTENSION OF REMARKS

Mr. LATHAM (at the request of Mr. JENSEN) was granted permission to extend his remarks in the RECORD.

ADJOURNMENT

Mr. JENSEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 16 minutes p. m.), under its previous order, the House adjourned until Friday, November 28, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1123. A letter from the Acting Secretary of the Navy, transmitting a list of various institutions and organizations, all non-profit and eligible, which have requested donations from the Navy Department; to the Committee on Armed Services.

1124. A letter from the Administrator, Veterans' Administration, transmitting a report of the tort claims paid by this Administration during the period of beginning August 2, 1946, and ending on June 30, 1947; to the Committee on the Judiciary.

1125. A letter from the Acting Postmaster General, transmitting a draft of a proposed bill to exempt the Post Office Department from the provisions of the Federal Register Act, as amended, and the Administrative Procedure Act, and for other purposes; to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LECOMPTE: Committee on House Administration. House Resolution 360. Resolution providing for the payment of salaries of pages, Doorkeeper's department, from November 12 to December 31, 1947, inclusive; without amendment (Rept. No. 1139).

Mr. LECOMPTE: Committee on House Administration. House Resolution 357. Resolution for the relief of Laura F. Palmer; without amendment (Rept. No. 1140).

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 8 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1141). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 10 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1142). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 11 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1143). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 9 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1144). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary report No. 1 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1145). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 2 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1146). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 3 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1147). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 4 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1148). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 5 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1149). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 6 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1150). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERTER: Select Committee on Foreign Aid. Preliminary Report No. 7 filed pursuant to House Resolution 296, Eightieth Congress, first session; without amendment (Rept. No. 1151). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BEALL:

H. R. 4572. A bill to amend section 7 of the District of Columbia Traffic Act, 1925, as amended, to provide for learners' permits, and for other purposes; to the Committee on the District of Columbia.

By Mr. BRADLEY:

H. R. 4573. A bill to amend the Social Security Act so as to permit employment by

the United States to be counted as employment for purposes of Federal old-age and survivors' insurance benefits; to the Committee on Ways and Means.

By Mr. DONDERO:

H. R. 4574. A bill to extend the Federal-Aid Road Act, approved July 11, 1916, as amended and supplemented, to Alaska, to transfer certain functions of the Department of the Interior to the Public Roads Administration, and for other purposes; to the Committee on Public Works.

H. R. 4575. A bill to authorize the construction of a road connecting the Kenai Peninsula, Alaska, with the central road system of the Territory; to the Committee on Public Works.

By Mr. KUNKEL:

H. R. 4576. A bill to permit certain financial information to be furnished to France; to the Committee on Foreign Affairs.

By Mr. TWYMAN:

H. R. 4577. A bill to declare certain rights of citizens of the United States, and for the better assurance of the protection of such citizens and other persons within the several States from mob violence and lynching, and for other purposes; to the Committee on the Judiciary.

By Mr. CASE of South Dakota:

H. R. 4578. A bill to save feed grain by permitting income from livestock sold for slaughter in December 1947 to be reported for tax purposes in 1948; to the Committee on Ways and Means.

By Mr. HERTER:

H. R. 4579. A bill to provide means for financing United States programs of foreign aid and to create agencies to carry out such programs; to the Committee on Foreign Affairs.

By Mr. KEARNEY:

H. R. 4580. A bill to provide pensions for disabled unemployable veterans who served in a war, campaign, expedition, or insurrection beyond the continental limits of the United States; to the Committee on Veterans' Affairs.

By Mr. McDONOUGH:

H. R. 4581. A bill to define communism and to make the practice of communism a treasonable act in the United States; to the Committee on Un-American Activities.

By Mr. SIMPSON of Illinois:

H. R. 4582. A bill to direct the Chief of the Weather Bureau to conduct experiments with respect to methods of controlling rainfall; to the Committee on Interstate and Foreign Commerce.

By Mr. HALE:

H. R. 4583. A bill to amend section 112 (f) of the Internal Revenue Code, relating to nonrecognition of gain in case of involuntary conversion of property; to the Committee on Ways and Means.

By Mr. SCHWABE of Missouri:

H. R. 4584. A bill to provide that the Soldiers' and Sailors' Civil Relief Act of 1940 shall not apply to divorce proceedings; to the Committee on Armed Services.

By Mr. WEICHEL:

H. R. 4585. A bill to control the export to foreign countries of building materials, food, farm machinery, grain, meats, metals, motor vehicles, or steel from the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. MARCANTONIO:

H. J. Res. 265. Joint resolution to give emergency aid through the United Nations to the peoples of Europe and to strengthen peace; to the Committee on Foreign Affairs.

By Mr. EDWIN ARTHUR HALL:

H. Con. Res. 119. Concurrent resolution calling upon Congress to wage a war against the high cost of living; to the Committee on Rules.

By Mrs. ST. GEORGE:

H. Res. 379. Resolution to prohibit the sale of certain goods to Russia; to the Committee on Rules.

MEMORIAL

Under clause 3 of rule XXII, a memorial was presented and referred as follows:

By the SPEAKER: Memorial of the General Assembly of American Samoa, memorializing the President and the Congress of the United States regarding approval of continuation of the United States Navy in American Samoa under a naval civil administration; to the Committee on Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRADLEY:

H. R. 4586. A bill for the relief of Mabel Collier; to the Committee on the Judiciary.

H. R. 4587. A bill for the relief of Mrs. Harry A. Light (formerly Mrs. Elsie Purvey); to the Committee on the Judiciary.

By Mr. BUCKLEY:

H. R. 4588. A bill for the relief of Mrs. Elizabeth Mary C. Mangle; to the Committee on the Judiciary.

By Mr. CLEMENTS:

H. R. 4589. A bill for the relief of J. E. Caton; to the Committee on the Judiciary.

By Mr. CURTIS:

H. R. 4590. A bill for the relief of Mrs. Loraine Thomsen; to the Committee on the Judiciary.

By Mr. FOOTE:

H. R. 4591. A bill for the relief of Giuseppe Pompeo; to the Committee on the Judiciary.

By Mr. HEBERT:

H. R. 4592. A bill for the relief of Rudolph Mejia and his wife, Elvinda Naquin Mejia; to the Committee on the Judiciary.

By Mrs. ST. GEORGE:

H. R. 4593. A bill for the relief of Abraham Spevak; to the Committee on the Judiciary.

By Mr. SOMERS:

H. R. 4594. A bill for the relief of Elias Emmanuel Hadjilias; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

809. By Mr. BRADLEY: Petition signed by approximately 1,400 residents of the Eighteenth Congressional District of California, recommending the repeal of excise taxes on cosmetics, leather goods, and jewelry; to the Committee on Ways and Means.

810. By Mr. ROHRBOUGH: Petition signed by Mrs. I. E. Coyner and 66 other signers, of Clarksburg, W. Va., urging legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

811. By the SPEAKER: Petition of Delta Council, State of Mississippi, petitioning consideration of their resolution with reference to supporting work of the Un-American Activities Committee and Federal Bureau of Investigation; to the Committee on Un-American Activities.

812. Also, petition from the city of Stuart, Fla., petitioning consideration of a resolution with reference to appropriations sufficient to give proper water control to an area adjacent to the Kissimmee River and Lake Okeechobee, including the southern end of the mainland of Florida; to the Committee on Appropriations.

THE ITALIAN CRISIS AND INTERIM AID

PRELIMINARY REPORT ONE SUBCOMMITTEE ON ITALY, GREECE, AND TRIESTE

CONSISTING OF

THOMAS A. JENKINS, Ohio, *Chairman*
RICHARD M. NIXON, California
JAMES P. RICHARDS, South Carolina
GEORGE H. MAHON, Texas

APPROVED BY

HOUSE SELECT COMMITTEE ON FOREIGN AID

PURSUANT TO

H. Res. 296

A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1947

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80TH CONGRESS } <i>1st Session</i>	HOUSE OF REPRESENTATIVES	{ REPORT No. 1145
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THE ITALIAN CRISIS AND INTERIM AID

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT ONE

THE ITALIAN CRISIS AND INTERIM AID

INTRODUCTION

The Subcommittee on Italy, Greece, and Trieste of the Select Committee on Foreign Aid, under the chairmanship of Thomas A. Jenkins of Ohio, carried out extensive studies. The investigations included interviews with Government officials, political leaders, labor leaders, industrialists, workers, and farmers. In addition the subcommittee conferred with United States military, diplomatic, and commercial representatives, as well as with American businessmen. The subcommittee made on-the-spot investigations in factories, on farms, and in the homes of workers and farmers.

This report, which deals primarily with the basic nature of the Italian crisis, is intended to furnish the background for the immediate problem of interim aid to Italy. The term "interim aid" in the discussions by the executive branch refers to a period of 6 months from October 1, 1947, to March 31, 1948, on the assumption that no longer-run program could be put into effect prior to that time. As far as can be determined, there has been no effort in the presentation of the Department of State to add in the Italian requirements an additional month's supplies to carry procurement and deliveries through April 1948, as was done in the Secretary's presentation of French requirements. The figures submitted on November 10 by the Secretary of State to the joint hearings of the Senate Foreign Relations Committee and House Foreign Affairs Committee are to be published as a separate document, Interim European Aid. These figures are presented on a 4-month basis from December 1, 1947, to March 31, 1948. They have been reconciled in the text and in the tables with the 6-month figures also furnished in the Secretary's report, Interim European Aid. By way of explanation, it should be made clear that the figures used in the body of the committee's report are those furnished on October 21 and that the comparison with the November 10 figures is established in the tables and in the explanatory text preceding them at the end of this report.

SUMMARY

A. FACTORS ESSENTIALLY BEYOND THE CONTROL OF THE ITALIAN GOVERNMENT

1. Before the war, Germany was both the principal supplier and principal market of Italy. In 1938, Germany provided Italy with 57 percent of its coal imports which Italy paid for with exports of fruits and vegetables. Today Italy is receiving only 20 percent of the prewar volume of coal from Germany, and for this she must pay dollars. Germany is unable to purchase any of Italy's fruits and vegetables.

2. The United Kingdom and Poland before the war supplied the balance of Italy's coal requirements. Today Italy is receiving no coal from England and only a trickle from Poland. The United States has now become the principal source of coal.

3. Italy is able to sell only a very small part of her total exports for dollars and is therefore forced to take payment in other currencies for most of her exports. On the other hand, she can no longer obtain essential imports of coal, food, and industrial raw materials for these currencies, but instead must pay for nearly all of these imports with dollars. As a result of the suspension of convertibility, Italy now has a sterling balance of £31,000,000 and is accumulating sterling at the rate of £1,500,000 per month. Had convertibility been maintained, it appears probable that Italy's present dollar resources would have been increased by approximately 50 million dollars, an amount which would have been of considerable assistance in meeting the current crisis.

4. As a result of Italy's inability to find outlets for its surplus population, Italy's total population has increased during the war by 4,000,000 and is continuing to increase at the rate of 500,000 a year. This means that the Italian economy must support this additional population, and at the same time revenues from emigrant remittances have been sharply curtailed.

B. REMEDIAL STEPS TAKEN BY ITALY

1. Wartime damage is conservatively estimated at \$6,000,000,000. Reconstruction must be made at the expense of current consumption. As a result of great efforts in this direction, Italian industry is now operating at 70 percent of 1938 levels, although a major portion of the necessary imports of coal, petroleum, and industrial raw materials are financed by the United States.

2. The upward trend in the cost of living, wages, and government deficits continued unabated during 2 years of Communist participation in the government. This was due (a) to lack of political strength and to technical incompetence of the government, and (b) to deliberate sabotage on the part of the Communists to create chaotic conditions which they hoped would make the rise of a totalitarian regime inevitable. Since the expulsion of the Communists, the Government has adopted a strong program for the stabilization of the lira, including improvements in the tax-collection system, control over speculation, and more effective control over government expenditures.

C. ESTIMATE OF PROBABILITIES

Provided that the European nations themselves take adequate measures to restore economic stability and that the necessary steps are taken to permit reentry of Germany into the economy of Western Europe, it is reasonable to expect that with further aid Italy can ultimately reach a position of economic self-support and political stability. Without further aid, and in the absence of political stability and of general recovery in Western Europe, it appears probable that economic conditions will become so desperate that the Italian people will not be as well able to resist the establishment of a totalitarian government.

In general, the figures on interim-aid requirements submitted by the Executive Branch appear reasonable in the light of Italy's imports in 1947, although world supplies may not, in every case, be adequate to meet the quantities indicated. Specifically, however, the subcommittee desires to raise the following questions on certain items in these figures:

(a) In view of existing stocks of cotton now in Italy, are further imports of cotton necessary prior to March 31, 1948 and, if so, can these imports be financed by the Export-Import Bank?

(b) Need funds be provided for the purchase of 202,000 tons of grain per month before March 31, in view of the Department of Agriculture estimate that a much smaller quantity will be available for allocation to Italy?

(c) Is it not possible to increase the funds which will be available before March 31 from the Export-Import Bank loan from \$60,000,000 to \$90,000,000, the amount allocated in this loan for coal and industrial raw materials?

(d) Could interim requirements be decreased by making use of at least a part of the estimated fund of \$42,000,000 which was held by the Italian Government on October 1, 1947?

(e) To what extent are Italian shipping lines being paid in dollars for the transport of essential imports, and to what extent are such payments necessary to provide dollars for operating expenses?

(f) What justification is there for the inclusion in interim aid requirements of \$2,500,000 per month for the settlement of Italian clearing agreement balances with other nations?

The Italian Crisis and Interim Aid

The Italian economic crisis is essentially a part of the larger crisis of Western Europe. The Italian problem cannot be solved alone but only as the political and economic stability and prosperity of Western Europe as a whole are restored. Italy is almost totally dependent upon foreign sources for fuel and essential industrial raw materials, and requires large imports of food and fertilizers in order to feed its population. Because of the political and economic dislocations of the war, Italy is almost completely cut off from prewar European sources of essential imports and must look to dollar areas to make up her deficits. At the same time, Italy is being paid for her exports in currencies other than dollars. The world financial crisis makes it impossible to convert these accumulated currencies into dollars which can be used to pay for imports.

I. POLITICAL FACTORS

The political factors are no less important than the economic factors, although they are more difficult to evaluate accurately. Political stability and confidence in the future are prerequisites for long-term economic expansion and development. At the same time, the solution of the political problems is rendered more difficult by the magnitude of the economic problems.

Technical incompetence and lack of political strength are in some degree responsible for the failure of the Government to take strong measures to control inflation, develop an efficient and just tax system, balance the budget, and eliminate the black market. This can be traced in large measure to the heritage of twenty years of Fascism and its corrosive effects on the Italian people and leaders. During this period only those who supported the Fascist state were given the opportunity to develop leadership and technical competence through participation in government and in industrial management. Italy is today struggling with new and untrained leadership, upon whom have been thrust problems of the greatest magnitude.

In a great measure, however, the internal problems of Italy are due to the conscious efforts of the Communist party, directed toward the further weakening of the Italian economy to a point where a totalitarian regime could be imposed upon the Italian people. The Communist party is seeking by every possible means to prevent recovery and to destroy confidence in the future, without which reconstruction along liberal, constitutional lines becomes almost impossible. The Communist party, through its influence in the General Confederation of Labor, has fostered demands for unreasonably high wages. It has used strikes and threats of strikes to force political concessions and to aggravate further the economic crisis. Thinly veiled threats of civil war, made by the head of the Communist party, plus the existence of an armed Communist underground, have discouraged investment of private capital in new enterprises and have encouraged the diversion of funds to speculation and hoarding.

It has not been possible for some time for the Government to guarantee freedom of speech in certain areas of Italy. This lack of public order permits extremist elements to build up a psychosis of fear which is, in turn, exploited to weaken further the effectiveness of the Government. The presence of a disproportionately large army in Yugoslavia is another source of confidence-destroying fear.

Threats of confiscatory taxation made by the Communists when they were in the Government discouraged investment in reconstruction and expansion by holding over the heads of those owning capital the constant threat of confiscation.

II. ECONOMIC FACTORS

A. PREWAR

The prewar Italian economy was roughly balanced between agriculture and industry. Both activities were characterized by extremely low productivity, and it is estimated that the annual value of net product per worker was about \$300, one of the lowest in Europe. Industry developed chiefly along lines requiring a high proportion of labor to raw materials, as labor was abundant and most raw materials had to be imported. Industry was carried on primarily in very small factories, only 20 percent of which used power machinery.

Although cereals form 60 percent of the Italian diet, the climate and soil are generally unsuited to the production of grain, and inadequate local production has to be made up by imports from abroad.

Under an intensive program instituted by Mussolini and directed toward establishing the maximum degree of Italian self-sufficiency, wheat imports were reduced from an average of 2,500,000 tons during the period 1921-30 to an average of 760,000 tons during the period 1936-40. In 1938, imports in relation to total requirements were as follows:

Imports:	Percent of total requirements	Imports—continued	Percent of total requirements
Wheat.....	3	Lead.....	14
Wood pulp and cellulose.....	62	Copper.....	96
Timber.....	18	Tin.....	85
Oil seeds.....	81	Coal.....	84
Iron ore.....	28	Petroleum.....	99
Chrome, nickel and molybdenum ores.....	100	Phosphates.....	100
		Cotton.....	100

Between the wars, Italy's exports in 1926 were 78 percent of imports; in 1931, 82 percent; and in 1937, 58 percent. This deficit, as shown below, was made up by income from shipping services, tourists, emigrant remittances and by borrowing. Gold was also sold abroad by the Italian Government to cover exchange deficits.

Elements in balance of payments

[Millions of dollars]

	1926	1931	1937
Trade balance.....	-233	-112	-301
Interest and dividends.....	-34	-45	-25
Shipping income.....	56	37	37
Tourist expenditures.....	107	61	94
Emigrant remittances.....	120	81	43

Before the war, Germany was both the principal supplier and the principal market of Italy, supplying in 1938 27 percent of Italy's imports and taking 19 percent of her exports. The following table shows the percentages for major items:

Major Items in German-Italian Trade, 1938

Percent of Italian imports supplied by Germany:		Percent of Italian exports taken by Germany:	
	Percent		Percent
Coal.....	59	Fruits and vegetables.....	47
Machinery.....	66	Wines.....	17
Lumber and wood products....	31	Artificial fibers.....	31

Italian exports to Germany of fruits, vegetables, wines and artificial fibers were sufficient in 1938 to pay for coal imports from Germany.

B. POSTWAR PERIOD

Requirements for repair and reconstruction of the tremendous damage suffered during the war have been a heavy drain on Italian resources. It is estimated that physical damage totaled approximately 6 billion 1946 dollars. This figure is approximately equal to the prewar annual national income. Industry suffered the destruction of 20 to 30 percent of its plant. Railroads, including right-of-way and roll-in stock, were 40 percent destroyed. Shipping at the end of the war was reduced to 10 percent of prewar tonnage.

Largely through United States assistance, shipping tonnage has now been increased to 50 percent of prewar. Great progress has been made by the Italians in the reconstruction of the railway system. Most of the destroyed bridges and viaducts have now been replaced with permanent structures. Rolling stock has been rebuilt from 40 percent to 70 percent of prewar.

Industrial production has been raised from 15 percent of prewar in 1945 to a current rate of 70 percent of prewar. This rate of production has been made possible to a considerable degree by coal and industrial raw materials either supplied by the United States or purchased in other areas with dollars.

1. COAL PROBLEMS

Next to food, coal is the most critical commodity in the Italian economy. A large part of the prewar sources of 14 million tons per year is no longer available. The loss of these supplies is shown by the following table:

Italian coal sources

[In million tons]

	1938	1947 (current rate)
Domestic production.....	2.4	3.1
Germany.....	7.0	1.4
United Kingdom.....	2.3	0
Poland.....	1.6	.8
United States.....	0	7.2
Other.....	1.0	0
Total.....	14.3	12.5

Domestic coal production, although of an inferior grade, is above 1938 production. This is in spite of the loss to Yugoslavia of the Istrian mines, the largest prewar domestic source.

2. CEREALS PROBLEMS

Due primarily to drought, and also to a shortage in fertilizers, the 1947 Italian wheat crop will be approximately 68 percent of the 1933-37 average and 15 percent below the 1946 crop. The Italian population, on the the other hand, has increased by 4 million. As a consequence Italy will be dependent upon foreign sources for a major part of its cereals.

Italian cereals situation 1947-48

[In thousand metric tons]

	Wheat, rye, barley	Rice	Corn	Total
A. July 1, 1947 carry-over ¹	137	4	210	351
B. Estimated 1947 crop ¹	4,903	569	2,046	7,518
C. Total.....	5,040	573	2,256	7,869
Retentions on farms (12,000,000 population):				
D. For seed ¹	1,020	25	90	1,135
E. For human consumption ¹ (basic ration 250 kilo-grams per year).....	2,339	50	395	² 2,784
F. For feed and losses ¹	346	31	1,250	1,627
G. Total.....	3,705	106	1,735	5,546
H. Domestic crop available for rations.....	1,335	467	521	2,323
I. Actual distribution, July-October ¹				1,528
J. Requirements, full ration, November-June ¹				³ 3,360
K. Total requirements, full ration.....				4,888
L. Deficit in domestic production, full ration, November-June (No carry-over provided) (K minus H).....				2,565
M. Requirements, current reduced ration, November-June.....				3,000
N. Total requirements, current reduced ration (I plus M).....				⁴ 4,528
O. Deficit in domestic production, current reduced ration (no carry-over provided) (N minus H).....				2,205
Other sources:				
P. Argentina (peso credit) ¹				500
Q. Canada (dollar purchase) ¹				100
R. Middle East (dollar purchase) ¹				100
S. Total, other sources.....				700
Remaining deficit based on Italian estimates				
(IMPORTS REQUIRED FROM UNITED STATES)				
T. Full ration (L minus S).....				1,865
U. Current reduced ration (O minus S).....				1,505

¹ Source, Italian Government.

² This will provide 630 grams per person per day for nonrationed farm consumption.

³ 34,000,000 cards; 235 grams per day and 2 kilos pasta per month or 300 grams per day basic ration; approximately 30 percent added for supplementary rations and for armed services. The current ration of 270 grams is provided by 235 grams of bread, or a corn equivalent, per day and one kilo of pasta per month.

⁴ Actual distribution July through October plus full ration November through June.

⁵ Actual distribution July through October plus projected ration at same level November through June.

As noted, these figures were submitted by the Italian Government, and show that the Italian import requirement from the United States would have to amount to 1,865,000 metric tons to reestablish the full ration, or 1,505,000 metric tons to maintain during 1947-48 the current reduced ration. The collection figures in the foregoing table seem to be unduly low even on the basis of the Italian estimates of production.

The amount retained for seed is high in relation to any other seed-retention program and the amount of bread left for consumption on farms would provide (as shown in footnote 2) two and a half times the current ration. The diversion of bread grains to feed for animals is also excessive for this period of crisis. Even with allowances for the political weakness of the Italian Government, stronger measures in this direction would seem to be within the realm of possibility. On the basis of other estimates by qualified agricultural experts, the stated figures for production are also very low. Some estimates run as much as a million tons above the Italian figures.

Any shortages in bread grains should be made up, as far as possible, with substitute foods, as suggested in the Department of State statement on interim aid (*Interim European Aid*, p. 44). These include alimentary paste, soya beans, potatoes, increased amounts of pulses, fats and oils, horse meat, and sugar.

The committee, relying on its agriculture consultants, estimates that the probable allocations of cereals to Italy for the 1947-48 crop year will be approximately 1,100,000 metric tons because of the serious shortages in the United States. Of this quantity approximately 500,000 metric tons has been purchased prior to October 1, 1947, leaving approximately 618,000 tons yet to be delivered as shown in the committee's estimate in table I. Agricultural experts believe it is reasonable and possible to increase collections from indigenous production by 500,000 tons. If this were done, the *current* ration figure could be maintained by exports from the United States at the rate of 100,000 tons a month, which is the basis for the committee's estimate of availabilities shown in table I, and should be sufficient to maintain the current ration.

To meet the full ration, it is believed that it would not be necessary to import the amounts stated in column T of the foregoing table, namely, 1,865,000 tons or the Department of State estimate of 1,145,000 tons for the next six months as shown in table 1. The addition of 500,000 tons to indigenous collections would reduce the requirements of imports from the United States to 1,365,000 tons, which could be met by the current monthly rate of 115,000 tons.

3. POPULATION PROBLEMS

The wartime increase in the Italian population of 4 million and the present rate of increase of 500,000 per year creates one of the most basic and difficult problems facing the Italian Government. Several schemes to stimulate emigration since the war have been attempted, but so far they have been largely unsuccessful, due in part to a shortage of shipping and in part to unsatisfactory living conditions in the receiving countries. Formerly, large-scale emigration provided Italy with both an outlet for excess population and a large income in remittances from abroad.

In addition to the increased requirements of food and housing for the surplus population, the continued presence of a large unemployed group, now 2 million, is fertile ground for political agitation and is a potential element of instability and unrest.

4. MONETARY, FINANCIAL, AND TRADE PROBLEMS

Administratively the postwar coalition governments, which were in power until June 1947, have been extremely weak. The tax system has been inadequate in respect to both structure and administration. Since the war, the tax structure has been developed through a policy of expedients designed to meet political demands and to yield quick returns through a weak collection system. Both continued inflation, which hampered determination of assessments, and inequitable tax provisions have encouraged evasions.

The upward trend in cost of living, wages, and government deficits continued unabated during the 2 years of Communist participation in the government. Inflation has continued unchecked from the end of the war until June of this year. In June currency in circulation was 28 times the 1938 figure, bank deposits 15 times, wholesale prices 63 times, cost of living 51 times, and wages 16 to 48 times the 1938 figure. Since June, when the Communists were forced to leave the Government, the general trend has been arrested and in some degree reversed.

The system of collections, rationing, and price control of essential foods has not been wholly effective. It is estimated that approximately 16 percent of the nonproducer consumption of grain flour and rice, the principal rationed foods, passes through black-market channels. Black-market food finds its way to a considerable degree into those hotels and restaurants which can be patronized only by the wealthy. Since meat is not rationed, nor is the price controlled, there has been a considerable diversion of grain to animal feeding. This has been accentuated by the general lack of confidence and is a form of hoarding.

Italian exports of fruits and vegetables to Germany, which were sufficient to cover the cost of imports of coal from Germany, have not been resumed since the war. Military Government in Germany has been unable to import such foods within the limits of appropriations to feed Germany, because their low-caloric content makes them an inefficient food for the German people.

The new Government has adopted a strong program for the stabilization of the lira, and as a result the black-market rate has dropped from 870 lire to 580 lire to the dollar. This program included considerable improvement in the tax-collection system, the levying of new taxes, strict control over the use of bank credit for speculative purposes, and a more rigid control over government expenditures.

Already the Government has had considerable success in increasing government revenues while at the same time maintaining control over government expenditures.

In order to minimize requirements for dollars the Italian Government should take certain further measures to assure that dollar earnings from exports and services will be utilized as effectively as possible.

Italy faces another serious problem in the reorganization of its industrial structure and conversion to peacetime production. Seventy percent of large and medium industry in Italy was taken over before

the War by the Fascist government. Today many of these industries, still under government control but inadequately supervised, are operating on government subsidies and consume vital fuel and raw materials in spite of inefficiencies in organization and management and poor adaptation to markets. Before and during the War many industries devoted almost their entire efforts to military production. These industries, especially the light-metals industries, must be reconverted to new products which can be sold abroad to pay for necessary imports of raw materials and food. If Italy is to become self-supporting, there must be considerable expansion in industrial exports in order to compensate for reduction in prewar revenues from emigrant remittances and for loss in prewar revenues from the sale of gold abroad.

United States aid to Italy since September 8, 1943, has totaled \$1,635,000,000. This is divided as follows:

	<i>Millions of dollars</i>
Civilian supplies distributed during military occupation prior to UNRRA--	510
Military and nonmilitary pay ¹ -----	305
Credits for surplus military property and ship purchases-----	201
Export-Import Bank commodity credits-----	30
less: repayment to date-----	9
	21
U. S. share of UNRRA-----	375
Export-Import Bank loan-----	100
Italian allocation of United States relief program (tentative)-----	125
Prisoner of war earnings-----	20
Restored Italian assets in United States ¹ -----	60
	1,717

Also 23 Ships: 8 Italian ships restored.

15 Italian ships lost which were replaced with United States ships.

¹ Claims waived under recent U. S.-Italian financial agreement.

THE PRESENT CRISIS AND THE REQUEST FOR INTERIM AID

The present Italian crisis is due primarily to the current impossibility of reestablishing normal trade relations between Italy and the rest of Europe, particularly Germany. It has been aggravated by the suspension of convertibility of sterling, by the unusually poor harvest, and by inflated prices in countries to whom Italy must look for emergency imports. As shown in table I Italy's current dollar receipts for exports amount to only 19 million dollars per month. Current dollar balances were approximately 42 million dollars on October 1, barely enough to serve as working capital. Total dollar requirements for the period October 1947, to March 1948, will be between 512 million dollars, based on grain allocations adequate to maintain present rations, and 435 million dollars, based on a more realistic estimate of grain availabilities.

Requirements for petroleum, fertilizers, and industrial raw materials appear to be roughly comparable in volume to previous imports and insofar as can be ascertained here they represent reasonable requirements. Cotton stocks probably will be sufficient to carry through at least a part of the emergency period without additional

purchases, although provision is made in the State Department estimates for further purchases.

Against these dollar requirements Italy expects to receive 113 million dollars from exports and 44 million dollars from various existing United States sources. Of the 100 million dollar Export-Import Bank loan, 90 million dollars has been approved for the purchase of fuel and essential raw materials. It is believed that this entire amount could be made available before March 31 if the Italian Government and Italian industries complete promptly the necessary contractual agreements. The State Department, however, estimates that only 60 million dollars will actually become available.

This will leave a deficit on March 31 of 214 million dollars based on the higher grain import estimate and includes cotton purchases, or 107 million dollars based upon the lower grain import estimate and without provision for cotton purchases.

At the time of suspension of sterling convertibility by the United Kingdom, Italy had a sterling balance of £31,000,000 and is now accumulating sterling at the rate of £1,500,000 per month. At the present time practically none of this sterling can be used to purchase essential food and raw materials. Those few essential commodities which can be obtained from nondollar areas often require dollars.

ESTIMATE OF PROBABILITIES

With respect to those political and economic factors over which the Italian people have had control, considerable progress has been made in overcoming the problems of the postwar period. The present trend is in the direction of strengthening the Government and in reestablishing economic and political stability. Major problems within the Government, however, are yet to be overcome. The Communist Party continues to present a threat to recovery and it can be expected that this minority group will do all in its power to negate the efforts of the Government and to cause its ultimate downfall.

If further aid makes possible the recovery of the rest of Western Europe, and if further aid is adequately supervised, it seems reasonable to expect that Italy can ultimately reach a position of economic self-support and political stability.

Without further aid and in the absence of political stability and of general recovery in Western Europe, it appears probable that economic conditions will become so desperate that the Italian people will not be as well able to resist the establishment of a totalitarian government.

ADDENDUM

Since the preparation of this report the Secretary of State has presented a revised estimate of interim aid required by Italy before March 31, 1948. Dollar requirements have been reduced to 485 million dollars based on grain allocations adequate to meet current rations and 398 million dollars based on more realistic estimate of grain availability. This reduction is due to a lower estimate of freight

costs, and is partially offset by an increase in estimated coal shipments. In the revised State Department estimates, cotton requirements have been reduced from 30 million to 15 million dollars. Blister copper for copper sulphate has added 9.3 million dollars to fertilizer costs. The requirement of 15 million dollars for settlement of clearing agreement balances has been omitted in the revised estimate. Requirements for other raw materials have been increased by 6 million dollars.

Estimates of funds available from the foreign-relief program have been increased from 20 million to 51 million dollars. This change adds 20 million dollars by reducing the estimated period between payment and shipment of commodities and adds 11 million dollars, which has been diverted from Austrian relief. The estimated deficit on March 31 is reduced from 285 million to 227 million dollars. If grain figures are reduced to quantities believed to be actually available, and if certain other figures about which there is some question (as already raised in the text) are deleted completely, the deficit is reduced to 66 million dollars.

For a tabular explanation and comparison of the differences in these estimates, see table I. It must be emphasized that the tentative reductions in the third column of this table, representing the committee's estimates, are not intended to establish a firm figure for authorization, but to indicate a point beyond which additional justifications are in the committee's judgment needed.

The State Department figures have been presented in the estimate of November 10 on the basis of 4 months (December-March) rather than 6 months, the basis of the previous estimate. The revised estimates indicate that funds available in October and November exactly equal expenditures. For the purposes of comparison the revised estimates shown in table I cover the 6-month period from October to March.

TABLE I.—*Italian requirements for interim aid—Oct. 1, 1947, to Mar. 31, 1948*

[All quantities in thousand metric tons; dollars in millions]

	State Department estimates		
	Preliminary (Oct. 21)	Revised (Nov. 10)	
		As presented by Secretary of State	Tentatively reduced by inclusion of certain pos- sible additional resources; by deletion of certain ex- penses for which com- mittee desires further justifi- cation; and by reduction in estimates of U. S. grain availabilities
Cereals:			
United States:			
Quantity.....	1,145 (State) ¹	1,145 (State) ¹	618 (c o m - mittee, esti- mate).
Cost (\$125 per metric ton).....	\$143.0	\$143.0	\$77.3.
Freight.....	\$22.9 (\$20/ton).....	\$17.2 (\$15 /ton).....	\$9.3 (\$15/ton).
Argentina (no dollar cost).....	240	240	240.
Canada and Middle East, quantity.....	200	200	200.
Cost (\$170 per metric ton).....	\$34.0	\$34.0	\$34.0.
Freight (\$13 per metric ton).....	\$2.6	\$2.6	\$2.6.
Total cereals, quantity.....	1,585	1,585	1,058.
Cost.....	\$202.5	\$196.8	\$123.2.
Fuels:			
Coal:			
United States:			
Quantity.....	3,600	3,800	3,800. ²
Cost (\$10.50 per ton).....	\$37.8	\$39.9	\$39.9.
Freight (\$11 per ton).....	\$39.6	\$30.8 ²	\$30.8.
Ruhr:			
Quantity.....	750	750	750.
Cost (\$15 plus \$6.50 freight).....	\$15.0	\$15.0	\$15.0.
Petroleum products.....	\$30.0	\$30.0	\$30.0.
Total fuels.....	\$122.4	\$115.7	\$115.7.
Fertilizers:			
Phosphate rock and nitrogen.....	\$9.6	\$9.6	\$9.6.
Blister copper for copper sulphate and mis- cellaneous agricultural supplies.....		9.3	9.3.
Total food, fuel, and fertilizers.....	334.5	331.4	257.8.
Cotton.....	\$30.0	\$15.0	(³).
Other raw materials.....	\$110.4	\$116.1	\$116.1.
Export-import loan repayment.....	\$6.0	\$7.0	\$7.0.
Deposit on United States war claims.....	\$5.0	\$5.0	\$5.0.
Settlement of clearing agreement balances.....	\$15.0		
Invisibles.....	\$6.0	\$7.0	\$7.0.
Interest on war surplus credit.....	\$5.0	\$4.0	\$4.0.
Total expenditures.....	\$511.9	\$485.5	\$396.9.
Funds expected to become available:			
Receipts on current account.....	\$113.0	\$114.0	\$114.0.
Suspense account.....	\$9.0	\$9.0	\$9.0.
United States foreign relief.....	\$20.0	\$51.0	\$51.0.
POW trust fund account.....	\$15.0	\$15.0	\$15.0.
Liquidation of blocked assets.....	\$10.0	\$10.0	\$10.0.
Export-import loan.....	\$60.0	\$60.0	\$90.0. ⁴
Total current funds.....	\$227.0	\$259.0	\$289.0.
Dollar funds available Oct. 1.....			\$42.0. ⁵
Total.....	\$227.0	\$259.0	\$331.0.
Deficit, Mar. 31, 1948.....	\$284.9	\$226.5	\$65.9.

¹ Based on 270-gram ration.² State Department estimates that Italian ships can carry 3,000,000 tons and that necessary payments to Italian firms for transporting this quantity will be 30 percent lire and 70 percent dollars. The balance of coal shipments, 800,000 tons, will require full dollar payment for freight.³ As questioned on p. 2, cannot cotton be financed by the Export-Import Bank?⁴ The committee questions whether or not the sum of \$90,000,000, the total allocated for final and industrial raw materials from the Export-Import Bank loan can be made available within the interim-aid period.⁵ The committee questions whether or not at least a part of \$42,000,000 in dollars funds held on Oct. 1, 1947, by Italy and not shown in State Department estimates can be applied to expenditures. It may be that all or part of this unmentioned sum can be regarded as a legitimate "working balance."⁶ Coal estimates increased by 200,000 tons in revised State Department figures are based on expectancy of increased allocations.

THE FRENCH CRISIS AND INTERIM AID

PRELIMINARY REPORT TWO SUBCOMMITTEE ON FRANCE AND THE LOW COUNTRIES

CONSISTING OF

CHARLES A. WOLVERTON, New Jersey, *Chairman*
W. KINGSLAND MACY, New York
EUGENE J. KEOGH, New York
A. S. MIKE MONRONEY, Oklahoma

APPROVED BY

HOUSE SELECT COMMITTEE ON FOREIGN AID

PURSUANT TO

H. Res. 296

A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
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80TH CONGRESS } 1st Session }	HOUSE OF REPRESENTATIVES {	REPORT No. 1146
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THE FRENCH CRISIS AND INTERIM AID

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT TWO

THE FRENCH CRISIS AND INTERIM AID

I. INTRODUCTION

This report is an attempt to summarize the major factors in the present crisis in France's balance of payments and to set forth the dollar requirements for the so-called interim-aid period. The interim-aid period was defined by the Executive Branch as that period of time during which aid was required but during which a new agency or new method of handling aid could not become fully operative. Originally the interim-aid period was of 6 months' duration, from October 1, 1947, to March 31, 1948, but the report of the Secretary of State submitted to Congress on November 10 covers only the 4-month period from December 1, 1947, to March 31, 1948.

There have been a long series of estimates of the amounts of interim aid required emanating from the Executive Branch, but only the estimate of November 10 is an official request to Congress for an appropriation of funds. The difference between the figures in the November 10 estimate and those prepared by the Departments of State and Treasury on October 31 will be discussed in the body of the report. The only important difference is that the November 10 estimate includes sums for payments to be made prior to March 31, 1948, for the shipment of commodities for 1 month after that date in order to maintain the flow of goods in transit. This inclusion is not made clear for commodities other than wheat in the text of the November 10 report of the Secretary of State, but is the only way in which the November 10 figures can be reconciled with the estimates of October 31.¹

The present study was compiled from the findings of the committee together with the estimates furnished on October 31 by the Departments of State and Treasury, which are given as tables I and II and for which explanations are offered. The committee wishes to draw attention to the following passages in the Report of the Secretary of State on Interim European Aid submitted to Congress on November 10, 1947:

On page 7 it is stated: "The funds requested will not cover requirements beyond March 31, 1948." However, in the break-down on page 21, the explanation is made in the case of wheat that the \$100,000,000 asked for wheat "represents imports of 750,000 tons of wheat (and flour) from the United States in the period December 1, 1947, through April 30, 1948, for which payments are due within the period December 1, 1947, through March 31, 1948." The figures offered by the Secretary of State (appendix E, p. 37, Interim European Aid) are put on a 6 months' basis of expenditures at table III of the appendix

¹ The committee notes that there is nothing to indicate that this added dollar requirement to maintain the flow of goods, or what amounts to a fifth month's requirements, was used for the Secretary's estimates of Italian needs.

to the present document, which compares with figures supplied as of October 31 in table I of this document.

The dollar resources already available to France, according to the estimate of November 10 (appendix E, p. 38, Secretary's report), are given in table IV of this document, which may be compared, with slight changes in arrangement, to table II, the estimates of October 31.²

The committee can only feel that the later presentation of November 10 is confusing in its use of figures without explaining the "pipe line" (which means the maintenance of an unbroken flow of goods beyond the March 31 date) which the committee had broken down at the end of table II, showing the distribution among commodities of the \$72,000,000 needed in March to pay for future deliveries that run through April. In this October 31 "pipe line" there was no provision for cereals. This is the only item mentioned for which a "pipe line" is admitted to be included in the November 10 tables. In all other instances that the committee has been able to check, the differences between the two estimates which produce the larger figure for expenditures in table III, as compared with table I, consist in distributing the "pipe-line" figure among the commodities concerned. It will readily be understood that such a procedure involves serious difficulties in checking the basis on which estimates are made.

The committee feels that the appropriating committees should take particular note of the following points in the November 10 presentation of the Secretary of State as compared with the October 31 estimates discussed in this study:

(1) On page 21 of the November 10 Report submitted by the Secretary of State, there is the following assumption: "On the basis of United States over-all export availabilities estimated at 520 million bushels of wheat, it is believed that the above French import requirements for United States wheat can be met." It is on this basis that the dollar requirements are stated to be \$100,000,000 for wheat and \$11,000,000 for ocean freight; and the higher estimates for the 250-gram daily bread ration are used as the normal figure for French dollar requirements rather than the lower figure of 200 grams contained as an alternative in the previous estimates. There is a statement in the text that "If the anticipated increase in export availabilities of United States wheat is not realized and the present 130,000 ton monthly allocations of wheat to France are maintained, United States wheat exports for this period would be only 650,000 tons, representing an expenditure of \$85,000,000 (plus freight charges of \$9,000,000)." It must be remarked that these figures are on a 5-month basis (including 1 month "pipe line") rather than on the 6-month basis with which other comparisons have been made. They nevertheless indicate that the Department of State is stating its dollar requirements upon a wheat allocation figure for United States all exports to all foreign countries higher than that suggested by any other official sources. The highest figure so far suggested is 500 million bushels of wheat rather than 520 mil-

² There is an additional \$60,000,000 in table IV, Earnings from Exports on Goods and Services to Dollar Areas, which had been included in table I rather than table II of the estimate furnished to the committee on October 31.

lion bushels, and there is grave skepticism in informed agricultural quarters as to whether the 500-million-bushel goal can be reached. If this export figure is to be reached, exceptional measures will certainly be indicated in cutting down the feeding of wheat and its use for other than human consumption purposes. The estimate of the prospective winter-wheat crop in the United States throws further doubt on this point.

(2) Milk products have been added. For some reason, they were omitted from the previous figures submitted, along with meats. Justification of condensed, powdered, and unsweetened milk is, however, quite reasonable in terms of the dietary requirements of France.

(3) In the course of the revision, the steel estimate of \$35,000,000 for the 6 months' requirements for France in the earliest figures submitted to the committee was reduced to \$27,000,000 on October 31 and finally to \$10,000,000 for the 4 months from December 1, 1947, through March 31, 1948. This seems to indicate that the Department of State has made a real effort to reduce the requirements of France during this period for tight steel.

In other respects, the tables seem reconcilable, provided one adds in the "pipe-line" figures which are not revealed in the November 10 estimates submitted by the Department of State. It is felt that this explanation is necessary to make possible a reconciliation of the present text with the tables submitted on November 10 and the explanations submitted by the Department of State to accompany them, all of which will be printed as a public document in the joint hearings by the Senate Foreign Relations Committee and the House Foreign Affairs Committee of that date.

The Subcommittee on France, and the Low Countries consisted of Charles A. Wolverton, chairman, W. Kingsland Macy, Eugene C. Keogh, and A. S. Mike Monroney. The subcommittee held extensive conferences with Government officials in each country, with United States Embassy staffs and American businessmen in Europe, and with representatives of business, labor, and farmers. Also, trips were made to ports and harbors, market districts, key rural and industrial areas, factories, and private homes.

Any short analysis of the political and economic aspects of the French crisis runs the risks of omission and distortion, but the attempt must be made, if a rational basis is to be found for determining American policy with respect to France at this time. At a later date a more detailed study will be issued covering the longer-term problems of the French economy and the findings of the subcommittee under Chairman Charles A. Wolverton.

II. SUMMARY

1. The basic importance of the French political situation is clear, and its significance as the key to western Europe cannot be ignored. On the forecast of the recent municipal elections, it is possible that the

instability of the French political situation will be accentuated, if the Assembly is split into Left and Right groups of about equal strength, with a comparatively small center group.

2. France emerged from the war in poor economic condition, as a result of extensive physical damage, lack of maintenance and raw materials, and dislocation of trade. Since the war, however, great progress has been made toward rebuilding the economic system and in April and May, 1947, the index of industrial production reached prewar levels. It has since declined slightly as a result of developing shortages. The Monnet plan, which is designed to replace capital losses and to modernize France's industrial plant, contemplates an increase of output to a level of 60 percent above 1938 by 1950.

3. France has not been able to restore her export trade to the degree necessary to balance her imports. A large part of her prewar trade went to her colonies and to neighboring European countries and the latter especially are not in a position to import from France in substantial volume at the present time. Consequently she has not been able to obtain the overseas income required for the purchase of necessary raw materials, and in August 1947, all dollar purchases, except of cereals, coal, fats, and oils, were stopped. The overvaluing of the franc has helped to price her out of export markets, since prospective sellers and buyers alike tend to wait for more francs for the dollar.

4. Coal is generally considered the principal element in the French industrial problem, and major efforts are being made to increase domestic production, partly through recruiting foreign laborers. However, France has never been able to produce more than two-thirds of her total coal needs and must now look mainly to the United States to replace the lack. Petroleum and petroleum products must also be imported.

5. The food problem is mainly one of cereals, fats and oils. The wheat crop has been the poorest in many years (estimated at 50 percent of normal), and wheat must be imported from all sources at a rate of nearly 160,000 tons a month to meet even the minimum current daily bread ration of 200 grams. Fats and oils must be imported in considerable quantity. The goal is a daily average diet of 2,400 calories per person, but this is based on a ration of 250 grams of bread per day, and would, of course, be lower if figured on a ration of 200 grams of bread per day. Even the higher figure amounts to approximately half a pound a day, and bread is the main staple of French diet.

6. Nitrogenous fertilizers are badly needed to increase the productivity of the soil which deteriorated seriously during the war years.

7. The dollar cut imposed by the French Government in August 1947 has had the effect of drawing on "pipe-line" reserves, and if this supply line of essential raw materials is not replenished during the first months of 1948, it may mean that production in various industries will decline as much as 50 percent.

8. French officials are now working on the problem of revising the French fiscal policy in order to halt the present ruinous inflation. But inflation can be halted by bringing French production, and world markets for it, into a healthy balance.

9. France's great reliance on the dollar area for the import of necessary raw materials and foods leads to an uncovered deficit of between

\$315,000,000 and \$360,000,000 for the 6 months (October 1947 to March 1948), depending on whether the 200-gram or the 250-gram bread ration is used as a basis for calculations, or an uncovered deficit for the 4 months (December 1947 to March 1948), plus 1 month "pipe line," of from \$311,000,000 to \$328,000,000, depending again on the size of the bread ration.

10. The present French economic and political crisis would appear to indicate that at least interim assistance is required to finance the necessary imports for maintaining the French economy.

III. THE POLITICAL SITUATION

The political factors are necessarily less specific than the economic but are equally critical. The basic importance of the political aspects is clear and their implications must be squarely faced. France remains the key to western Europe, and her existence as a free country is the foundation of any policy that seeks to maintain the democratic system in that area. France has been physically and psychologically damaged by war and occupation to a far greater degree than had at first been realized. The damage in both respects was clearly greater in World War II than in the earlier conflict, though her immediate manpower losses were far less.

In this situation, the Communist Party has thrived, until it boasts the largest representation in the National Assembly—167 seats out of 613, i. e. a percentage strength of 27.02 without counting minor parties, which follow the Communist lead. The political strength of the Communist Party during the past 2 years has only recently been threatened as a result of the municipal elections, which were largely fought on national issues. As a consequence, General de Gaulle and his group (the Rally of the French People) emerged as a new and potent force in French politics. The RPF polled nearly 40 percent of the vote on an anti-Communist platform, but its strength has been drawn largely from defections from right-of-center party, the MRP, and not from the Left. On the whole, the Communists maintained their hold over a substantial fraction of the municipal electorate. The Socialists, the third largest party, made slight gains.

Comments from qualified observers hold that the immediate effect of this election may be to accentuate the instability which has long been the bane of French politics by splitting the French people and the French Assembly into Left and Right groups of more or less equal strength. Whether General de Gaulle can achieve power and, if he does, will adopt the necessary measures of stabilization and reform that the present Center coalition government had planned, remains uncertain. The coalition government may be regrouped and continue to govern. In any event, the election has not lessened the importance of effective action in the economic sphere which might ameliorate the political crisis.

IV. ECONOMIC PROGRESS SINCE THE WAR

France emerged from the war with her economic system badly distorted in comparison with the relative stability of her prewar economy. Prior to 1939 food represented only 10 percent of her imports, and

France was nearly self-sufficient in basic food requirements. Other raw materials, however, including one-third of her coal and almost all of her petroleum, constituted 70 percent of French imports. The United States in 1938 supplied 11 percent of French imports. On balance, France had a substantial trade deficit, which was usually covered without difficulty by corresponding earnings from shipping services, tourist trade, etc. French industry was technologically retarded even before the war. A substantial portion of its products went to the French colonial empire, which was the largest single customer and supplier of metropolitan France. The importance of the proper management and practical development of the French colonial empire as an integral part of the French economy cannot be overemphasized.

The loss during the war as a result of destruction and seizures by the enemy has been estimated as high as \$21,000,000,000, but this takes no account of the capital deterioration due to lack of maintenance and raw materials and the general dislocation of economic relationships. The extent of the shock to French industry is graphically illustrated by the index of industrial production (1938=100) which averaged 41 for 1944 and stood at only 60 even at the end of 1945. In terms of physical damage, it has been estimated that in France 1 building out of 22 had been destroyed or damaged, as compared with 1 out of 25 in Holland, 1 out of 38 in Belgium, and 1 out of 65 in England, according to statistics supplied by the French Government. This damage may well be overestimated, as war damage usually is. But it is critically serious. The effect on productivity has been equally striking, the French general average being 78 percent of the prewar base.

Through the efforts of the French people and with substantial American (estimated at nearly \$2,000,000,000) and other postwar aid, the French economy gradually recovered from the low point of the Liberation as shown in the following table:

Index of French industrial production¹

[1938=100]

1946—January	60	October	90
February	69	November	90
March	72	December	89
April	75	1947—January	88
May	84	February	95
June	85	March	96
July	80	April	102
August	68	May	102
September	84	June	97

The index turned downward in the late spring of 1947. It is likely that there may be a further temporary decline as a result of the key shortages that will be referred to in the ensuing discussion of the principal factors in the present situation.

Although there is a slight decline at present, great strides had previously been made after the war in restoring important segments of the economy. For example, by the end of 1946, all the de-mining and clearing of battle areas had been accomplished, and 60 percent of the repairs of partially destroyed buildings had been completed, accord-

¹ Source: United Nations Monthly Bulletin of Statistics, September 1947, p. 30.

ing to statistics received from the French Government. Likewise, remarkable progress had been made in restoring the transportation system. Steam locomotives, roughly 12,000 serviceable in 1939 and 3,000 in September 1944, numbered 9,700 serviceable by August 1947. Even better progress was made for freight cars and other categories of rolling stock and the railways are moving in 1947 almost 110 percent of the tonnage moved in a similar period in 1938. It should be pointed out that this remarkable restoration of the French railways was accomplished by substantial shipments and transfers of American rolling stock and by the vigorous efforts of the French railway workers and managers.

The objectives of French efforts to reconstruct their economy are summarized in the Monnet plan adopted in January 1947. It is designed to replace capital losses of the depression and war, and to modernize France's industrial plant so that the country can regain economic stability. The plan contemplates an increase of output by the end of 1950 to a level of 60 percent above 1938, or 25 percent above 1929, France's peak production year, by concentrating on rebuilding six so-called "basic industries": coal, power, steel, cement, agricultural machinery, and transport. Prepared by joint commissions representing government, industry, and labor, the Monnet plan has had the support of all elements of the French people.

V. THE PRESENT CRISIS IN THE BALANCE OF PAYMENTS

Despite these efforts, however, and the assistance extended by other countries, mainly through large postwar loans and grants from the United States, France was unable to reestablish the stability of her economy. By the spring of 1947 symptoms of the gathering crisis began to appear. While attempts were made continuously to restore French exports and thereby obtain the means of payment for needed imports, these efforts met with little success for a variety of reasons, the chief cause being an overvalued franc which raised export dollar costs. Before the war a large portion of French exports went to the French colonial empire in exchange for imports of raw materials, but now unrest in Indochina and Madagascar and labor, capital and consumer goods shortages in French African possessions severely limit the trading capacity of the colonies. France's European neighbors were too impoverished by the war to afford goods from France, whose exports always contained a large percentage of relatively nonessential consumers' goods. High costs of production due to the inflation in France also drastically limited the ability of French exporters to sell in Latin America and in the dollar markets of the United States and Canada. As a result, the French export program lagged seriously, and France was consequently able to earn only a fraction of the overseas income required to enable her to purchase necessary raw materials. Despite dollar loans from the Export-Import Bank, the International Bank for Reconstruction and Development, and drawings upon the International Monetary Fund, France could not obtain the means of payment for even a minimum program of imports.

On August 26 all dollar purchases except of cereals, coal, fats, and oils were stopped. The result has been a severe set-back to French reconstruction efforts.

Another element in the present French crisis is the severance since the war of the important economic relationships between France and Germany. Despite the traditional political antagonisms of those two countries, economic ties have always been strong and Germany has been one of the chief suppliers of, and markets for, France. Unless and until there is some restoration of Germany's ability to produce and consume, with adequate safeguards, of course, against the rebuilding of Germany's war potential, there will be great difficulty in restoring the stability of the French economy.

Likewise, the solution of the economic problems of Belgium, the Netherlands and Luxembourg would be greatly assisted by favorable developments in the French situation. The economies of the western European nations are indissolubly linked and recovery is, in the last analysis, a common problem for all the countries concerned. The extent to which France and Germany cannot contribute their shares is the extent to which recovery in all the other countries will lag.

The existing situation which requires interim aid has been greatly aggravated by failure to recognize more quickly the relationship between the recovery of Germany and the economic health of all the surrounding countries, and to take action accordingly.

VI. KEY IMPORT SHORTAGES

The main outlines of the present French crisis will be sketched below in terms of the principal import materials France requires and for which she no longer possesses adequate resources for payment, particularly food, fuel and fertilizers.

A. Food

The food problem of France centers on cereals and fats and oils. As to cereals, France has had a bad wheat crop in two of the three crop years since the liberation. Prior to the war, the average wheat crop totaled 8.1 million tons. This year, because of a winter freeze and summer drought, the crop has been variously estimated at from 3.1 to 4.1 million tons. This drastic decline from prewar has been caused by natural factors—lack of fertilizer, bad weather, and soil deterioration during the occupation—but has been augmented by low price policies and inflation. As a result of these factors, the acreage planted for wheat is now about one-fifth below the prewar figure, although the percentage planted has increased since the occupation. The French Government has undertaken various measures to combat these earlier mistakes. Prices were permitted to increase slightly and an 11-point program of inducements, checks, and penalties has been undertaken in an effort to increase both farm collections and acreage planted.³

On September 1 the French Government reduced the bread ration from 250 grams per day to 200 grams, which is lower than the lowest official ration under the German occupation. The psychological and political effects of this action have yet to be fully felt in a country where bread constitutes a major element of the diet.

French import grain requirements for the interim period have been based on the alternatives of maintaining a 250-gram or 200-gram

³ However, the new prices are still only one-third the black-market prices.

daily bread ration. The amount required on the lower assumption, namely 100,000 tons a month from the United States and 60,000 tons a month from other sources, corresponds closely with estimated availabilities. However, the interim-aid program submitted by the Secretary of State on November 10 provides for a wheat import of 150,000 tons per month from the United States and 40,000 tons per month of all grains from other sources. If such a quantity of grain were available, it would enable reestablishment of the bread grain ration at 250 grams per day. It is unlikely that the United States grain availabilities will be sufficiently large to permit much more than 100,000 tons per month to be shipped to France, which will be sufficient only for the present ration of 200 grams per day. The dollar requirements, therefore, range from \$11,000,000 for 4 months plus 1 month "pipe line" on a ration of 250 grams to \$94,000,000 on a ration of 200 grams.

The French estimate of interim requirements for fats and oils is \$40,000,000 from the dollar area in the October 31 program and \$32,000,000 in the November 10 program. This figure compares with imports of \$38.3 million in the first 6 months of 1947. With a lowered bread ration, fats and oils assume greater significance in the diet.

For the present crop year a national average diet of 2,400 calories per person per day is the objective, but this is based on a 250-gram bread ration and must be correspondingly reduced if the bread ration remains at 200 grams. This average figure conceals the dangerous fact that the urban worker consumes less than 2,400 calories per day while farms groups and patrons of "black markets" consume much more. It has been estimated that the urban worker has to spend 70 to 80 percent of his income on food, and even this does not obtain for him the minimum legal ration. An unskilled laborer receives only 295 francs a day and the daily diet is estimated to cost 290 francs.

Since it is unlikely that grain will be available in sufficient quantities to restore the higher ration, it will probably be advisable to substitute other foods in order to maintain the 2,400 calories per day diet. Studies should be made by the responsible agricultural authorities of the advisability of shipping increased quantities of dehydrated foods, such as potatoes, and of sugar, soya bean meal, and surplus canned foods.

B. Coal

Since the Liberation, France has made a major effort to increase domestic coal production. In August 1944, production of coal and lignite had dropped to barely one million tons a month, but by October 1946 it reached a peak of 4,682,000 tons a month. This compares with a monthly average in 1938 of 3,964,000 tons. Production has increased to a point above the level of 1938 (a depressed year in France, however), but has been accomplished by a labor force 140 percent of 1938. Many of these were prisoners of war who are now being released. A major problem in sustaining even the present level of production is the recruitment and training of replacements. Efforts are being made to employ the prisoners on a voluntary basis, and to recruit Italian and other foreign laborers. Efforts to use Italian manpower (not selectively recruited) have met with limited success, but further rapid increases in production cannot be anticipated in view of manpower,

food, and other shortages. In fact, the high percentage of labor force required to mine coal reflects a lack of equipment and a decline in productivity per worker, which on the average for French industry has been estimated at 78 percent of 1938. This decline in productivity is common to all the liberated countries and may be attributed to the effects of war and of the food and housing and machinery shortages, as well as to political and psychological factors.

Despite the gains in total output, however, France can produce from her own resources only two-thirds of her coal needs. She has had to look to the United States to replace in part coal import requirements (usually more than 20,000,000 tons per year) which before the war came principally from England and the Ruhr. In 1946 imports supplied 10,000,000 tons, but this was not enough to provide the total coal availabilities of 1938. During 1947 imports in the first 6 months were below schedule, but are now at 1,200,000 tons a month from the United States alone, which is the basis for the French requirements, as modified by State and Treasury Department estimates in table I. The necessity of importing United States coal constitutes a serious dollar drain, but the quantities are essential to maintain the present rate of industrial production. Only through increases in domestic production and an unlikely immediate increase in imports from her previous European sources can this serious limitation in the French economic situation be overcome. In the meantime France must rely on United States imports plus the several million tons a year she gets from Germany.

France has also been dependent on imports for petroleum and its products, for which dollars are required. During the first half of 1947 dollar imports of petroleum products of France and her colonies totaled \$66,000,000. Her present 6-month estimate is \$60,000,000; the corresponding 4-month (plus 1 month "pipeline") figure being \$45,000,000. Either figure will meet industry requirements at the present levels but does not permit expansion of production and transport.

C. Fertilizers and other materials

Fertilizer requirements from the dollar area for the 6 months interim period have been estimated at \$14,000,000. The corresponding estimate in the November 10 report is \$9,000,000. These requirements are largely for nitrogenous fertilizers and are designed to increase production. The year's import requirements for nitrogenous fertilizers based on expected allocations have been estimated at 59,000 metric tons (CEEC estimates).⁴ This requirement compares with imports of 56,000 metric tons for the fiscal year 1946-47 (CEEC figures). The increase is based on the need for rebuilding impoverished French soil.

"Other raw materials" included in the interim period requirements are based on the assumption of supplying the minimum raw materials necessary to keep French industrial activity at the current rate without fully replenishing the pipe-line losses caused by the dollar cut

⁴ Committee of European Economic Cooperation, conference of the 16 western European nations held in Paris in July and August 1947.

imposed by the French Government on August 26, 1947. While these requirements have been only roughly screened by the departments which prepared them and no adequate break-down is available, they are only slightly higher than similar figures for the first 6 months of 1947. Consequently they are intended only to keep the economy afloat, not to give it the big jump anticipated in the CEEC plans.

VII. THE EFFECTS OF THE CRISIS

The significance of the various unfavorable factors that have been discussed can be assessed against the background of their effect on the Monnet plan. The plan called for a level of industrial activity of 100 to 115 percent of 1938 by the end of 1947. Coal production had been planned at the annual rate of 55.5 million tons, whereas the first 5 months on an annual basis are estimated at 52 million. Similarly, steel production had been planned at an annual rate of 7 million tons and the estimate based on the first 5 months is 5.8 million tons.

Set-backs in other areas will have the cumulative effect of retarding the ultimate realization of the plan's objectives of putting the French economy on a viable basis. Even these estimates take no account of a possible further decline in production as a result of the suspension of dollar imports. If the supplies of essential raw materials are not continued during the first half of 1948, it has been estimated that production in various industries will decline from 10 to 60 percent. In cotton textiles, for example, the decline has been estimated at 60 percent; in shipbuilding, 30 percent; in agricultural and food industries, 20 percent. The second half yearly import program for materials not including equipment was originally estimated at over 1 billion dollars from the dollar area. When it was canceled on August 26, 1947, only limited amounts of dollars were set aside for the purchase of a reduced cereal, coal, and fats program. Recently, a further small amount has been freed for the purchase of petroleum and key "bottleneck" items required to keep factories going.

In addition to the effect of reduced imports, the economic situation has been seriously affected by the inflationary movement which in turn has accentuated labor unrest. There were strikes in the spring of 1947 which caused a decline in production, and the mounting inflation threatens further difficulties, apart from political considerations arising from the effective Communist control of the C. G. T., the dominant French labor union. The tactics of this body are the usual ones to prevent stabilization and are similar to those used in Italy. (See committee report on Italy.)

VIII. INFLATION AND FISCAL POLICY

Wholly apart from the realization of the Monnet plan, any prospects for minimum recovery in France depend upon vigorous measures being taken by the French Government to stabilize the economy and to halt the ruinous inflation. The present state of inflation can be gauged by reference to the rise in monetary circulation and prices. The trend of rising prices was temporarily halted by the Blum experiment (stabilization of prices and wages) in early 1947 but the

failure of production to reach necessary levels caused a break-down in the spring, and the trend of prices has been upward since then. Thus, in terms of 1938 as 100, wholesale prices have increased from 276 in December 1944, to 469 in December 1945, to 842 in December 1946, and to 998 in July 1947. Food products alone have increased from 275 at Liberation to 1,211 in August 1947. Retail prices in Paris have risen from 290 at Liberation to 1,068 in August 1947. Similarly, but in lesser degree, hourly industrial wages, on the basis of 1938 as 100, have increased from 248 in October 1944 to 528 in April 1947 (all price and wage indices from Bank of France). Banknote circulation of the Bank of France increased from 111 billion francs in December 1938, to 838 billion francs on August 28, 1947. Other monetary statistics confirm this same trend.

An analysis of the French budget figures reveals a similarly unsatisfactory fiscal situation. Total State expenditures have increased from 115 billion francs in 1938 to 1,001 billion (estimate) in 1947. This represents a three-fold increase if the changes in the value of the franc are taken into account and would probably be modified still further if the present real purchasing power of the franc could be calculated.⁵ Of the above expenditures, military expenses have been estimated at 33 percent of the budget in 1945 and at 24 percent in 1947. Expenditures covered by budgetary receipts has been estimated at 50 percent in 1945, 56 percent in 1946, and 62 percent in 1947. The deficits have necessitated continued borrowings from the Bank of France and other measures which have only added to the inflationary spiral.

In view of these facts, stabilization is long overdue and the need for it was stressed by all the Government ministers interviewed by the subcommittee in Paris. Each of them referred to the Government's stabilization program, parts of which had already gone into effect, and indicated a firm intention to push the program to completion. It was planned to draw up during October a stabilization program on the basis of group participation similar to the way in which the Monnet plan was prepared. Revised budget estimates would be submitted to the National Assembly; tighter enforcement of existing controls would be undertaken, tax reforms introduced, and further reductions made in military and bureaucratic expenditures. The necessity of stabilization as a condition for foreign aid was recognized, but it was also stressed that continuation and improvement of production and adequate foreign assistance would both be required for the stabilization program to succeed.

IX. FRANCE'S INTERIM DOLLAR NEEDS

The many internal difficulties already summarized are ascribable in great degree to the serious shortages that have disrupted France's post-war economy. A major element in this unbalance is the reliance on

⁵ The following table shows changes in the value of the franc relative to the dollar: 1918, 19.6 cents; 1920, 6 cents; 1922, 9 cents; 1926, 2.5 cents; 1936, 6.5 cents; 1938 2.8 cents; 1940, 2 cents; 1945, 1.7 cents; and 1946, 0.8 cent.

the dollar area for supplies. The October 31 estimate of the dollars required for supplies during the interim 6-month period varies from \$585,000,000 to \$630,000,000, depending on whether a 200-gram or a 250-gram bread ration is assumed. (A break-down is given in table II.) In addition, approximately \$146,000,000 has been estimated as necessary during this interim period for other expenditures. These expenditures include such major items as payments of deficits on trade agreements with Brazil and Belgium, interest and amortization on foreign debt, and support of the French Zone in Germany.

These expenditures together total \$731,000,000 on the 200-gram bread-ration estimate, which is more in accord with grain-supply possibilities or \$776,000,000 with the higher ration. As against these projected dollar expenditures during the interim period, dollar receipts from exports and other items are estimated at the rate of \$10,000,000 a month, or only \$60,000,000 for the period. This leaves a deficit on current account of \$671,000,000 to \$716,000,000, depending on the bread-rationing assumption. To balance this deficit, it has been estimated that \$428,000,000 of resources will be available during the interim period. This includes the maximum funds from credits already established with the international lending agencies, the liquidation of declared or identifiable French dollar securities (no account has been taken here of the undeclared and unidentifiable dollar resources owned by French nationals in the United States, which will be considered by the committee when further data becomes available), the French share of German gold, the recent shift in the Export-Import Bank loan making funds available for raw-material purchases, settlement of the United States Army account, and the remaining balance in the French stabilization fund. Excluded are the \$440,000,000 reserve in gold and dollars of the Bank of France, which has been estimated as the minimum safe reserve for the national currency, and against which are outstanding commitments for dollar exchange, estimated as high as \$300,000,000.

Making full use of the estimated available resources of \$428,000,000 will still leave an uncovered deficit of \$243,000,000 to \$288,000,000, depending on the bread-ration assumption. This estimate of new funds required during the interim period (October 1947–March 1948, inclusive) does not take account of dollar payments that would be required in March 1948, in order to maintain the pipe line of deliveries during April 1948. The dollar funds required during March for this purpose have been estimated at \$72,000,000. This would increase the new funds required during the interim period to \$315,000,000 or \$360,000,000, again depending on the bread-ration assumption. (See tables I and II.)

The most recent estimate of French dollar requirements submitted by the Secretary of State on November 10 for the 4 months period from December 1, 1947 to March 31, 1948, plus the 1 month "pipe line," total \$556,000,000. Of this total, \$490,000,000 is for supplies needed by France, the French Zone of Germany and French overseas possessions. The remaining \$66,000,000 is for other payments such as interest on the foreign debt, contributions to international organi-

zations, and sums due to Belgian and Brazil under existing credit and trade agreements. The Secretary's estimate includes United States grain shipments to France at the level of 150,000 tons per month. If grain shipments cannot be raised to that rate, but are maintained at present levels, the dollar requirements will be reduced by \$17,000,000 to a total of \$539,000,000. If, however, as suggested above, other foods are substituted for grain in order to attain a daily ration of 2,400 calories, the increased cost may more than absorb the \$17,000,000 savings.

As against these projected dollar expenditures during the 4-month interim period, dollar receipts from exports and other items are estimated at the rate of \$10,000,000 a month, or only \$40,000,000 for the 4-month period. The available dollar balance on December 1 from Export-Import Bank and International Bank loans and from drawings on the International Monetary Fund will be approximately \$153,000,000 (see table IV). It is estimated that during the 4-month aid period the liquidation of French dollar securities will yield \$35,000,000. The total available dollar resources, therefore, will be \$228,000,000, leaving an uncovered deficit of \$328,000,000 on the higher bread ration, and \$311,000,000 on the lower.

X. CONCLUSION

In conclusion, it appears that maintenance of the present level of industrial production and of a daily bread ration of only 200 grams would require something close to \$315,000,000 in new dollar funds during the period October 1947 through March 1948, inclusive, or \$311,000,000 on the November 10 program, and that these sums would prevent any break in the "pipe-line" of supplies. To raise the daily bread ration to 250 grams will require \$45,000,000 more in the 6 months' period and \$17,000,000 more in the 4 months' program. These estimates are the best obtainable at the moment, and it is doubtful whether their accuracy would be much improved by any further investigation that cannot go into the details of each program and get more facts from the French Government. The complex nature of the problem they are designed to illustrate, as well as the relative backwardness of the French statistical reporting system, make it virtually impossible to assess France's present dollar needs with anything like the accuracy possible in treating similar problems with respect to the United States. The chief value of the above estimates for the interim aid period is the fact that both in total and in detail they roughly approximate the actual shipments from the United States to France during the last 6 months. Studies are in progress on the longer-term requirements of France. A more detailed analysis will be possible when these investigations have been completed.

The most serious question that is raised about the figures is whether actually the stated needs of France can be met not by dollars alone but by available commodities. The requirements for dollars may be substantially less than is indicated by the Secretary of State—not because the needs are not real, but because the commodities may not

be available. As indicated above, it seems unlikely that grain shipments from the United States can be raised to 150,000 tons per month, and there is even some doubt as to whether the present rate of allocation—130,000 tons per month—can be maintained.

Coal exports from the United States to France at the levels of the past few months will be continued with difficulty, unless car shortages in the United States are remedied quickly. This is particularly true of the byproduct coking coal used for steel production, lack of which has had a limiting effect on production of steel in the United States.

The petroleum products listed in the interim aid figures at \$60,000,000 value (\$45,000,000 in the November 10 program) compare with 6 months' imports of 1947 of \$66,000,000. The shortage of fuel oil and gasoline which is developing in the United States may mean that even these imports will be difficult to meet, but the figures are reasonable. On even a short-range basis both French and Italian purchases, at a premium, of Venezuelan oil in competition with the United States have an inflationary effect. Payment in dollars for such imports and for Middle-Eastern oil deserves careful scrutiny. (See Committee Report on Petroleum Availabilities and Requirements.)

In steel products, the French interim aid figures are not broken down sufficiently to enable any estimate of available shapes and types. The figure of \$10,000,000 for a 4-month period, if for finished steel, would mean something under 100,000 tons at an average price of \$100 a ton, although freight is included in the total figure. The steel picture in the United States is not so tight as to warrant the feeling that a 100,000-ton requirement of finished steel for 4 months will present too great difficulties.

This brief discussion of the extent to which the possible limitations of supply may affect the ability to meet the stated needs of France has an obvious bearing on the final dollar requirements that may be necessary during the interim period. Even if many or all of these potential supply deficits become actualities, there will remain a serious balance of payments problem requiring substantial dollar assistance, as this report has already indicated. To the extent to which supplies can be found to meet the needs, the dollar requirements will approach the amounts stated in the discussion, in Part VIII, "France's Interim Dollar Needs." In conclusion, therefore, it is clear that substantial dollar requirements must in any event be met if the present level of industrial production and a minimum bread ration are to be maintained. The maintenance of these minimum economic conditions is obviously vital for buttressing the democratic forces in France. Certainly, the "pipe-line" figure of \$72,000,000 and the additional \$32,000,000 for maintaining the flow of wheat supplies in April will not be needed as part of the interim aid program if a longer range aid program has been put into effect by March 1. It is clear that at least interim aid is required to finance the imports necessary for supporting the French economy during the coming months.

This is not the first time that France has been faced with and apparently come through situations that appeared at the time insurmountable. After the Franco-Prussian War, Germany imposed an indem-

nity, small by comparison with present-day figures but considered at the time so large as to have been unsusceptible of fulfillment within the time prescribed. Bismarck felt that the German army of 500,000 was in France to stay. The indemnity was levied on May 10, 1871. Every German exaction was met and the last German troops passed the French frontier on September 8, 1873, a period of less than 2½ years having elapsed.

During World War II, three-quarters of a million German troops were bivouaced in France during the period of June 22, 1940, to liberation in 1944. During both of these occupations, it may be fairly assumed that the German troops lived off France, and without question during both occupations Germany took more of the materials of all kinds on balance from France than Germany put in.

France's recuperative capacity has, therefore, been sternly tested in the past. Never before, perhaps, has the country been so cumulatively drained of resources. But France's economy, including the proper development of her colonies, has the inherent capacity for achieving as healthy a balance as any country in Europe.

Other factors in addition to those mentioned in this report are present in France today which show the latent possibilities of a French recovery more rapid than its present aspect might indicate. Some estimates⁶ of gold hoarded in France run from \$2,000,000,000 to \$3,400,000,000. Obviously, no accurate figures are possible. If one includes the probable French share in the Swiss-held total of \$800,000,000 worth of United States securities and at least \$500,000,000 of French privately held assets in the United States, which have not been declared, there is a substantial supply of funds privately owned which could be brought out to help in the restoration of French and European prosperity. The condition of bringing out of hiding such hoardings within and outside of France is the restoration of confidence in the value of the French franc and in the political future of that country. Although this may not be fully achieved in the near future, a very substantial part of these holdings may be available for aiding European recovery if the recovery of France proceeds at a reasonable rate in the next year. It is not safe, however, to gamble on this in the 6 months' interim aid period.

Among the questions deserving further study, is whether, under suitable protective arrangements, these private assets might not be used as security for Export-Import Bank loans on raw materials or as security for further borrowings from the international lending agencies.

⁶ Including the estimates of the Bank for International Settlements and other qualified sources.

APPENDIX

TABLE I.—*Estimates of current dollar deficit of French Union*¹

[Agreed to by Departments of State, Treasury, and Commerce, and Federal Reserve Board, as of Oct. 31, 1947]

October 1947–March 1948

(In millions of dollars)
c. i. f. except where otherwise
specified

Expenditure for supplies:

Cereals from United States (f. a. s.) ² -----	\$75–\$120
Cereals from other sources (f. a. s.) ³ -----	45
Freight on cereals ⁴ -----	15
Coal from United States ⁵ -----	151
Coal from Ruhr ⁶ -----	14
Fats and oils ⁷ -----	40
Petroleum ⁸ -----	60

¹ Equipment items are excluded since it is contemplated that the French will, during the emergency period adjust their equipment imports to the funds already available for this purpose. Approximately 100 million dollars of funds from the Export-Import Bank and World Bank are available.

² *Cereals from United States.*—The smaller figure 75 million dollars represents 600,000 tons at an average price of \$125 per ton (f. a. s.). This amount is approximately equivalent to the allocation of the International Emergency Food Council for France, French North Africa, and the French colonies during the 6-month period ending December 1947. It is also approximately equivalent to the French requirements to maintain the current 200-gram ration, provided that rather optimistic expectations with respect to domestic collections are realized, and also provided that 240,000 tons of bread grains can be obtained from other sources.

The larger figure in the table applies the same assumptions in determining the quantity of grains needed to maintain a ration of 250 grams. Both maximum and minimum estimates are subject to correction if the average price of the total allocation of wheat and flour exceeds \$125 per ton.

³ *Cereals from other sources.*—Cereals from other sources are estimated at 45 million dollars, covering 240,000 tons, at an average price of \$187 per ton. Experience to date suggests that Argentina may not in fact supply this amount, leaving eastern Europe as the only alternative source, unless United States allocations are increased.

⁴ *Freight on cereals.*—Freight on cereals is a rough estimate in view of the small size of this item; a range was not included to correspond to the range in cereal requirements.

⁵ *Coal from the United States.*—Coal from the United States was calculated by taking the anticipated rate of United States shipments, at \$21 per ton, approximately half of which was taken to represent freight. The 7.2 million tons from the United States represents about 56 percent of United States export availabilities.

⁶ *Coal from Ruhr.*—It is estimated that Ruhr coal allocations to France during the next 6 months will be at the rate of 150,000 tons per month. The present price of German coal is \$15 per ton. The French did not make any actual payments for Ruhr coal until a few months ago due to the fact that they had not been billed by OMGUS. However, the economic adviser to General Clay, now in Washington, confirms the fact that the French are now being billed by OMGUS and are paying dollars for German coal.

⁷ *Fats and oils.*—The 40 million dollar estimate for fats and oils was taken from the import program of the French Government for the second semester of 1947. During the first half of 1947 imports of fats and oils from the dollar area amounted to 38.3 million dollars.

⁸ *Petroleum and petroleum products.*—French petroleum and petroleum product import requirements of 60 million dollars from the dollar area are based on the latest French import program, which is somewhat lower than actual imports during the first 6 months of 1947. The following table shows in detail the break-down of French imports of petroleum products during the first half of 1947:

Estimated French imports from dollar area (January–June 1947)

	Quantity (000 metric tons)	Price per ton f. o. b.	Freight per ton	Value f. o. b. million dollars	Cost of freight million dollars	Value c. i. f. million dollars
Crude oil-----	1,400	\$12	\$8	\$16.8	\$11.2	\$27.0
Fuel oil-----	260	16	8	4.2	2.0	6.2
Gas oil-----	188	18	8	3.4	1.5	4.9
Lubricants-----	63	70	8	4.4	.5	4.9
Gasoline (including aviation gas)-----	405	30	8	12.0	3.2	15.2
United States exports to French overseas areas-----				6.6	1.4	8.0
Total-----				\$47.4	\$19.8	\$66.2

TABLE I.—*Estimates of current dollar deficit of French Union—Continued*

	(In millions of dollars) c. i. f. except where otherwise specified
Expenditure for supplies—Continued	
Textile raw materials and hides ⁹ -----	\$52
Other raw materials: ¹⁰	
Iron and steel (f. o. b.)-----	\$27
Other minerals and metals (f. o. b.)-----	20
Chemicals (f. o. b.)-----	19
Miscellaneous and freight on above-----	22
	88
Imports for overseas areas (excluding cereals, coal, petroleum supplies) ¹¹ -----	45
Total-----	\$585-\$630
Noncommercial expenditures:	
Payment to Belgium ¹² -----	\$30
Payment to Brazil ¹³ -----	10
Support of French Zone in Germany ¹⁴ -----	45
Interest and amortization on foreign debt ¹⁵ -----	26
Other expenses-----	10
Transfer of blocked United States accounts in France--	15
Additional contribution to international monetary fund-----	10
Total-----	\$146
Total expenditures-----	\$731-\$776
Receipts (from exports, services, etc.) ¹⁶ -----	\$60
Deficit on current account-----	\$671-\$716

⁹ Continued.

The following table shows the average monthly consumption during the first half of 1947 and stocks on hand as of Sept. 1, 1947, of the principal petroleum products:

French consumption of principal petroleum products January-June 1947 and stocks on hand September 1

[000 metric tons]

	Average monthly consumption	Monthly imports from dollar zone	Estimated stocks on hand September 1, 1947	Stocks on hand in consump- tion months
Crude oil-----	550	235	1,100	2
Fuel oil-----	225	43	400	2
Gas oil-----	120	31	220	2

⁹ *Textile raw materials and hides.*—The estimate of 52 million dollars for textile raw materials and hides for the 6-month period covers mainly cotton imports and is based on the latest French import program. This compares with 150 million dollars presented by Premier Ramadier to Mr. Clayton as requirements for the period September 1947 through June 30, 1948. During the first 6 months of 1947 French imports of raw cotton from the United States totaled approximately 45 million dollars (f. o. b.). Since cotton purchasing is seasonal, occurring mainly during the winter and spring months, the estimate of 52 million dollars for all textile raw materials and leather represents a cut from the level during the first 6 months of 1947.

¹⁰ *Other raw materials.*—The figures for other raw materials (iron and steel, 27 million dollars; other minerals and metals, 20 million dollars; chemicals, 19 million dollars; miscellaneous items and freight, 22 million dollars) are based on the latest French import program. The figures assume fourth quarter 1947 imports of these raw materials at a total of 36 million dollars and first quarter 1948 imports at 52 million dollars. The drying up of the pipe line due to the cut-off of purchases of these items during September and October is not to be compensated. However, the figures assume resumption of normal imports of raw materials for the remaining months. Hence, at the end of the period inventories will have been cut down to the extent of 2 months' consumption from the level prevailing in August 1947.

¹¹ *Imports of overseas areas.*—Imports of overseas areas were estimated by the French at 90 million dollars including cereals, coal and petroleum products. The figure of 45 million dollars in table I excludes these three items and corresponds approximately to United States exports to the French overseas areas during the first 6 months of 1947, exclusive of these items. Cereal, coal and petroleum product requirements of French overseas areas are included in table I with those of metropolitan France.

¹² *Payment to Belgium.*—The latest French estimate for the payment which will be due to Belgium during the 6-month period under consideration is 80 million dollars. Since

TABLE II.—*New funds required*

	(In millions of dollars) c. i. f. except where otherwise specified
Deficit on current account-----	\$671-\$716
Available resources:	
Stabilization Fund as of October 1 ¹ -----	\$50
Drawings on International Monetary Fund ² -----	30
International bank ³ -----	21
Liquidation of French dollar securities ⁴ -----	80
United States Army payments ⁵ -----	50
Transfer from Export-Import Bank ⁶ -----	93
German gold ⁷ -----	104
Total resources-----	428
New funds required-----	243- 288
Additional funds required in March to maintain April shipments ⁸ -----	72
Total new funds required-----	\$315-\$360

In addition, approximately \$230,000,000 will be required for shipments and noncommercial expenditures in May and June.

(The Export-Import Bank is not taking a position on the foregoing estimates of the requirements and the resulting deficit of France.)

commercial accounts are approximately in balance between the 2 countries, the payment represents the wages and remittances of Belgians working in France, many of whom commute between the 2 countries. It is understood that the agreement with Belgium is now being renegotiated. Since, moreover, the French should be able to cover payments due on account of Belgian workers by a favorable trade balance, the French estimate has been cut to 30 million dollars. As of the beginning of the period, France owed 15 million dollars to Belgium on past account.

¹³ *Payment to Brazil.*—This item represents gold due to Brazil under the terms of the French trade and payments agreement with Brazil.

¹⁴ *Support of French zone in Germany.*—The total of 45 million dollars included herein is approximately \$7.14 per capita, as compared with a corresponding figure of \$9.58 per capita for the bizonal area. Approximately 12½ million dollars corresponds to the current allocation of cereals from the United States at current prices, and another 15-18 million dollars is due to the United States-United Kingdom zones for net purchases from that area, according to United States authorities in Berlin.

¹⁵ *Interest and amortization on dollar debt.*—Interest and amortization payments due from France to the United States are as follows:*

Payments due Jan. 1, 1948:

	(In millions of dollars)
First Export-Import loan (\$550,000,000):	
Principal-----	\$9. 2
Interest-----	6. 3
Total-----	\$15. 5
Second Export-Import loan (\$650,000,000):	
No principal payment-----	-----
Interest-----	7. 5
Total dollar payments to Export-Import-----	\$23. 0
Interest and commission on World Bank Loan-----	3. 1
Grand total-----	\$26. 1

¹⁶ *Receipts from exports, services, and noncommercial receipts.*—These receipts are estimates of the French Government and check with other available data. In the first half of 1947 United States and Canadian import statistics show imports from France and French overseas areas of less than 10 million dollars a month. Other dollar earnings are believed to be negligible.

*The latest French figures exclude any interest payment on the Canadian loan.

¹ *French Stabilization Fund.*—In addition to their gold and foreign exchange reserves of \$440,000,000, the French had \$50,000,000 available for current use in the Stabilization Fund as of October 1. The estimate of French dollar requirements assumed the use of all of the Stabilization Fund. Use of the \$440,000,000 of the gold reserve would require legislative authorization from the French Assembly and would entail serious economic and political consequences, since this reserve is considered to have been already drawn down too low.

² *Remaining drawing rights on the International Monetary Fund.*—During the period May-September of this year, the French drew \$100,000,000 from the International Monetary Fund. Additional drawing rights as of October 1 amounted to \$30,000,000.

³ *Balance of International Bank Loan.*—As of October 1, \$21,000,000 of the \$250,000,000 loan which the French have received from the International Bank was available for supplies and freight.

⁴ *Liquidation of dollar securities.*—The French have called in all dollar securities declared by their nationals, estimated at \$80,000,000, which they estimate can be liquidated during

TABLE III.¹—France—Dollar requirements and available resources, Oct. 1, 1947, to Mar. 31, 1948

[In millions of dollars c. i. f.]

Expenditures for supplies:	
Cereals from United States	\$135
Cereals from other sources	41
Milk, condensed	5
Fats and oils	47
Coal from United States	176
Coal from Germany	14
Petroleum products	70
Cotton	58
Fertilizers	9
Other raw materials	95
Imports of food supplies for French Zone, Germany	28
Imports for French overseas areas (excluding cereals, coal, petroleum supplies)	52
Subtotal	730
Other expenditures:	
Payments to Belgium for Belgians under commercial agreement	30
Payment to Brazil under commercial agreement	10
Interest on foreign debt	26
Administration and other expenses	10
Additional contribution to International Monetary Fund	10
Subtotal	86
Total expenditures	816

TABLE IV.¹—France—Dollar resources available, Oct. 1, 1947, to Mar. 31, 1948

[In millions of dollars]

Resources available:	
Earnings from exports of goods and services	\$60
Stabilization Fund balance as of October 1, 1947	50
Possible drawings on International Monetary Fund	30
Balance of International Bank loan available for purchases of supplies	21
Estimated liquidation of French dollar securities	80
United States Army payment	50
Export-Import Bank credit available for purchases of supplies	93
Restitution of gold from Germany	104
Total resources	488

the 6-month period. The French Government has already requisitioned all private dollar balances known to it.

⁵ *United States purchase of francs.*—The United States Army recently purchased \$50,000,000 of francs from the French under authorization of the President. This purchase was in anticipation of payments due for United States Army procurement in France and French Africa estimated by the French at from \$80,000,000 to \$137,000,000.

⁶ *Shift of Export-Import Bank credit to current purchases.*—As of October 1, approximately \$180,000,000 remain of the \$650,000,000 loan extended by the Export-Import Bank on May 28, 1946, earmarked exclusively for equipment. The Export-Import Bank has agreed that the French might use \$93,000,000 of these funds for current purchases of coal, cotton, P. O. L. other raw materials, and freight.

⁷ *Gold restitution.*—The preliminary distribution of the gold pot yielded the French \$105,000,000 as their share, which they recently received. Use of this gold requires legislative authorization from the French Assembly just as in the case of the \$440,000,000 of monetary reserves.

⁸ The Department of State in its presentation of table I has distributed the \$72,000,000 March "pipe-line" figures in table II as follows:

[Millions of dollars]	
Coal from United States	\$25
Fats and oils	7
Petroleum	10
Textile raw materials and hides	6
Other raw materials	17
Overseas	7
Total	\$72

¹ Source: Interim European Aid, presented by Secretary of State Marshall, November 10, 1947.

GRAIN REQUIREMENTS AND
AVAILABILITIES
(CEREALS EXCEPT RICE)

PRELIMINARY REPORT THREE
OF THE
HOUSE SELECT COMMITTEE ON FOREIGN AID
PURSUANT TO
H. Res. 296
A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1947

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80TH CONGRESS <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1147
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GRAIN REQUIREMENTS AND AVAILABILITIES
(CEREALS EXCEPT RICE)

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT THREE

UNIVERSITY OF CHICAGO

GRAIN REQUIREMENTS AND AVAILABILITIES (CEREALS EXCEPT RICE)

INTRODUCTION

Grain harvests in the United States and Canada for the crop year 1947-48 are now largely completed and the gross supply of grain for domestic use and export is fixed until the next harvest in 1948. The crops in the other two principal exporting countries, Argentina and Australia, will not be mature until the end of the year. Nevertheless, the production in these countries can be estimated with some degree of accuracy and a basis afforded for approximating the probable export situation.

It should be observed that in estimating the amount of grain actually available for export at any given time it is necessary to appraise a number of factors which are constantly changing and which are not capable of being determined with any degree of finality until late in the crop year. These factors include such matters as new crop prospects and outlook, amount of grain used as feed, the effectiveness of conservation programs, etc.

In view of variable factors such as those referred to above, it is very difficult and very dangerous at this time, lest false hopes arise, to estimate the maximum export availability for the entire crop year 1947-48. Various estimates of United States cereal export availabilities have been used, some of which are probably too high in view of the present very poor crop prospects in the hard winter wheat area. These estimates have ranged from 470 to 570 million bushels of all grains. Which of these goals, if either, will ultimately be met will depend primarily on developments in the months ahead.

Hence timing and rate of export are of critical importance, not only in relation to indigenous collection efforts and realistic rate of consumption in the importing countries, but also as regards the ability of the exporting countries to retain flexible contingency reserves to meet unexpected crises.

SUMMARY

1. Total world food production is slightly below that of 1946 and sharply below prewar, whereas world population has increased by about 10 percent (table I). Against such a frame of reference, cereals available for export assume increased significance.

2. Grain supplies available for export of perhaps 29 million tons total less than three-fifths of the stated import requirements of 50 million tons. After screening of these stated requirements in the light of available supplies, the FAO estimates that there is an unfilled gap of 10 million tons. Thus it appears doubtful if actual famine levels can be avoided in some areas, and in others the probable calorie level will not be conducive to economic rehabilitation of political stability.

TABLE I.—*World food production 1947-48 compared to prewar and to 1946-47*

	1947-48 as a percent of prewar	1947-48 as a percent of 1946-47
Wheat and rye.....	96	102
Rice.....	93	101
Coarse grains.....	97	93
Fats and oils.....	88	103
Sugar.....	92	103
Meat.....	93	99
Dairy products.....	87	99
Potatoes.....	83	99
Total.....	93	99
Population.....	108	101

Source: Report of the Secretary-General to the Fifth Meeting of the Council; International Emergency Food Council, October 1947.

3. The food supply-requirements picture is more complicated than in the preceding year, not only because of the generally short supply but also because the deficit areas, which normally figure as importers, harvested poorer crops and the major supplier, the United States, had a partial corn crop failure (approximately 825 million bushels less than in 1946) and appears to be entering a period of less abundant crops. The much smaller prospective winter wheat crop of 1948, as well as the much reduced 1947 corn crop, limits United States export availabilities.

4. Grain export movement from the United States during 1947-48 to date is at a rate which, if continued, would move approximately 670 million bushels during the year. This is 100 million above the highest goal which has been mentioned and in view of (3) above, may be 200 million bushels above a feasible goal. Thus it appears that the probable spring food-crisis period in western Europe will coincide in time with lower United States grain availability and a much slower rate of export.

5. The several possible remedial measures, all of a partial sort, for the dangerous prospective food shortage fall into two general categories:

(a) The collection, conservation, and adequate distribution, here and abroad, of foods, especially the grains. In general, this means a decreased use of grain for livestock feeding and an increased emphasis on direct human consumption of available foods.

(b) Maximizing production, here and abroad, of the types of food most useful for direct human consumption.

As regards possible remedial measures, some eight items set forth in the addendum appear to be worthy of further consideration.

I. WORLD AVAILABILITIES

Estimated export availabilities from three sources are shown in tables II, III, and IV. Table II contrasts the estimates made by the IEFCE at two different times. The Department of Agriculture estimate is nearly 1 million tons lower than that of IEFCE. It should be noted that coarse grains to an amount of perhaps 200 million bushels

TABLE II.—*Estimated export availabilities for year July 1947–June 30, 1948*

[In 000 long tons]

	All grains total		Wheat and rye		Coarse grains ¹	
	July estimate	October estimate	July estimate	October estimate	July estimate	October estimate
Argentina.....	5,500	5,500	2,000	2,000	3,500	3,500
Australia.....	1,650	1,950	1,600	1,900	50	50
Canada.....	8,000	5,650	7,500	5,650	500	500
United States.....	² 14,500	13,500	13,000	12,000	1,500	1,500
Others ³	2,350	2,400	1,400	1,450	950	950
Total.....	32,000	29,000	25,500	23,000	6,500	6,000

¹ Includes maize, barley, oats, grain sorghums, millets and products.² Maximum export figure-range indicated to be 12–14.5 million tons.³ Includes Soviet Union, Turkey, Middle East, etc.

Source: Reports of the International Emergency Food Council.

(In presenting this material, the IEFEC calls attention to the fact that supplies estimated as available from some sources may not in fact be shipped, or may not be shipped to those countries where needs are most urgent.)

should be available in addition to the wheat estimated in table IV. In any case, available supplies are only some 28 million to 30 million tons compared to some 39 to 50 million tons requirements.

There is no complete information available with respect to the extent or manner in which the grain export availabilities from the major exporting countries have been committed to specific importing countries. This information gap is partly because negotiations are still proceeding and because there is no authoritative collating agency. Nevertheless on the basis of the best information available it is possible to arrive at the following general summary of the probable situation respecting commitments:

(1) The export surplus of Canada and Australia, amounting to approximately 7.5 million tons is committed, or will be committed very largely to the United Kingdom or countries within the United Kingdom sphere.

(2) The Argentine surplus will go largely to Latin America, and to the Latin countries of Europe, plus considerable corn to India.

TABLE III.—*Estimated grain export availabilities 1947–48 season and exports 1946–47*

[000 long tons]

Source	Bread grains		Coarse grains		Total	
	1947–48	1946–47	1947–48	1946–47	1947–48	1946–47
United States ¹	11,000	10,780	1,500	4,192	12,500	14,972
Canada.....	5,650	6,171	561	561	5,650	6,732
Argentina.....	2,000	1,662	3,500	2,558	5,500	4,220
Australia.....	1,900	1,315	50	51	1,950	1,366
Other ²	1,450	585	950	517	2,400	1,102
Total.....	22,000	20,513	6,000	7,879	28,000	28,392

¹ Based on present program. Any increase will depend on success of conservation efforts, prospects for 1948 wheat crop, and related domestic supply factors.² Includes allowances for Russia, Danube Basin, Middle East, and miscellaneous areas.

Source: U. S. Department of Agriculture Oct. 10, 1947.

TABLE IV.—*Production and exports of chief wheat surplus areas*

(In millions of bushels)

Country	Prewar (average 1935-39) ¹		1946-47 ²		1947-48 prospects		
	Production	Exports	Production	Exports	Production	Exports	Exports (in millions of tons)
U. S. A.-----	759	39	1,156	390	⁴ 1,407	⁵ 450	(12.2)
Canada-----	312	173	421	260	⁶ 352	⁷ 200	(5.4)
Australia-----	170	107	115	40	⁸ 215	⁹ 140	(3.8)
Argentina-----	222	122	³ 206	90	¹⁰ 170	¹¹ 75	(2.0)
U. S. S. R.-----	1,320	22	-----	-----	¹³ 1,600	¹² 50	(1.3)
Total (excluding U.S.S.R.)-----	1,463	441	1,898	780	2,144	865	(23.4)
Total (including U.S.S.R.)-----	2,783	463	-----	-----	5,744	915	(24.7)

¹ From FAO Commodity Series, No. 1, *Wheat*. For 1935-39 average see p. 21; for the U.S.S.R. data see page 34.

² *Ibid.*, table 17 (1946).

³ *Foreign Crops and Markets*, U. S. D. A., July 14, 1947, p. 442.

⁴ U. S. D. A. *Crop Report*, Oct. 10, 1947.

⁵ This is a compromise between what would seem to be required by the 470,000,000 bushels of all grains for export (Cabinet Food Committee) and 570,000,000 bushels of all grains (Harriman Committee). It agrees with Broomhall's expectations.

⁶ *Canadian Government Crop Report*, *Chicago Journal of Commerce*, Sept. 13, 1947, p. 7.

⁷ Estimated by Broomhall *Chicago Journal of Commerce*, Oct. 7, 1947, p. 7), corresponds rather closely to estimate by I. E. F. C.

⁸ Official estimate by Dr. Roland Wilson, Commonwealth statistician, A.P. Sydney, Oct. 17, 1947, published in *New York Times*, Oct. 18, 1947, p. 5 and *Wall Street Journal*, Oct. 18, 1947, p. 3.

⁹ Estimate by Broomhall, *Chicago Journal of Commerce*, Oct. 22, 1947, p. 12.

¹⁰ Broomhall in early October estimated 30 million bushels less than last year "unless rains come soon". Rains have come but further damage has been reported.

¹¹ Estimate by Broomhall, *Chicago Journal of Commerce*, Oct. 22, 1947, p. 12.

¹² *Ibid.*

¹³ This figure rests upon the very uncertain base of the only published figure to appear to date on this year's wheat crop, i. e., 44 million tons, *New York Times*, Oct. 17, 1947, p. 5.

(3) Approximately half of the possible 2-million ton grain exports from the U. S. S. R. appears to be committed mostly to eastern or central European countries within the Soviet sphere. It is possible that a considerable part of the other 1 million tons may come to western and southern Europe at some opportune time later in the year. Both France and the United Kingdom have attempted to negotiate for deliveries of at least 1 million tons each during this crop year. At present writing it appears that France may obtain 300,000 tons and the United Kingdom none.

(4) The inflexibility of availabilities created by these existing and probable commitments puts the burden of the large needs of deficit western Europe, including western Germany, as well as probable calls for crisis aid from elsewhere, almost wholly upon the United States.

II. WORLD REQUIREMENTS

Estimates of world requirements for imports of bread grains have ranged as high as 44 million tons, in addition to some 6 million tons of feed grains (Paris Cereals Conference, July 1947). This is some 12 million tons in excess of stated 1946-47 import requirements and more than 21 million tons in excess of shipments last year. Though such indicated requirements are clearly unrealistic in terms of available supplies, they are not so unreasonable when considered within the framework of the general food situation shown in table I. There is no

evidence that requirements have actually decreased since that time; in fact, the late summer drought in western Europe has tightened the deficit situation there.

Apparently no new estimate of world requirements has been made, for the July estimate is mentioned in the October IEFC report.¹

Table V (below) indicates the stated bread grain import requirements for interim aid of France, Italy, western Germany, and Austria.

III. UNITED STATES EXPORTS

Total quantities shipped or programmed July through December 1947 (including amounts carried over from June allocation) are 305,500,000 bushels.

The quantity of grain exported during any prior period is not to be taken as a criterion of the amount which may be shipped in the Jan-

TABLE V.—*Grain crops, collections, and stated import requirements of grain for food*

[In thousands of metric or long tons]

	Import average 1934-38	Re-quire-ments 1946-47 CEEC	Re-quire-ments 1946-47 IEFC	Ship-ments 1946-47 IEFC	Re-quire-ments 1947-48 CEEC	Re-quire-ments 1947-48 IEFC ¹	Indigenous production 1947-48 (all grains)		Stated collections 1947-48
							Stated	U. S. Department of Agriculture estimate	
France.....	849	1,325	1,444	² 1,288	2,230	2,583	8,300	9,578	2,150
Italy.....	680	1,468	1,731	1,834	3,243	3,446	8,097	8,734	2,069
Western Germany..	2,208	3,151	3,908	3,321	5,094	5,788	6,570	6,950	1,749
Austria.....	321	468	467	450	657	705	1,197	1,018	338

¹ Includes increase for stocks but does not include the coarse grains for food.

² Includes some for French North Africa.

Source: Derived from CEEC and IEFC reports.

uary to July 1948 period. For instance in 1946-47 we exported at a low rate in the early part of the year, expecting in November that we would be called on for only 267 million bushels of wheat. Then, beginning in late January to meet increased demands exports were greatly increased. For 1947-48, we have put the pressure on the early part of the crop year, and the present danger is we may overexport, in view of the deteriorated prospect for the 1948 winter wheat crop and the partial corn crop failure. In other words, exports up to last year's 563 million bushels of all grains might be feasible, even from the much smaller total grain crop of 1947, but only if 1948 prospects are promising—not a true prospect at present. Crop availabilities and prospects, rather than past (first half 1947) export rates would appear to set the future supply ceiling.² (See table VI for some comparisons of United States production and exports.)

¹ The FAO on November 1, 1947, estimated that about 39 million tons are needed in 1947-48 to prevent a decrease in bread and cereal rations and that only 29 million tons are available.

² As of November 10, 1947, Secretary Marshall estimated United States wheat export availabilities for 1947-48 at 520 million bushels which is at least 20 million in excess of the highest figure previously mentioned and 120 million higher than the Department of Agriculture estimate used in table III.

It is understood that actual shipments have more than kept pace with the larger allocations of months before November. Thus if we assume that at least all allocations through October have been shipped, some 224 million bushels or more have actually been shipped as of the end of October. This is at a rate of nearly 56 million bushels per month or an annual rate of 671,000,000 bushels, some 100,000,000 bushels above the highest goal which has been discussed and 200,000,000 bushels above the level which the Department of Agriculture has considered feasible.

A lower tonnage of shipments has been widely accepted as probable. Dr. Fitzgerald, secretary-general of the IEFC has been credited with the following estimate: 12 million metric tons or 448 million bushels, probable wheat export from United States in 1947-48; 1.5 million metric tons or 60 million bushels, probable coarse grain export from United States in 1947-48. Of the 13.5 million tons total, 7.7 million

TABLE VI.—*United States grain crops and exports*

(In millions of bushels)

	Wheat		Approximate part of total crop exported	Other major grains (corn, oats, barley, rye)		Approximate part of total crop exported
	Crop	Exports		Crop	Exports	
1946.....	1, 156	393	0.34	5, 069	170	0.034
1947.....	1, 407	{ 400 500	.28 (?) .35 (?)	{ 4, 000	70 (?)	.018 (?)

would be shipped by December 31, 1947, and 5.8 million during the second half of the year.

Two factors at least led to the intention of slackening of shipments during the second half. First, it was deliberately planned to move the grain early in the year so as to avoid if possible coming into the spring crisis period with low stocks in the deficit areas. Second, the 1948 winter wheat crop prospect is such as to make a slowing down of shipments the sensible domestic policy. Hence availabilities and prospective availabilities are the major limiting factors. Probably European countries have been relying too much on prospective imports, partly because of the large flow of grain from the United States up to November. There appears to have been too little attention to achieving maximum collections of their own short grain crops, to the minimizing of hoarding and animal feeding. Their official rations, however, can hardly go lower without serious effects on health and dangerous political repercussions.

IV. REQUIREMENTS BY COUNTRIES

Here again, a comparison with last year's requirements would not seem to be of critical significance. Table VII indicates that requirements, as indicated by stated requirements, are well above those of the preceding year, largely, it is to be presumed, because of smaller indigenous crops. The breakdown for 1947-48 of stated requirements (table VII) is such as to indicate coarse grains as well as bread grains required for food. Information is available, but is not shown, as to

TABLE VII.—Total requirements and import requirements of food grains

[Thousands of metric tons]

	1934-38 average		CEEC 1946-47		CEEC 1947-48		IEFC 1947-48
	Total requirements	Imports	Total requirements	Imports	Total requirements	Imports	Stated total food grain import requirements including coarse grains
Austria.....	1,276	321	940	468	1,121	657	705
Belgium.....	2,159	1,285	1,145	658	1,225	1,000	1,183
Denmark.....	1,088	443	600	16	523	348	361
France.....	9,700	849	8,437	1,325	6,013	2,230	2,583
Greece.....	1,244	433	1,108	1,322	1,422	887	851
Iceland.....	11	11	-----	-----	12	12	(2)
Ireland.....	541	407	685	327	680	345	455
Italy.....	8,069	680	7,699	1,468	7,972	3,243	3,446
Luxembourg.....	54	11	48	12	44	28	(1)
Norway.....	422	355	375	290	450	387	400
Netherlands.....	1,632	755	1,524	709	1,591	1,046	1,316
Portugal.....	617	33	706	146	725	280	480
Sweden.....	1,105	-----	983	13	918	443	477
Switzerland.....	678	479	682	450	644	449	657
United Kingdom.....	7,482	5,711	6,732	4,694	7,395	5,513	6,261
Turkey.....	3,984	Exports 96	4,021	Exports 69	3,745	Exports 85	(2)
Western Germany.....	7,883	2,208	6,576	3,151	8,756	5,094	5,789
Total.....	47,925	13,981	42,261	14,049	43,236	21,962	24,928

¹ Belgium and Luxembourg shown together.² Not available.

Source: Derived from CEEC and IEFC estimates

what part of the amounts requested was to replenish the very low stocks held as a working margin and contingency reserve. It is estimated that approximately 18 million tons of food grain imports into the participating countries and Western Germany will be required in 1947-48 to maintain the present ration level.

Any expectation of meeting these 1947-48 requirements reduces itself, primarily, to a matter of in some way or another making more of the 1947 crops available for controlled use; it is a long time until 1948 crops, however much success there may be in expanding them.

The primary solution in the United States and in Europe is, and will continue to be, to use less grain for meat and livestock products and make more grain available for direct human consumption. In Europe, this means effective, realistic collections and more liquidation of livestock than is likely to be politically feasible.

In the United States it means, apparently, at least so far, an appeal to the population in general to eat less bread and meat; to the farmers, to market livestock at lighter weights and with less grain finish; and to industrialists using grain, to conserve or close.

More realistically, what would be needed is a changed price relation between livestock and grain which would encourage the producers to market both items instead of speculating by feeding high-cost grain to livestock which may decline in price. Of course, there is little to be said, either, against a reduction in human consumption and waste of bread here, but the amounts to be gained for export thereby are only a fraction of those which it would be possible to save.

As an example of the differential saving in grain by feeding to lighter weights, the following data from an Ohio Experiment Station study are pertinent: In growing and fattening a hog the first 100 pounds of weight requires 304 pounds of feed, second 100 pounds of weight requires 359 pounds of feed, third 100 pounds of weight requires 415 pounds of feed, fourth 100 pounds of weight requires 470 pounds of feed, fifth 100 pounds of weight requires 510 pounds of feed.

Of course, improved 1948 winter wheat prospects and any effective action program as to Argentine exports would help significantly.

Another possible significant remedial step relates to the fish supply. The CEEC report indicates that some of the participating countries expect to have an exportable surplus of fish in 1947-48 and later years well in excess of the prewar level, in fact some 500,000 to 850,000 tons in excess of the indicated import requirements of other participating countries. The question has arisen repeatedly as to whether fish may not be used to substitute for other foods in short supply, either in the surplus fish areas or among nearby participators, especially western Germany. The only answers heard to date are of a financial and technical (refrigeration and transport) nature, neither of which would appear to be insuperable.

Moreover, in a food-scarce world there remains the vital question of whether the Germans should not have more and larger boats with which to fish for themselves.

Finally it appears that not only in the fishing countries of western Europe but also in the United States there is a supply-demand-price

relationship leading to curtailment of catch rather than expansion of fishing effort. In part this may be a matter of providing adequate storage and processing facilities, but price and psychological factors also may need remedial attention.

V. PROSPECTIVE AVAILABILITIES

It would appear that availabilities as prospective from the United States, at least before the 1948 harvest, are not sufficient to result in an increased ration, even in those countries where it is much needed as basic to reconstruction. In fact it may very well be questioned whether much of Europe is not eating too well this fall, and collecting too little of their indigenous crops, especially in view of the fact that increased shipments from the United States during the early part of 1947-48 will lessen available supplies to meet any famine scare prior to 1948 harvests.

VI. FOOD PROSPECTS AND INFLATION

Any increased food export program beyond 1947, unless underpinned by unexpected abundant production and conservation of supplies, would undoubtedly be a significant factor in further rises in the cost of living. Fertilizer shortages abroad would seem to limit possibilities of even normal prewar yields in western Europe for some time to come.

ADDENDUM: SOME PROBLEMS RELATING TO FOOD AND AGRICULTURE SUGGESTED FOR FURTHER CONSIDERATION

A very serious shortage of wheat in 1948 is no longer a mere possibility—it has now become a probability. The unfavorable delay in planting winter wheat and the unfavorable germination and growth of that planted, because of drought, create this probability; and there still remains a real danger that wheat already seeded may blow away in some areas before snows come. The probable shortage can only be averted by a combination of immediate abnormally heavy rains, propitious snows during the winter and light winterkill, plus favorable spring rains. It is not safe to count on this combination of fortuitous circumstances after a long series of very favorable years, even if we count on escaping the drought cycle.

If we should be confronted with a winter wheat crop of not more than 500,000,000 or 600,000,000 bushels (half that of 1947), as seems at least within the realm of possibility, the entire foreign aid program would be jeopardized more than by any other single factor, and there would be critical domestic consequences and inflationary effects of a magnitude difficult to measure.

It may become a possible high point of public policy to explore every avenue of immediate agricultural readaptation, to see whether it is possible to expand production for direct human consumption (with special emphasis on spring wheat, potatoes, and corn) in areas outside the drought regions in time to make up the probable deficiency in the 1948 winter wheat crop added to this year's poor corn crop.

Problems submitted for preliminary consideration are:

1. Can arrangements be made with the Argentines for increased supplies of linseed at reasonable prices, so that a large part of the flax areas of the Northwest can be planted to spring wheat in 1948?

2. What are the possibilities of developing a national program of substituting grain sorghums, barley, and other cereals for winter wheat where the latter has failed to germinate?

3. What are the possibilities of greatly expanding wheat and corn plantings in the East and South, possibly at the expense of pasture and other less essential crops?

4. What mechanisms can be created to operate on the situation between now and the time when planting must take place?

(a) Setting up once again the grain corporation which was created during the first World War to procure all grains and centralize their control? *Query:* Could this be handled by the CCC?

(b) Income tax certificate adjustments (to carry over 1947 sales to 1948 taxes)?

(c) The creation of a food development corporation or authority with the object of increasing yields abroad, as well as at home, through the maximum utilization of technical advice and making available the necessary resources?

5. Can the catch of fish be expanded to furnish high protein food to make up cereal deficiencies? This would apply also to fisheries abroad. The problem is not only that of increasing production but of solving distribution difficulties, furnishing adequate fishing fleets to Germany and elsewhere, price adjustments, refrigeration and canning, utilization of manpower, etc.

6. What improvement could be made in fertilizer supply? The investment of coal in the production of nitrogen fertilizer in Germany would yield a disproportionate increase in the production of cereals and other foods in a year when this is obviously necessary. Tank car (pressure type) shortages are limiting nitrogen production in available United States ordnance plants.

7. Some 250,000,000 bushels of cereals are utilized in the United States annually in industrial production, only a part of which results in food. Substitutes for grain as a raw material base are available, at least in some significant part. In view of the disastrous shortage of cereals, what action, voluntary or compulsory, is necessary and feasible to reduce such nonfood uses of cereals?

8. Can sugar be used effectively in somewhat larger amounts, perhaps for sweetening bread? Sugar appears to be in somewhat easier world supply than cereals and provides approximately equivalent calories at about the same cost.

FERTILIZER REQUIREMENTS AND AVAILABILITIES

(Western Europe, With Special Attention to France,
Italy, Western Germany, and Austria)

PRELIMINARY REPORT FOUR OF THE HOUSE SELECT COMMITTEE ON FOREIGN AID

PURSUANT TO

H. Res. 296

A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
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WASHINGTON : 1947

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(II) .

80TH CONGRESS <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1148
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FERTILIZER REQUIREMENTS AND AVAILABILITIES
(Western Europe, with special attention to France, Italy, western
Germany, and Austria)

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT FOUR

FERTILIZER REQUIREMENTS AND AVAILABILITIES

(Western Europe, With Special Attention to France, Italy, Western Germany, and Austria)

SUMMARY

Of the three major fertilizers, nitrogen, phosphate, and potash, only nitrogen continues in such world short supply as to require allocation by the International Emergency Food Council. Allocation of the other two fertilizers ended June 30, 1947. There are, however, problems remaining which relate to all three and it appears that the general soil fertility of western Europe is not and will not soon be at its prewar level. Hence the CEEC assumption that crop yields as late as 1950-51 will be below prewar may prove to be realistic.

1. A significant attack on the food shortage problem of western Europe for the harvest of 1948 and later years can be made by providing more fertilizers, especially nitrogen. Though expected results would vary with the soil, the crop and the weather, the use of 1 pound of nitrogen results in the production of as much as 15 additional pounds of grain. The western European net deficit of nitrogen fertilizer (in terms of pure N) for 1947-48 appears to be as much as 270,000 tons; this translated into grain equivalent might amount to some 3 to 4 million tons—a sizeable fraction of the total deficit. Of course the deficit is not concentrated only on cereals in the simple manner of this calculation.

2. One partial solution of the nitrogen fertilizer deficit in western Europe is to use fully the capacity of that area. Recent estimates of the unused but potentially usable annual capacity are in wide disagreement, ranging from 380,000 tons of N, to as low as 60,000 tons. Coal, both in quantity and quality has been and probably still is a bottleneck, as is the capacity to turn ammonia into fixed fertilizer. The question of whether significant capacity which might otherwise be devoted to fertilizer production is being devoted to the production of methanol, or wood alcohol, for export from European countries would appear to be worthy of further examination. Some repair and reconstruction of damaged or inadequately integrated plant capacity is indicated.

3. Another partial solution would be for the United States to use less such fertilizer and allow more to be used in Europe to produce the food there rather than here. The United States is a net importer of nitrogen fertilizer, and use here is nearly twice that of the prewar period. Production for export may perhaps be somewhat increased in the Army Ordnance plants if shortages of pressure-type tank cars

can be remedied and integrated fixing and graining facilities are provided. (See sec. V, below.)

4. It appears that phosphate fertilizers are not being used at their reasonable maximum, especially in western Germany. Increased imports of Swedish iron ore, which produce a phosphorus-rich basic slag, plus providing dollars in order to increase imports of available superphosphates from Belgium would appear to be feasible solutions. Dollars spent for superphosphate would save many more dollars spent to export United States grain—not to mention the real danger that United States grain may not be available next year in amounts adequate to meet export needs.

5. The potash fertilizer situation requires only that attention be devoted to obtaining as much as possible from that part of Germany held by the U. S. S. R. and that western European mines be sufficiently repaired to keep them producing on something like the present level.

I. NITROGEN

A. WORLD REQUIREMENTS

Stated total requirements for nitrogen fertilizer in the participating countries and western Germany for 1947–48 are shown in table I. Also shown are the considerably lower recommended allocations of the IEFC. These western European requirements of about 1.5 million tons should be compared with stated world requirements of approximately 3.5 million tons. The latest computed gross import requirements of western Europe are 440,000 tons for 1947–48, of which some 270,000 tons apparently are a net deficit.¹

As may be noted from table I, most of these countries are using nitrogen fertilizer far beyond their prewar rate of consumption. This does not suggest the absence of real screening, though it appears to suggest the desirability of checking allocations closely against use and results, measured in increased production and especially *increased food collections*.

It is presumed that any nitrogen fertilizer to be very useful in increasing the 1948 crops must be provided soon, certainly within the next 6 months; hence the 1947–48 situation is treated as part of the Interim Aid program. Probable deficits under this program for interim aid countries may be summarized as follows:

[Thousands of metric tons]

	Require- ments CEEC	Allocation IEFC	Probable deficit
France.....	350.0	238.4	111.6
Italy.....	164.0	61.6	102.4
Germany.....	392.4	323.0	69.4
Austria.....	25.0	16.0	9.0
Total.....	931.4	639.0	292.4

Source: Recapitulated from table I.

¹ Corrected as of October 31, 1947.

TABLE I.—*Nitrogen fertilizer requirements and allocations—western Europe*

[In thousand metric tons of nitrogen]

	Prewar use 1934-38 average	Stated require- ments 1946-47 IEFC	Alloca- tion 1946-47 IEFC	Stated require- ments 1947-48 CEEC	Stated require- ments 1947-48 IEFC	Recom- mended allocation 1947-48 IEFC
Austria.....	7.0	14.2	11.6	25.0	25.0	16.0
Belgium.....	60.0	¹ 90.0	¹ 88.6	100.0	¹ 95.0	¹ 89.0
Denmark.....	37.9	50.0	41.1	47.0	48.5	42.8
France.....	240.0	² 263.9	² 202.0	³ 350.0	² 351.3	² 238.4
Greece.....	7.0	12.0	10.3	25.0	22.0	9.6
Iceland.....	1.8	2.1	1.6	3.0	2.3	1.2
Ireland.....	6.9	8.0	3.1	14.0	13.9	6.8
Italy.....	94.0	129.0	62.3	164.0	144.0	61.6
Luxemburg.....	3.2	(¹)	(¹)	3.3	(¹)	(¹)
Norway.....	12.0	23.0	21.1	22.0	23.0	19.5
Netherlands.....	73.0	110.0	92.8	130.0	125.0	94.6
Portugal.....	16.0	² 17.5	³ 10.7	23.0	³ 20.3	³ 14.6
Sweden.....	36.0	43.3	38.9	55.0	47.0	37.2
Switzerland.....	1.9	13.2	11.6	12.0	12.0	12.0
United Kingdom.....	60.0	193.1	142.1	180.0	193.0	181.6
Turkey.....	1.0	1.4	.8	4.7	2.1	1.0
Western Germany.....	(⁴)	340.0	212.3	392.4	363.0	323.0
Total.....	657.7	1,310.7	950.9	1,550.4	1,487.4	1,148.9

¹ Belgium and Luxemburg shown together.² France and overseas territories.³ Portugal and Colonies.⁴ Estimates not available.⁵ Corrected as of October 31, 1947.

Source: Arranged from reports by the IEFC and CEEC.

B. WORLD AVAILABILITIES

The prospective world supply of nitrogenous fertilizers in 1947-48 is approximately the same as 10 years earlier—2,576,000 tons of nitrogen as compared to 2,548,000 tons in 1937. However, stated requirements in 1947-48 are 3.5 million tons or some 900,000 in excess of probable available supplies. Moreover, the indicated production now has a significantly different distribution as compared to prewar. Production in the United States has been increased by a third of a million tons whereas that of Germany has declined by about that amount. Production in Japan has decreased by approximately 100,000 tons, and that much of an increase is indicated for United Kingdom. As might be expected, use has been largely increased in those areas in which production has been expanded, especially in the United States. Hence export supplies have actually declined. (See table II.)

The price of Chilean nitrates (natural) might be considerably raised by increased exports to Europe, unless safeguarding arrangements were concluded with the Chilean Nitrate Sales Corporation or the Chilean Government. The price now is some \$250 to \$275 per ton of N as compared to a little less than \$200 per ton of N in the synthetic form of ammonium nitrate.

C. THE UNITED STATES AS A POSSIBLE SOURCE OF SUPPLY

In general the United States is a net importer of nitrogen fertilizer. Though production in the United States has increased greatly over the 284,000 tons of 1937, it is still short of indicated requirements of United States farmers. The use has been so profitable during this

TABLE II.—*Changes in net exports of commercial nitrogen—1947-48 compared with prewar, by countries*

(In thousands of metric tons nitrogen)

Country	Net exportable supply ¹		Change from 1937
	1947-48 ²	1937 ³	
Chile.....	278.4	259.0	+19.4
Canada.....	127.5	38.0	+89.5
Norway.....	70.9	70.0	+0.9
Belgium.....	69.0	34.0	+35.0
United Kingdom ⁴	48.1	59.0	-10.9
Switzerland.....	1.5	2.3	-0.8
Germany.....	0.0	134.0	-134.0
Hungary.....	0.0	5.7	-5.7
Netherlands.....	0.0	35.0	-35.0
Poland.....	0.0	13.0	-13.0
Yugoslavia.....	0.0	6.2	-6.2
Manchuria.....	0.0	31.0	-31.0
	595.4	687.2	-91.8

¹ Excludes ordnance production in the United States estimated at 230,000 tons and in the United Kingdom estimated at 12,800 tons for export to the occupied countries.

² Compiled from data reported to IEFEC.

³ Source: U. S. Department of State, *The World Fertilizer Situation before World War II*, Intelligence Research Report OCL-3774, Sept. 30, 1946. NOTE: This source for one year's figures gives different figures than for three-year average. It is used here in order that the net exportable surplus may be comparable.

⁴ Throughout the war and until 1946-47 the net exportable supply from the United Kingdom was much larger, usually about 100,000 tons.

Source: Report of the Secretary-General to the Fifth Meeting of the Council IEFEC, Washington, D. C. October 1947.

period of high-priced farm products that stated requirements in 1946-47 of 726,000 tons have been increased to 816,500 tons required for 1947-48, against an apparent consumption prewar of 454,000 tons including imports. The probable allocation to the United States for 1947-48 is 741,500 tons of which 170,000 tons would be imports.² At the same time some 53,000 tons export are probable in addition to possible ordnance plant production estimated at 230,000 tons (see Appendix B).

Recapitulation—United States nitrogen fertilizer ¹

(In thousands of metric tons of nitrogen)

	Prewar	1946-47	1947-48 (estimated)
Production.....	284.0	603.4	623.8
Imports.....	169.6	175.5	170.3
Exports.....		56.8	52.6
Consumption.....	453.6	722.1	741.5
Stated requirements.....		725.8	816.5

¹ Army Ordnance plant production not included.

Source: Derived from material in the Secretary-General's Report to Fifth Meeting of International Emergency Food Council, October 1947.

As was indicated above, the United States is a net importer, exporting very modest amounts except for the Army ordnance products shipped to occupied areas.

² United States demand may be somewhat affected by declining tobacco prices.

Though some additional production (perhaps another 25,000 to 50,000 tons) may come from these plants in the United States, the major unused world capacity is in western Europe, Japan, and perhaps north Korea.

To increase United States exports, it would appear that allocation or set-aside might be required in the United States. It should be noted that farmers in western Europe as well as those in the United States are using more than before the war. The question then becomes: Where do we get the most available food in return for the fertilizer which might be used either place? Who pays?

It would seem that the United States is so little involved in nitrogen fertilizer export at present that such export is not of major significance one way or another. The highest degree of additional squeezing of the United States for nitrogen exports to Europe which has been mentioned involves only 25,000 tons. Yet, put against grain equivalents capable of being increased abroad, this may still deserve study. United States capacity, excepting only some of the ordnance capacity, appears to have been rather fully utilized. The ordnance capacity can be increased, but at high cost. Transportation (pressure-type tank-car shortage) seems to be a limiting factor in the Army program. (See appendix B.) It has been mentioned that the low quality of some of the coke supplied to United States nitrogen plants has retarded full production. This low quality of coke is also a complaint in the production of steel; higher grades of coke would increase production of both key items.

D. EUROPEAN CAPACITY

The increases called for after 1947-48 in the CEEC report involve increased utilization of European capacity and rapidly decreasing imports—net exports of nearly 200,000 tons are called for in year 1950-51. This appears reasonable enough if there is now unutilized annual capacity of 400,000 to 500,000 tons—a figure earlier accepted but now questioned. And, of course, there is the coal problem to be solved. Nitrogen shortages are undoubtedly in part a function of coal shortages in Europe. This in turn means a shortage of European foods, particularly grains (15 tons for every ton of nitrogen used for grain) and an inflationary and painful drain on the United States. Further integration of production facilities also is indicated.

II. PHOSPHATES

The supply-demand situation in regard to phosphates was so nearly in balance that allocation was dropped at the end of 1946-47. This does not mean, of course, that local or regional shortages have ceased to exist, but, in general, western Europe—excepting Western Germany—is in comparatively good position regarding phosphates.

In the prewar 1934-38 period the average yearly use in the 16 participating countries amounted to 1,268,000 metric tons of P_2O_5 , of which some 199,000 tons were net imports. In 1946-47 usage was higher, standing at 1,383,300 tons, of which only about 100,000 tons were net imports. In 1947-48 requirements are indicated as 1,737,200 tons, of which less than 60,000 tons will be net imports. The assumed require-

ments thereafter under the CEEC plan continue to rise to some 2,256,000 tons in 1950-51, but imports remain at approximately 50,000 tons.

The raw materials are apparently available in sufficient amount; no one has been willing to admit lack of raw material, or processing capacity, except in western Germany.³ Though much of the raw material will come from the steel mills as basic slag, or from North Africa as raw rock, there is some intimation of imports of 250,000 tons of raw rock from the United States during the present year.

The situation in western Germany is somewhat different. In this area the use of fertilizers is closely integrated with the key fertilizer, nitrogen. That is, potash and phosphate are not commonly used separately, but as a balanced, mixed fertilizer. Nitrogen, unfortunately, is still in world short supply and so long as the use of phosphates is geared tightly thereto, the use will be limited by nitrogen availabilities, not by phosphate availabilities.

Indicated Bizonia requirements for 1947-48 are 320,000 metric tons nitrogen. (An earlier figure was 295,000 tons but the goal in following years is 360,000 tons.) Indigenous production will not exceed 200,000 tons to which may be added 12,800 tons ordnance production by the United Kingdom; 46,857 tons from the United States and 20,500 from Austria, a possible total of 280,157 tons. (See appendix A for some details.)

The French zone appears to be nearly in balance, requirement estimates for 1947-48 ranging from 45,000 (IEFC) to 68,400 tons (CEEC), against which the IEFC has allocated all the indigenous production estimated from 40,000 to 54,000 tons.

At present the historical record is used to support a ratio of 1 part of nitrogen to 1.1 parts of P_2O_5 . Some German scientists have argued for a ratio of 1 part N to 1.5 parts of P_2O_5 , based apparently not on historical or experimental maximum joint utility but rather on the depletion of the past several years due to lack of indigenous supplies. Such information as is here available indicates that the matter is extremely complex, depending on type of soil, crop grown, type of phosphatic fertilizer used past and present, and other factors.

For what it may be worth, recent usage in the United Kingdom and other European countries is compared with that in western Germany:

	Nitrogen fertilizer in thousands of metric tons of nitrogen	Phosphatic fertilizer in thousands of metric tons of P_2O_5
United Kingdom.....	165	355.0
France.....	206	340.0
Netherlands.....	106	114.0
Western Germany.....	190	125.3

Source: Arranged from CEEC data.

A comparison of the ratios above suggests that there may be greater need for phosphates than the authorities in Germany admit.

³ Western Germany, supported by funds from the United States, has to pay dollars for phosphate rock from French North Africa. Any other arrangement would for the moment increase France's dollar shortage. But German coal and steel and other exports naturally could more than balance such import needs. Superphosphates from Belgium are available only against dollars.

Finally, it should be noted that military government officials from western Germany indicate that soluble phosphates are available from Belgium in whatever reasonable amounts may be desired or used, if only dollars are available to pay for them. Another aspect is that increased imports of Swedish iron ore to Germany would result in a basic slag of higher phosphorus content—a major source in the prewar period.

III. POTASH

Potash too has been removed from allocation and the minor deficits are considered to be less serious than either nitrogen or phosphates.

The sixteen participating countries used, on an average for 1934–38, some 652,000 metric tons of potash of which 179,000 tons were net imports (from what is now Soviet-occupied Germany). In 1946–47 usage amounted to 779,000 tons; imports, to 206,000 tons.

Requirements for 1947–48 are indicated at 1,147,500 tons and net imports at 438,800 tons in the CEEC report. Usage and imports would continue to increase during the remainder of the plan period.

The major problem appears to be the question of how much K_2O will be delivered from the Soviet held part of Germany and at what price. So far, little has been forthcoming for western Germany or Europe.

APPENDIX A

FERTILIZERS—REQUIREMENTS, PRODUCTION AND IMPORT NEEDS OF THE OCCUPIED AREAS—FISCAL YEAR 1948¹

A. NITROGENOUS FERTILIZERS

1. Minimum requirements and expected availabilities of supply of nitrogenous fertilizers are (in metric tons of contained nitrogen) :

	Germany	Japan and Ryukyus	Korea
Requirements.....	320, 000	393, 345	102, 100
Indigenous production.....	200, 000	210, 000	-----
Import requirement.....	120, 000	173, 345	102, 100
Expected supplies:			
United States ordnance.....	46, 857	109, 941	73, 202
United Kingdom ordnance.....	12, 800	-----	-----
Austria.....	20, 500	-----	-----
Total imports.....	80, 157	109, 941	73, 202
Deficit.....	39, 843	63, 404	28, 898

2. Minimum requirements for each type of fertilizer were obtained in the theaters by determining most efficient rates of application by research and experiment and considering normal climatic conditions, types of soil, and methods of farming traditionally used. These rates were then compared with normal prewar usage, and, where necessary, scaled down to the prewar figure. This was done for all the general types of crops. The total requirement was then derived by applying the proper rate, based on regional requirements and crops, against the area to be cultivated.

3. Indigenous production estimates are based on operable plant capacities, availability of transportation, and available supplies of raw materials and power, with fertilizer production being given a very high priority.

4. The United States ordnance plants, now being operated by the Army to supply a nitrogenous fertilizer in the form of ammonium nitrate are expected to produce 230,000 metric tons of contained nitrogen during this fiscal year. The

¹ Prepared by the Department of National Defense.

landed cost of this ammonium nitrate (32.5 percent nitrogen) in the occupied areas will amount to about \$69,046,000.

5. The nitrogen fertilizer being obtained from Austria for the bizonal area can be considered as United States Army production as the plant at Linz, Austria, processes Army coal producing an ammonium nitrate type fertilizer (20.5 percent nitrogen) at a total cost, including coal, of about \$5,363,200.

6. United Kingdom ordnance is also supplying the bizonal area with 12,800 metric tons of nitrogen in the form of ammonium nitrate at a cost to the United Kingdom of about \$3,904,000.

B. PHOSPHATIC FERTILIZERS

1. Minimum requirements and expected availabilities of supply of phosphatic fertilizers are, in metric tons of contained P_2O_5 :

	Germany	Japan and Ryukyus	Korea
Requirements.....	350,000	255,750	52,000
Indigenous production.....	149,500	126,200	nil
Import requirements.....	200,500	129,550	52,000
Expected supplies:			
United Kingdom procurement.....	70,000		
Japan production.....			26,045
United States procurement.....		3,730	
Total imports.....	70,000	3,730	26,045
Deficit.....	130,500	125,820	25,955

2. Indigenous production and import figures shown here are in terms of superphosphate (16.5 percent P_2O_5). There is negligible production of the basic phosphate rock in the occupied areas. All phosphate rock must be imported.

3. The United Kingdom has procured and is shipping 500,000 metric tons of phosphate rock from North Africa to the bizonal area at a total cost of about \$7,730,000. This is enough rock to allow the present processing industry in the bizonal area to operate at full capacity.

4. The United Kingdom is also procuring 70,000 metric tons of P_2O_5 from European sources in the form of superphosphate at a total cost of about \$16,800,000.

5. The United States Army has procured and is shipping enough phosphate rock from United States sources to Japan to provide enough P_2O_5 to meet the requirements of Japan, the Ryukyus, and Korea. Approximate landed cost of this rock is \$16,000,000.

6. As there are negligible facilities in the Ryukyus and Korea for producing superphosphate, all the rock is being shipped to Japan for processing. There is sufficient plant capacity in Japan to meet the superphosphate requirements but shortages of transportation and coal prevent reaching a production figure higher than that shown above.

7. A small quantity of superphosphate, 3,730 tons of contained P_2O_5 , has been procured in the United States and has been shipped to the Far East. Landed cost of this amount was about \$1,650,000.

C. POTASSIC FERTILIZERS

1. Minimum requirements and expected availabilities of supply of potassic fertilizers are, in metric tons of K_2O :

	Germany	Japan and Ryukyus	Korea
Requirements.....	574,000	123,200	20,040
Indigenous production.....	450,000	nil	nil
Import requirements.....	124,000	123,200	20,040
Expected supplies, United States procurement.....		123,000	20,000
Total imports.....		123,000	20,000
Deficit.....	124,000	200	40

2. The Bizonal area has sufficient raw potassic salts and processing capacity to provide enough K20 to meet their full requirement. Difficulties are being encountered because of a lack of mining machinery and transportation facilities.

3. The Far Eastern countries have no indigenous supply of K20. The United States Army is procuring potassium sulfate and potassium chloride from European sources for the Far East. It is expected that the above quantities can be obtained at a landed cost of about \$21,037,500.

APPENDIX B

U. S. ARMY ORDNANCE NITRATE FERTILIZER PROGRAM¹

1. Prewar Germany and Japan, and to a lesser degree the other occupied areas, utilized tremendous quantities of commercial fertilizers and as a result produced very high yields per unit of area on relatively poor soils. The world food shortages, war destruction of fertilizer plants, shortage of coal, and the critical lack of food in the occupied areas made it essential for the Department of the Army to provide fertilizer imports for these areas in order to restore food production to the highest possible level.

2. At the end of the war the need for fertilizers, particularly nitrogen, was acute world wide. Nitrogen, as well as potash and phosphatic fertilizers, was under international allocation and there was a natural reluctance to allocate nitrogen to the ex-enemy areas when the needs of the Allied countries were not being met. The Department of the Army, therefore, undertook a program of converting ordnance plants to the production of ammonium nitrate fertilizer to supply at least partially the needs of the occupied areas and to minimize the need for food imports. Nitrogen exports to the occupied areas from the United States have, therefore, been made from production which probably would not otherwise have existed.

3. Initially it was planned to operate a total of 15 ordnance plants in an integrated program with an estimated output of 85,000 short tons fertilizer grade ammonium nitrate per month. However, a sufficient supply of pressure-type tank cars for the movement of anhydrous ammonia was not available and the program was therefore reduced to include the following 12 plants:²

(a) Anhydrous ammonia plants.—(1) Morgantown Ordnance Works, Morgantown, West Va.; (2) Ohio River Ordnance Works, West Henderson, Ky.; (3) Cactus Ordnance Works, Dumas, Tex.

(b) Solution plants.—(1) Radford Ordnance Works, Radford, Va.; (2) Indiana Ordnance Works, Charlestown, Ind.; (3) Joliet Arsenal, Joliet, Ill.; (4) Sunflower Ordnance Works, Lawrence, Kans.

(c) Graining plants: (1) Ravenna Arsenal, Apco, Ohio; (2) Illinois Ordnance Plant, Carbondale, Ill.; (3) Iowa Ordnance Plants, Burlington, Iowa; (4) Cornhusker Ordnance Plant, Grand Island, Nebr.; (5) Nebraska Ordnance Plant, Fremont, Nebr.

4. From the inception of the program to September 30, 1947, a total of 551,615 short tons of ammonium nitrate (approximately 32.5 percent pure nitrogen content) has been produced. At the present time production is at the rate of about 65,000 short tons of ammonium nitrate per month. Following is a breakdown of production to date:

	Short tons Ammonium Nitrate
Total November 1946 to June 30, 1947.....	352,208
July	69,037
August	67,154
September	63,217
Forecast of production Oct. 1, 1947, to June 30, 1948.....	585,000
Total July 1, 1947 to June 30, 1948.....	784,408
Estimated cumulative production to June 30, 1948.....	1,136,616

¹ Prepared by the Department of National Defense.

² STAFF NOTE.—Another instance of transportation (car shortage of special type) limiting much needed production.

47.8 percent of the Fiscal Year 1948 production is scheduled for shipment to Japan and the Ryukyus, 31.8 percent to Korea, and 20.4 percent to Germany.

5. The production and movement of ammonia is the key to the entire program. At the present time production of the three ammonia plants amounts to 29,000 to 30,000 short tons per month. This production could be increased from 200 to 300 tons per month if an adequate supply of good quality coke was available for the Ohio River plant. Considerable difficulty is being experienced in obtaining coke for this plant and that available at present is of very low quality and as a result production is below capacity. Supply of pressure tank cars remains a problem and trades with industry to avoid cross-hauls are being continued.

6. In addition to the United States ordnance program the Department of the Army has recently completed arrangements to obtain 100,000 tons of nitrogen fertilizer (20,500 tons of contained nitrogen; this fertilizer will consist of 60 percent ammonium nitrate and 40 percent ground limestone) from Linz, Austria, for use in the Bizonal area, Germany. The Army is providing 135,000 tons of coal to get production under way.



PETROLEUM REQUIREMENTS AND AVAILABILITIES

PRELIMINARY REPORT FIVE
OF THE
HOUSE SELECT COMMITTEE ON FOREIGN AID
PURSUANT TO
H. Res. 296
A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
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UNITED STATES
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(II)

80TH CONGRESS <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1149
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PETROLEUM REQUIREMENTS AND AVAILABILITIES

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee 'on Foreign Aid,
submitted the following

PRELIMINARY REPORT FIVE

PETROLEUM REQUIREMENTS AND AVAILABILITIES

SUMMARY

1. Petroleum requirements, as estimated by the Committee of European Cooperation (CEEC), average over \$600,000,000 a year for the 4-year period 1948 through 1951. Expressed in volume terms, requirements for 1951 will amount to about 78,000,000 metric tons, or roughly twice the actual 1946 imports. Since United States demand is presently straining facilities for the production of petroleum and petroleum products, and since world production is expected to increase by only about 30 percent by 1951, there is little prospect of meeting CEEC requirement estimates.

2. Present departments of State and Treasury estimates of French and Italian dollar requirements for petroleum products for the period October 1, 1947, through March 31, 1948, are somewhat lower than estimates based on maintaining the first half 1947 import rate from dollar areas. On this basis, the State-Treasury requirement figures seem reasonable. There is still, however, no certainty that they can be met; shortages in the United States and difficulties of transportation will affect particularly our exports of gasoline and fuel oil.

3. Petroleum has an essential bearing on European recovery; its use is almost as good an index of the level of industrial activity as steel consumption. In 1946, European consumption was 12 percent below that of 1938, whereas the United States increased its consumption 70 percent over the same period.

4. The domestic position in the United States shows a decreasing stock figure in gasoline east of the Rocky Mountains and decreases also in gas oil, distillates, and residual fuel oil. There appears to be no substantial excess capacity at the present rate of yield, though lowering the octane content of gasoline would provide substantial increases in refinery yield of both distillates and gasoline.

5. Transportation problems are responsible for a considerable part of the difficulty of supplying the United States east coast area. Shortages of both tankers and tank cars may seriously affect United States consumption of fuel oil in this area, unless remedies are speedily found.

6. Shortages of petroleum equipment and of steel for new refineries and pipe lines strictly limit the rate of development. It is estimated that, on present prospects, the amount of crude available for refining by 1951 will be only about 2,000,000 barrels a day more than in 1946, and world transportation and refining capacity may hardly keep pace. Unless European, and particularly German, steel and petroleum equipment capacity is brought into early and all-out use, there is danger of a persisting world shortage that may make impossible the realization of any such program as is anticipated by the Committee of European Economic Cooperation. The limitation on petroleum available to Europe may be one of the most difficult factors limiting European recovery.

I. WORLD AVAILABILITIES COMPARED WITH EUROPEAN REQUIREMENTS

The Committee of European Economic Cooperation estimates the value of crude oil and petroleum products required from dollar sources by the participating countries (including dependent overseas territories) and western Germany as follows:

1948-----	\$576, 739, 000	1950-----	\$641, 116, 000
1949-----	623, 403, 000	1951-----	619, 589, 000

These figures must be regarded as tentative because there are known errors in the requirements figures and CEEC was pressed for time. Further information has been requested from the participating countries on requirements, and United States Government agencies are working on the problem of availabilities. No reliable figures for the dollar value of oil import needs of the 16 western European countries of the Paris Conference can be produced until these studies have been completed.

While it would be possible, assuming certain arbitrary factors, to revise the CEEC figures to conform more closely with the realities of petroleum supply, refinery capacity, and transportation (especially tanker) availability, such statistical manipulation would be a purely mechanical procedure that would leave intact virtually all of the internal inconsistencies of the CEEC estimate.

Even a casual survey of the world oil situation reveals that there will not be a striking increase during 1948 and 1949 in the quantities of crude oil and finished products available for consumption.

World production of petroleum between 1946 and 1951 will probably increase by about 30 percent. World production of crude oil in 1946 was 7,500,000 barrels per day and natural gasoline 400,000, making the petroleum total 7,900,000 barrels per day; the 1951 petroleum production would be of the order of 10,000,000 plus barrels per day. The completion of the construction of certain facilities for the transportation and processing of petroleum during the next 2 years should result in an increase in availability from the Middle East. This production, of which Europe will claim the major part, will probably increase from 700,000 to about 1,500,000 barrels daily, that is, an increase of about 800,000 barrels daily or 38,900,000 metric tons annually, a condition determined not by productive capacity but by the anticipated increase in pipe-line capacity of all projects now known to be planned for the Middle East.

Consumption of petroleum and petroleum products in western Europe in 1946 amounted to about 308,000,000 barrels, of which about 20 percent was from European production; 20 percent from the United States; and 60 percent from the Caribbean and the Middle East. The requirements of the Paris Conference countries (including dependent overseas territories) in 1951 are estimated by CEEC at about 78,000,000 tons, an increase of 41,000,000 tons, or, roughly, twice the imports of 1946. The level of European consumption in 1946 was 12 percent below that of 1938, whereas the United States level was 70 percent more in 1946 than in 1938.

Europe has always been the principal overseas destination of United States petroleum exports. In 1938, 6 percent of United States production was exported to Europe and in 1946, about 3 percent. United States petroleum imports, however, have steadily increased and now, in volume, are slightly higher than exports. Oil imports are principally crude and fuel oil, and most exports are higher-value products.

II. INTERIM AID PETROLEUM REQUIREMENTS

The possibility of European requirements being maintained during the period from now to the end of March 1948 at the rate of the first 6 months 1947 imports depends upon the ability of the United States to continue exports at this rate. In view of the tight supply of petroleum products in the United States, it is probable that the first half 1947 rate of supply to Italy and France would be the maximum which could be realized. The requirements for interim aid, as estimated by the Departments of State and Treasury, are at a slightly higher rate.

A. FRANCE

The following table details the French imports of petroleum and petroleum products for the first half of 1947:

TABLE I.—First 6 months 1947 imports of petroleum into France

[1,000 metric tons]			
Crude:		Fuel oil:	
United States.....	198	United States.....	21
Venezuela and Colombia....	943	Mexico.....	14
Arabia.....	50	Middle America.....	74
Iraq.....	664	Venezuela and Colombia....	151
Iran.....	237	Other.....	36
Other.....	78		
Total.....	2,170	Total.....	296
Gasoline:		Kerosene:	
United States.....	164	United States.....	1
Venezuela and Colombia....	103	Middle America.....	10
Arabia.....	48	Venezuela and Colombia....	6
Other.....	65	Iran.....	9
Total.....	380	Total.....	26
Gas oil:		Lubes:	
United States.....	87	United States.....	61
Venezuela and Colombia....	29	Other.....	3
Other.....	19	Total.....	64
Total.....	135	Other.....	3
		Paraffin ¹	9
		Bitumen ¹	72

¹ Virtually all United States.

Projecting the rate of French imports from dollar sources for a period of 5 months ending March 1948, results in the following estimate:

TABLE II.—*Estimated French imports from dollar area, Nov. 1, 1947, to Mar. 31, 1948*

	Quantity (1,000 metric tons)	Price (per ton)	Freight (per ton)	F. o. b. value (millions)	Freight (millions)	Value and freight (millions)
Crude oil.....	1,167	\$13.20	\$8.00	\$15.404	\$9.336	\$24.740
Fuel oil.....	217	17.60	8.00	3.819	1.736	5.555
Gas oil.....	113	19.80	8.00	2.237	.904	3.141
Lubricants.....	53	77.00	8.00	4.081	.424	4.505
Gasoline ¹	338	33.00	8.00	11.154	2.704	13.858
Paraffin.....	8	230.00	20.00	1.84	.16	2.000
Bitumen.....	60	13.00	19.00	.78	1.140	1.920
United States exports to French overseas areas.....				6.6	1.4	8.0
Total.....				45.915	17.804	63.719

¹ Including aviation gasoline.

Source: Prepared in collaboration with Department of State and Department of Interior. See Staff Report, "Problems of Interim Aid to France and Italy" for a statement of 6 months' French requirements of petroleum and products as \$60,000,000 as against \$66,000,000 for the first 6 months of 1947 (CIF).

B. ITALY

As the problem of fulfilling the Italian requirements would be closely similar to the French, the same approach has been taken. The following table, prepared from official Italian statistics, shows the petroleum imports of Italy for the first half of 1947:

TABLE III.—*First 6 months 1947 imports of petroleum products into Italy*
[1,000 metric tons]

Avgas:		Gas Diesel oil:	
United States.....	17	Venezuela and Netherlands	
Venezuela and Netherlands		West Indies.....	42
West Indies.....	6	United States.....	32
Total.....	23	Persian Gulf.....	24
		Haifa.....	3
		Total.....	101
Motor gasoline:			
Venezuela and Netherlands		Lubes:	
West Indies.....	40	United States.....	55
United States.....	30		
Palestine.....	20	Fuel oil:	
Persian Gulf.....	10	Persian Gulf.....	388
Total.....	100	Venezuela and Netherlands	
		West Indies.....	260
Kerosene:		Palestine.....	10
Venezuela and Netherlands		France.....	9
West Indies.....	14	Total.....	667
United States.....	10		
Persian Gulf.....	9	Crude oil:	
Rumania.....	1	Persian Gulf.....	630
Total.....	34	Venezuela and Netherlands	
		West Indies.....	60
		Total.....	690

¹ Imports plus slight upward revision (Department of State).

SOURCE: Official Italian statistics.

Since a detailed break-down of table III between dollar and non-dollar sources is not available, the projection in table IV below is simply a valuation in dollar terms (for computation purposes) of total Italian petroleum imports for the period November 1, 1947, to March 31, 1948. (The quantity of import needs is estimated at five-sixths of those for the first 6 months of 1947.) It is reported by the Department of State that dollar areas supply about 75 percent of Italian petroleum imports; using this percentage, the value of petroleum and products plus freight from dollar areas may be calculated at \$28,251,000 for the 5 months in question, or \$5,650,000 per month.

TABLE IV.—*Estimated cost of Italian imports,¹ Nov. 1, 1947 to Mar. 31, 1948*

	Quantity (1,000 metric tons)	Price (per ton)	Freight (per ton)	F. o. b. value (mil- lions)	Freight (mil- lions)	Value and freight (mil- lions) ▼
Gasoline.....	102.0	\$33.00	\$8.00	\$3.366	\$0.816	\$4.182
Kerosene.....	28.2	27.00	8.00	.761	.197	.958
Gas oil.....	83.8	19.80	8.00	1.659	.670	2.329
Fuel oil.....	553.6	17.60	8.00	9.744	4.429	14.173
Crude oil.....	572.7	13.20	8.00	7.560	4.582	12.142
Lubricants.....	45.7	77.00	8.00	3.519	.366	3.885
Other products ²						
Exports to Italian overseas areas ²						
Total.....				26.609	11.060	37.669

¹ Prorated on % imports of first 6 months.

² Not known.

These figures are, however, subject to further revision, because independent transactions that would affect dollar requirements are known to have been made. For example, it is reported that an Italian company has entered into a contract with the Government of Venezuela for 1 million barrels of royalty oil to be delivered over a period of 2 years at a bonus of 20½ cents per barrel over the base price. This will net the Venezuelan Government a quarter of a million dollars which it would not have received had the oil been sold to the producers, who were most likely in large measure United States companies.

Clarification of Italian oil requirements and dollar needs is not likely until completion of the conversations between the United States Government and the Committee of European Economic Cooperation. There is obviously a need for more careful screening than this procedure affords and for a control of competitive purchasing of petroleum and its products with United States dollars that inflate our own import costs.

Western Germany's petroleum needs for civilian use during the last 6 months of this year are being provided for, through Army purchases, as follows: 90,000 tons of crude oil from Venezuela, 210,000 tons of gasoline, 20,000 tons of kerosene, and 240,000 tons of gas and Diesel oil. The source and cost of the last three items are unknown. Higher consumption is anticipated in 1948.

III. THE DOMESTIC POSITION

To revert to the domestic supply situation in the United States, it should be noted that in the face of an increased demand (both civilian and military) stocks of gasoline east of the Rocky Mountains were as

of October 18 this year 4,500,000 barrels below the figure of 70,000,000 barrels of a year ago; kerosene stocks were 900,000 barrels larger than the 20,000,000 of a year ago; gas, oil, and distillates were 6,000,000 short of the 52,000,000 of last year; and residual fuel oil was 2,500,000 barrels short of the 31,000,000 barrels of last year.

The extent of the increase in demand in the United States is reflected in the monthly forecasts of demand made by the Bureau of Mines:

Demand for crude petroleum

	<i>Barrels daily</i>
May 1947-----	4, 871, 000
June 1947-----	4, 940, 000
July 1947-----	5, 020, 000
August 1947-----	5, 152, 000
September 1947-----	5, 220, 000

Throughout 1947 it has been nip and tuck whether the domestic industry could meet requirements; in fact, there have been spot shortages in all of these products. Of the principal products, only lubricating oil requirements have been met without strain. The September forecast of demand of the Bureau of Mines stated: "Even if exports should be reduced by lack of dollar credits abroad, the supply of products is not likely to exceed domestic requirements after allowing for normal seasonal changes in stocks of refined products * * *". The present forecast for 1948 includes an estimate of an increase in the total demand for all oils of about 5 percent compared with the current estimate for 1947. If exports are reduced substantially, the increase in domestic demand might amount to 6 percent. The total percentage for 1948 is based on the assumption that runs to stills cannot be increased more than 4 percent and no large increase in product imports will take place." Incidentally, each 1 percent over 1947 petroleum demand would equal about 58,000 barrels daily, and as domestic production is within a few thousand barrels a day of the maximum efficient rate of production, foreign sources would be drawn upon for virtually all increases.

Should the export demand for gasoline, gas oil, kerosene, and residual fuel oil during the next 6 months continue even at the rate of the first 6 months of this year, it is doubtful whether civilians could go through the period without a considerable reduction in the consumption of several of these products. This is partly due to the tightness in transportation and partly to the difficulties in securing changes in yields of products and in their quality. Considerable relief could be secured if the oil companies were permitted lawfully to cooperate with each other and, in turn, with the railway and tank car owners. More rapid turn-arounds of tank cars would make it possible to move both more crude oil and products. Deficiencies in required products could be handled by changing the yields of products in which situation limitations and in some cases slight degradations in quality would be helpful. If companies cannot face the problem on an industry-wide basis, it can hardly be expected that they individually will make all possible adjustments that might have an adverse effect upon their

competitive position, especially since, in refinery operations all products are not equally attractive from the profits point of view.¹

The short supply of tankers affects the domestic and foreign supply problem. The United States east coast supply problem is directly integrated with tanker availability for movements from the Gulf Coast and the Caribbean. Although the Government has made 96 tankers available for reconditioning they will not add to tanker capacity until early 1948 and will consequently produce but small increases in petroleum supply either in this country or abroad during the period ending in March. Most of these go into naval use or use for overseas transport.²

IV. PROBLEMS IN INCREASING PETROLEUM EQUIPMENT

The problem of foreign aid on petroleum equipment is still filled with question marks. CEEC conversations with Federal agencies have not progressed to the point where there is a common understanding: (1) of what is included in the term "equipment"; (2) of what refineries, etc., are included; and (3) to what extent American company construction has been included. Comment on dollar requirements would, therefore, be absurd at this moment. Certainly the whole program should be examined to determine whether it is in line with needs and crude availability. In addition it requires examination as a program, rather than in its present condition of lump-sum estimates of deficits.

As has been stated, world refinery capacity is at present working at a near-capacity rate. The amount of crude available for refining by 1951 should be about 2 million barrels more per day than in 1946. To make this petroleum available for consumption, world transportation and refining capacities must be raised to a level capable of handling this increase. Such capacity should be calculated to make the most efficient conversion to products.

Unless this program is developed on an over-all basis, United States dollars might be used to build foreign-owned operations to the detriment of American companies. Besides possible inequities in the form of credit, if materials were allocated for the 16-nation participating countries, there is the possibility that equipment would be supplied to foreign-owned but not to American-owned companies. In view of the fact that a number of the larger foreign oil companies operate in countries in which commercial loans might be possible, the extent to which foreign-aid dollars would supersede commercial dollars is a question of significance. Although there are no conclusive figures available as to the capacity of American industry to produce the materials needed for foreign aid, nevertheless, there is far from an easy supply. Consequently, there is danger that the foreign-aid demand superimposed upon the domestic may bid up the price.

¹ [Staff Director's Note:] An example of the effects of unrestrained competition in its present effects on shortages of gasoline and distillates is the so-called "octane race" that is forcing lower yields of both in order to supply more high octane motor fuel, in a highly advertised and competitive market.

² [Staff Director's Note:] The economics of importing oil for the Navy seems sound in dollar costs, even from the Middle East, and conserves domestic reserves. However, the use of tankers for the long haul when they are desperately short for the east coast oil needs may raise a serious question of policy.

The danger referred to in regard to equipment applies also to petroleum products, for, as has been indicated in the case of royalty oil purchases at a bonus by an Italian company from Venezuela, there is danger that the international competition for scarce products may materially increase the price of petroleum and its products through premium price offers. If foreign offers are reflected in the domestic market—a situation that would be difficult to control—then the United States consumer would have to pay more for what he gets, and at the same time suffer a reduction in the quantity available to him.

An effective rehabilitation plan would require curbs on Europe to prevent unreasonable increases in the consumption of petroleum. Even with the improved transportation planned for the Middle East, the requirements of Europe as scheduled in the CEEC requirements cannot be met by Eastern hemisphere supply, on foreseeable development plans.

Alternatively more production of petroleum equipment from Europe, particularly from Germany, for supplying Europe's own needs and increasing supply for the rest of the world would help speed up a healthy balance and relieve the drain on the United States. Failure to increase considerably availability of petroleum for Europe over the four-year period of the CEEC plans would seriously retard European recovery to a self-supporting basis.



UNITED STATES STEEL REQUIREMENTS AND AVAILABILITIES

As They Affect European Needs for Interim Aid

PRELIMINARY REPORT SIX
OF THE
HOUSE SELECT COMMITTEE ON FOREIGN AID
PURSUANT TO
H. Res. 296
A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



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80TH CONGRESS } 1st Session }	HOUSE OF REPRESENTATIVES {	REPORT No. 1150 }
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UNITED STATES STEEL REQUIREMENTS AND AVAIL-
ABILITIES AS THEY AFFECT EUROPEAN NEEDS FOR
INTERIM AID

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT SIX

UNITED STATES STEEL REQUIREMENTS AND AVAILABILITIES

As They Affect European Needs for Interim Aid

SUMMARY

Unlike other commodities, steel, in any great quantity for export, is produced only in the United States and in Europe. Therefore world availability of steel to meet European deficits really means steel from the United States. Preliminary analysis of the United States supply-requirements picture in 1948 leads to several major conclusions. Most important are the following:

1. Steel as a whole will remain scarce throughout 1948, even if total exports are held to the annual rate of 6.6 million net tons of rolled and drawn steel products reached in the first half of 1947. Conservative estimates place domestic demand for the year at 59.4 million net tons. This figure from the Krug report seems already to reflect some tailoring to permit the assurance of exports at the rate of the first half of 1947. It is thought that even in very favorable circumstances total supply will not exceed 64.4 million net tons. Thus, the minimum deficit would run 1.6 million net tons. In all likelihood, the shortage would be somewhat larger.

2. Honoring the Committee of European Economic Cooperation (CEEC) participants' demands upon the United States in 1948 would aggravate the over-all shortage immensely. In rolled and drawn products, these nations are requesting at least 1.2 million net tons more than their annual rate of receipts from the United States during the first half of 1947. Moreover, they propose to raise their imports of metallics¹ by some 2.1 million net tons—1.7 million net tons in the form of steel scrap and pig iron as such and 400,000 net tons of potential steel scrap contained in the additional tonnage of rolled and drawn shapes. Meeting these claims in full would involve (a) reducing United States production of rolled and drawn products by some 2.2 million net tons and (b) cutting commercial exports or shipments to domestic consumers by 3.4 million net tons, i. e., by an amount sufficient to balance the reduction in output and still provide the additional amount of rolled and drawn products necessary to meet the CEEC countries' requirements. The net effect would be to raise the minimum deficit from 1.6 million net tons to 5.0 million net tons—a staggering deficit to impose on the consumers of steel in the United States and on commercial exports, if full European requests were to be met.

3. A tentative review of the CEEC steel production and distribution programs for 1948 suggests that the legitimate needs of the Paris

¹ "Metallics" are the ferrous raw materials for the production of steel ingots and iron and steel castings. This includes pig iron, iron and steel scrap, scale, cinder, slag, cinder, and the iron content of iron ore.

Conference countries could be met without the adverse effects sketched in (2) above. A thorough scrutiny of these programs is therefore in order. Such examination should concern itself especially with the following matters:

a. The immense steel tonnages it is planned to export from the CEEC area. In 1948, the 16 CEEC nations propose to ship to non-participating countries, excluding western Germany, 1.47 million net tons more than their exports to nonparticipating countries including western Germany in 1938. Moreover, deliveries to dependent overseas territories are scheduled to reach 990,000 net tons as against a total of 330,000 net tons in 1938—660,000 tons net increase. Thus, total exports to outside areas will exceed 1938 levels by 2.13 million net tons, or roughly two-thirds of the prospective adverse impact of CEEC nation demands as indicated in (2) above. The Paris Conference Steel Report does not provide any justification for the increased export rate.

b. The availability of metallics abroad. cursory review of the Paris Steel Report data raises real questions (1) whether the aggregate volume of metallics shown as available for steel-ingot production and foundry pig-iron needs is not more than sufficient to support the estimated furnace output; and (2) whether the estimated home-scrap supply figure is not too low in relation to the recirculating-scrap tonnage one would expect to arise from forecast home steel production plus a reasonable allowance for obsolescent scrap. To the extent that needs are overstated, or availabilities understated, of course, the need for scrap or pig iron imports from the United States would diminish.

c. The possibility of increasing Bizonal steel ingot production above the present target rate of 4.5 million net tons. Claims have been made that 1948 output could be raised to 6 or more million ingot tons through use of additional rich ore supplies which Sweden could readily provide. Careful investigation of this possibility is very important, since the addition would not involve resort to American metallics or heavy per ton drains upon coke supply. It would greatly help to meet European deficits.

d. The home steel consumption estimates given for several of the CEEC countries. In this connection, a review of the major steel expansion programs under way in the United Kingdom, France, and several other nations appears most appropriate. Such programs are large consumers of home-made steel as well as of scarce equipment to be supplied by the United States.

4. Potential United States supplies of sheets, strip, and tin plate promise to remain inadequate to meet domestic demand throughout 1948, despite the large addition to mill capacities which will be made during that year. Furthermore, difficulties may be experienced in supplying slabs in amounts sufficient to utilize the additional mill capacity. Both considerations render very important a close analysis of the Paris Conference requests, which call for United States delivery of 1,074,000 net tons of these shapes (more than three times the rate of shipments during the first half of 1947) and 550,000 tons of slabs and sheet bar in 1948. This applies especially to the CEEC nations' plan to export 176,000 net tons of sheets to nonparticipating countries. Added production of German ingot steel (*c* above), and some diversion of European semifinished steel from presently planned uses would

permit increased sheet production in idle or underutilized German sheet or strip mills. In this area lies one of the greatest shortages of United States capacity. It would seem advisable to suspend any plans to dismantle or otherwise render inoperable such units until it is known that they will be unable to relieve the pinch in sheets and strip.

5. The demand for large-diameter electric-welded and seamless pipe for domestic oil and gas transmission lines is currently in excess of American mill capacities and promises to continue so through 1951. In addition, there is a large export demand for such material, part of which will be necessary to enable middle eastern sources to provide Europe with critically-needed tonnage of petroleum products. It is essential therefore to insure fullest practicable utilization of European capacity to produce these shapes. This will involve forestalling any reduction in German capacity via dismantlement and providing adequate supplies of large tube rounds and wide plate for the pipe mills proper. The utmost effort should be made to divert European round mill and plate mill production from less essential uses into raw material for large diameter pipe.

More detailed figures on German steel capacity and the related problems of iron ore, coal, transport, and reparations deliveries of steel plants will appear in a later report on Germany and Austria.

At this writing, it is not possible to assess even roughly the United States steel supply-requirements picture or to determine how CEEC plan needs might affect this picture in the period 1947-51. Sufficient data are available, however, to permit tentative judgments in both respects for the year 1948. These are set forth in the following analysis, together with supporting argument.

In the development of the analysis, an effort has been made to evaluate both supply and demand factors not only in absolute terms but in relation to their status in the first half of 1947, since the domestic steel market is known to have been in serious imbalance throughout this period. The analysis deals only with ferrous metallics and steel shapes as such and does not enter into a discussion of any indirect impacts upon steel demand or supply which may result from heavy demand for fabricated products under the Paris plan.

I. SUPPLY

A. STEEL INGOT PRODUCTION AND CAPACITY

As of January 1, 1947, United States capacity to produce steel ingots (including a small tonnage of liquid metal for castings) totaled 91,200,000 net tons. The annual operating rate in first half 1947, however, was only 84,600,000 net tons. Thus, despite extraordinary effort to maximize output and a virtually complete absence of strikes in steel and in its supplying industries, production during this period fell more than 7 percent short of nominal capacity.

This disappointing record is attributable to several factors. Most important by a wide margin has been the acute shortage of steel scrap. So scarce has this material become that notwithstanding intensive efforts (including reduction of pig iron made available to bessemer converters) to raise the pig-scrap ratio in open-hearth fur-

naces and to maintain the flow of obsolescent material, inventories have been drawn down almost to the vanishing point. On June 30, 1947, stocks held by dealers, producers, and consumers totaled only 3,800,000 net tons—almost one-third less than the very low quantity held around VJ-day and some 50 percent below the September 30, 1939 level. The deterioration since this last date, of course, has been much greater than the percentage comparison suggests, since both ingot capacity and ingot production are now much higher. In addition, present scrap quality is markedly inferior to that available in prewar days or even in the closing months of the war. The result has been furnace shut-downs, longer heat time on fully charged units, and underutilization of some types of capacity, all issuing in production losses.

Scarcity of pig iron has been another serious hindrance to production—one which in a sense ranks with that in scrap, since the two materials are interchangeable within broad limits in the open-hearth steelmaking process. In first half 1947, pig-iron production was at the annual rate of 58,500,000 net tons, or only 90 percent of capacity, as against a rate of 93 percent plus in steelmaking departments. In all likelihood output would have been lower still if the Housing Expediter's premium-price plan for merchant pig had not been in operation. On an over-all basis, the "losses" were well in excess of the amounts necessary to insure full-capacity operations during the same period.

Recent and current difficulties at the blast furnace stage are traceable largely to inadequate fuel supplies. Reserves of coking coal have been (and will remain) ample to support output at capacity; but transport difficulties have impeded the flow of raw coal to coke ovens, much of the existing oven capacity is worn out or obsolete, and a decline in coal and coke quality has led both to a substantial rise in the coke rate and to a reduction in output per stack-day at many plants. Other factors limiting production were the need to rehabilitate furnaces and tightness in iron ore supplies. Ore shortages were rarely a cause of actual losses in the first 6 months of 1947, but they would have made it difficult to achieve significantly higher operating rates.

In addition to the foregoing factors, "inoperable" facilities and the pattern of demand for steel are often listed as major causes of below-capacity operations in first half 1947. By and large, however, it seems doubtful whether these forces have been quantitatively significant. Save in one case (electric furnaces) the tonnages involved were not large, and difficulties at the steelmaking stage arise in part at least from the basic shortage of metallics—pig iron in the case of bessemer converters and the proper grades of carbon steel scrap in the case of electric furnaces.

What course will steel ingot production follow in 1948? Is there good reason to expect any marked departure from the annual rate prevailing in first half 1947? If so, in what direction?

There is in some quarters a tendency to view 1948 prospects rather optimistically. These sources stress the fact that basic ore and coal reserves are more than adequate to support capacity blast furnace operations. Emphasis is laid upon the large additions to ironmaking and steelmaking capacities which are now foreseen during the next 12 months—some 3,500,000 net tons in the case of pig iron and 3,600,000

to 4,000,000 net tons in the case of steel ingots, according to the latest tally it has been possible to make. And it is thought that activation of several "inoperable" blast furnaces will increase pig iron output substantially.

At first sight, such considerations appear most impressive. Close analysis of the whole steel picture, however, brings to light compelling reasons to think that nonetheless a large net increase in steel ingot production will be difficult to achieve. At least five merit separate mention:

1. The outlook for significant near-term improvement in steel scrap is rather dim. Recirculating scrap, i. e., mill revert material plus the prompt industrial scrap which arises from fabricating operations and returns to steel furnaces within a few months, cannot provide much net relief since its volume bears a relatively constant relationship to ingot production. The margin must come from obsolescent scrap. And here prospects are bleak. Not only were the ordinary sources of such material tapped time after time in the war period, draining prewar pools, but the immense current demand for items which constitute these sources (automobiles and other durable consumers' goods, freight cars, farm equipment, public works, industrial plant and equipment) insures that for a good while sheer physical unusability rather than expansion in the output of new units will continue to determine the rate at which these items become scrap. That the huge rise in scrap prices since late 1946 has not brought forth much obsolescent material is itself strong evidence of acute physical scarcity. For 1948 at least, merely maintaining the current flow from normal sources may well prove very difficult.

This general picture does not change radically when one takes into account the major "abnormal" sources of supply, namely, imports and United States Government-owned surplus stocks of equipment, ships, and military material. With respect to imports, the Paris Conference Steel Report has dampened earlier expectations that continental Europe would be able to provide metallics for use in United States furnaces (see below). The Government surpluses, of course, hold more promise. Current scrap flows, however, already include a goodly tonnage from these reservoirs, primarily from ship-breaking; and the possibility that the additional amount which could be had in usable grades is not large, combined with difficulties in arranging for release of material, darkens prospects for substantial early improvement. Moreover, some increase might prove essential simply to offset a decline in availability from normal sources and thus to sustain the present over-all movement. In short, the weight of evidence is that any marked gain in steel output during 1948 must come from sources other than increased supplies of obsolescent scrap.

2. Shortages of iron ore may well preclude much higher blast furnace operations. Weather conditions, in conjunction with relaxation of legal weight limitations on late-season loadings, have made possible a heavy ore movement during the 1947 season. Shipments from Lake Superior mines, the major American ore source, promise to surpass all peacetime records and now seem likely to approach the level reached in 1944. But despite this fact, current expectations are that by May 1, 1948, the stocks at Lake ore docks and furnaces will not exceed 15,000,000 net tons—a total well below that in many previous (and

less active) peacetime years and barely equal to the very low inventory held on May 1, 1947. Evidently, therefore, to maintain furnace output at the 1947 rate during the 1948-49 furnace season Lake ore deliveries must at least match 1947 performance. Provision of another 5 percent (4,300,000 net tons) would be necessary in order to increase pig iron production by 2,500,000 net tons. In view of the very favorable conditions prevailing in 1947, it is doubtful whether additional supplies in this amount can be made available during 1948.

3. In all likelihood, many blast-furnace operations will continue to experience difficulties with fuel. It is true that producers expect to expand carbonizing capacity by over 3,000,000 net tons, all in modern byproduct ovens, before the end of 1948; that installation of coal-washing equipment to improve coal quality is under way at several plants; and that the blast-furnace renovation and expansion program, if kept on schedule, should lead to some reduction in the national average coke rate. But against these considerations must be set probable continuance of transport difficulties, larger export demands for high volatile coking coals and the possibility that diversion of metallurgical grades to domestic uses may occur. In addition, inventories are so low that even a relatively short work stoppage in the mines or in rail transport could affect production adversely. Thus, although coke may cease to be the prime bottleneck in iron smelting, there is not much prospect that 1948 supplies will prove adequate to permit (the equivalent of) full utilization of present blast-furnace capacity.

4. It is very questionable whether a substantial net gain will result from the steel ingot expansion program. In the first place, although full installation schedules for this program are not obtainable, trade-journal accounts indicate that a relatively small percentage of the total will be available throughout 1948 and that substantial amounts are not scheduled to enter production until the fourth quarter. Secondly, slippage from the planned schedules is almost certain to occur. Even now expectations are that at least one large project will not yield results before the spring of 1949. In the third place, a good part of the expansion is not well designed to cope with the prospective scrap shortage. Electric furnaces, for example, account for 350,000-400,000 net tons, or roughly 10 percent of the total. Another 10 percent is readily identifiable as located at cold melt open-hearth shops, requiring scrap and cold pig as a charge. And at least one major integrated plant expansion rests partly upon expectations of a sharp cut in scrap melt-down time. To convert all or even a large part of these additions into a net national rise in output without higher pig-scrap ratios elsewhere will require a large net increase in the flow of obsolescent scrap. Finally, to the extent that it depends upon additional pig-iron supplies the whole program confronts the difficulties with coke and ore which have been discussed above.

5. The bulk of any production increases from presently idle and "inoperable" blast furnaces will be put into foundry iron products. To the extent that these units utilize ores which are suitable for producing steelmaking grades of pig iron, therefore, the effect will be to aggravate, not to relieve, the metallics shortage in steel. (A counter-vailing consideration is that if the present premium price plan for merchant pig iron is allowed to expire December 31, 1947, most of these facilities are likely to remain idle, and in addition some fraction

of the pig iron tonnage now going to foundries might be channeled to ingot-producing furnaces.)

It is impossible to derive from these considerations a firm estimate of probable steel ingot production in 1948. Nonetheless, they provide some basis for judgment in this connection. Given relatively favorable conditions, the aggregate supply of pig iron and obsolescent scrap might prove sufficient to run 1,800,000–2,100,000 net tons above its first half 1947 level, permitting ingot production to increase by roughly 2,600,000–3,000,000 net tons.¹ On the other hand, any unfavorable turn or combination of turns—a brief Lake ore season, for example, or serious winter shortages of fuel oil and natural gas or maldistribution of ore stocks among furnaces—would reduce the possible gain. And even if none of these possibilities should materialize, work stoppages could easily prevent any increase. At the assumed operating rates, strikes which in aggregate cost only 10 days' production would reduce output by over 2,000,000 net ingot tons. On a realistic appraisal, therefore, it would appear that we shall be very fortunate to produce as much as 87,200,000–87,600,000 net tons of steel ingots in 1948.

B. ROLLED AND DRAWN STEEL PRODUCTS

According to the American Iron and Steel Institute, semifinished and finished steel product shipments during first half 1947 were at the annual rate of 62,400,000 net tons, or close to 74 percent of steel ingot production (including a small tonnage of liquid metal for castings). The indicated conversion loss, which seems rather low for the finished product "mix," reflects in part consumers' current willingness to accept off-grade material in order to meet urgent consumption needs.

During 1948, the supply of finished steel will depend primarily upon steel ingot production. But some change in the product "mix," leading to a slightly higher conversion loss, seems probable. Since V-J-day production of such above-average conversion loss items as cold-rolled sheets, cold-rolled strip, tinplate and seamless tubular products has been much lower in relation to demand than has total steel output. As additional sheet, strip and seamless tube capacity is brought into operation and pig tin supplies improve, the composition of output will shift in their favor. As a result, the average ingot yield may decline to 73.5 percent or less. On this basis and assuming ingot production to fall within the range set forth above, 1948 mill supply of rolled and drawn products may be set between 64,000,000 and 64,400,000 net tons.

This estimate is subject to one qualification. The Paris Conference Report on Steel calls upon the United States to deliver very large quantities of crude and semifinished steel to the CEEC participating countries in 1948 (see below). If these demands are met without corresponding reduction in semifinished steel shipments to other areas, the effect will be to reduce the average conversion loss and thus to raise rolled steel production—perhaps by 200,000–250,000 net tons. Other implications of the Paris Conference requests are dealt with below.

¹ These calculations assume that mill revert and prompt scrap together will amount to 37 percent of the additional ingot production and that 1.077 tons of pig iron, scrap, and scale are necessary to produce one ton of steel ingots.

C. LIGHT GAGE FLAT-ROLLED PRODUCTS AND TUBULAR PRODUCTS

Although ingot production constitutes the basic bottleneck in steel, lack of specific finishing and processing facilities have been responsible for serious shortages in some product lines. Of such shortages, the most acute and most persistent are in light-gage flat-rolled products (sheets, strip, and tin mill products) and in tubular products, especially large-diameter pipe. In first half 1947, the annual delivery rate of tin mill products reached 4,300,000 net tons and that of sheets and strip, some 18,000,000 net tons—respectively, 10 percent and 15 percent above previous all-time records. Deliveries of pipe and tubing (annual rate) during the same period came to 6,000,000 net tons, or within 3 percent of the all-time record set in 1944. Data on pipe shipments by diameter are not available.

The sheet-strip shortage has had profound repercussions throughout the whole economy and producers have undertaken a huge expansion program to relieve market pressures.² The best available estimate on its scale and timing, developed in a recent American Iron and Steel Institute survey, is shown below.

Expected growth in steel sheet and strip capacity

Estimated, December 31, 1947-----	1,953,200 net tons above July 1941.
Estimated, July 1948-----	2,993,200 net tons above July 1941.
Estimated, December 31, 1948-----	3,620,975 net tons above July 1941.

These figures are said to "exclude tin mill product capacity," but it is not made clear what volume of strip mill break-downs for tinning this implies. Since some of the additional facilities are adapted to cold-reduce strip for tinning and since tin-mill production may be increased as supplies of pig tin improve, the actual mill space available for sheets and strip may prove to be somewhat less than the table suggests.

The Institute survey does not provide a capacity figure for July 1941, and this datum is not available elsewhere. It is known, however, that by December 31, 1947, capacity will be somewhat larger than in first half 1947, when the annual shipment rate was 18,000,000 net tons. Presumably, therefore, completion of the present expansion will place sheet-strip capacity somewhere between 20,000,000 and 21,000,000 net tons per annum.

At present the large-diameter seamless pipe industry does not contemplate any major expansion, producers claiming that costs and the long period required for construction render this infeasible. However, two units for producing electric-welded pipe from wide plate, one rated at 115,000 net tons per annum, will be in operation before the close of 1948. By the same date substantial additions will have been made to small-diameter pipe and tubing capacity, including 300,000 tons in seamless tubing and 155,000 tons in butt-weld pipe.

II DEMAND

A. TOTAL ROLLED AND DRAWN PRODUCTS

At this writing, the only generally available projection of finished steel requirements for 1947-52 is that given in Secretary Krug's report,

² These shortages have been especially harmful in holding back the production of automobiles, trucks, freight cars, and some types of consumers goods, as well as tinplate for containers.

"National Resources and Foreign Aid." Purportedly resting upon a statistical analysis of the historical relationship between steel consumption and gross national output, this estimate places 1948 domestic demand "under conditions of full employment" at 59.4 million net tons of rolled and drawn steel products. This figure is 1 million tons above the estimate made for 1947 as a whole and perhaps 1.3 million net tons above the annual rate which the Krug committee would regard as appropriate for first half 1947. According to the report, both the 1947 and 1948 estimates are very conservative.

B. STEEL INGOTS

The demand for steel ingots, of course, derives from that for finished steel. The Krug report assumes a conversion loss of 26 percent both in 1947 and in 1948. This would place the ingot demand figures at 87.4 million net tons and 89.2 million net tons for first half 1947 (annual rate) and 1948, respectively. Using a factor of 26.5 percent for 1948, as suggested above, would raise that year's figure to 89.8 million net ingot tons.

C. LIGHT GAGE FLAT-ROLLED PRODUCTS AND TUBULAR PRODUCTS

Estimates of recent and forward demand for light-gage flat-rolled products are not currently available. There is general agreement, however, that even with additional facilities in operation supply will remain seriously inadequate through 1948. As recurrent shutdowns in the automobile industry have made evident, output must rise substantially to provide many large consumers with minimum operating inventories; and still further increases will be necessary to bring warehouse and consumer stocks into line with prospective levels of consumption.

The outlook for pipe and tubing is clearer in some respects. A few types (e. g., stainless material) are in relatively comfortable position and a better balance is being struck in some others (e. g., electric welded mechanical tubing). But by and large, the picture is one of huge and apparently insatiable demand. This is especially the case with large-size line pipe. A recent study, showing in detail the tonnage and diameter necessary for each project now under construction or in the planning stage, sets domestic requirements during the next several years above 5.8 million net tons—most of it over 14-inch outside diameter. According to the same study, export demands over this period will aggregate 600,000 net tons. Confirming these estimates, a survey made by the country's leading producer of seamless pipe indicates that for lines now on order or awaiting installation during the period 1947-51, the annual requirement for material 20-inch O. D. and over will be 1.2 million net tons. Even capacity operation of existing and currently building mills will not suffice to satisfy such demands. Similar, though less acute, shortages prevail in oil country goods, notably casing. And with respect to standard pipe and miscellaneous line pipe generally, pipemakers are said to estimate that the equivalent of 4 months' mill deliveries will be necessary to restore

prewar inventory-consumption ratios. It seems quite possible therefore that imbalance in large parts of the pipe and tubing industry will outlast that in flat-rolled steel products.

In summary form, the quantitative relations between steel supply and steel requirements set forth in the preceding paragraphs are as shown below. All figures, it should be emphasized, are predicated upon maintenance of exports at exactly the first half 1947 annual delivery rate.

[Annual rates in million net tons]

	Ingots		Total rolled and drawn products		Sheets and strip		Pipe and tubing	
	IH 1947	1948	IH 1947	1948	IH 1947	1948	IH 1947	1948
Requirements-----	87.4	89.8	64.7	66.0	(1)	(1)	(1)	(1)
Supply-----	84.6	87.1 to 87.6	62.4	64.0 to 64.4	18.0	(2)	6.0	(2)
Surplus (+) or deficit (-)-----	-2.8	-2.2 to -2.7	-2.3	-1.6 to -2.0	-----	-----	-----	-----

¹ Not ascertainable exactly, but known to exceed possible supply by substantial amount.

² Estimates not available.

III. PARIS CONFERENCE STEEL REQUESTS: MAGNITUDE AND POTENTIAL IMPACT

As said above, the foregoing appraisal of 1948 steel supply and requirements assumes implicitly that during 1948 exports of steel and ferrous metallics will just match first half 1947 annual export rates not only in aggregate but by major class of product. Even this rate would involve real strains on the United States. It is now pertinent to inquire whether such a pattern of exports is consistent with delivery of the steel products which the 16 CEEC participating countries propose to obtain from the United States in 1948; and if not, in what ways and to what degree fulfilling CEEC requests would affect 1948 prospects for domestic steel shipments and for commercial exports. The relevant figures, in so far as available, are shown on page 12.

These data are very illuminating with respect both to the effect of CEEC import requirements from the United States on the availability of rolled steel for American home use and to their impact upon our metallics supply and thus our production potential.

On the first head, it will be seen that aggregate 1948 CEEC requirements for semiproducts and finished steel shapes run close to 3.15 million net tons, or more than 60 percent above the annual delivery rate to those countries in the first half of 1947. Moreover, the requirements concentrate heavily in those shapes which are tightest in the United States—sheets, strip, tin mill products and semifinished steels for the manufacture of such products.

With reference to the impact on metallics, the figures are even more disturbing. As against a total drain approximating 400,000 net tons (annual rate) in first half 1947, the CEEC participants propose to obtain almost 2.5 million net tons in the coming year. In round figures, the additional "take" would total 2.1 million net tons, representing a potential home ingot production of 1.9 million net tons. The actual production loss, of course, would be substantially larger

because of the indirect sacrifice of recirculating scrap on the foregone furnace output. Indeed, the total gross reduction would approximate 3 million net tons, or sufficient to offset in full the maximum increase for 1948 indicated above. Thus, if met, the CEEC program would place our already-besieged steel mills under heavy fire from both sides. Not only would it preempt a large portion of our rolled-steel output, but in this process and indirectly through scrap and pig imports it would draw from the United States immense quantities of metallics, thereby causing almost equivalent cuts in American output of ingots. It is difficult to see how, even with drastic cuts in commercial exports, it would be possible to fulfill this program without reducing steel shipments to domestic users well below the first half 1947 annual rate, seriously weakening our own economy.

[Annual rate in thousand net tons]

Product	CEEC participants' 1948 import requests from United States	United States exports 1H 1947	
		To CEEC participants	Total
Ingots.....	374		
Refinishing billets.....	913		
Forging billets.....	110		
Slabs.....	440		
Sheet bars.....	110		
Tube rounds.....	¹ N. A.		
1. Total semifinished.....	² 1,947	⁶ 381	477
Hot finished strip.....	297		
Tube strip.....	33	178	909
Sheets.....	424		
Tin plate.....	320	125	561
Wire.....	³ N. A.		
Pipe and tubing.....	(³)		
Other finished steel.....	N. A.		
2. Total finished steel.....	⁴ 1,199	⁷ 1,582	⁸ 6,243
Scrap.....	1,539	7	
Pig iron.....	200	39	
3. Total metallics as such.....	1,739	46	
4. Potential recirculating scrap in semiproduct and finished steel products ⁵	753	349	
5. Total "take" of metallics (3+4).....	2,492	395	

¹ Tonnage for CEEC participating countries not presently ascertainable. Some 77,000 net tons have been requested for these nations and Western Germany.

² Excludes some unknown tonnage of tube rounds and squares which CEEC participants are requesting.

³ Wire, pipe and tubing fall within CEEC definition of fabricated products. Estimate of pipe and tubing requirements now being developed at American request.

⁴ Includes estimate of 125,000 tons to cover CEEC nations' aggregate request for wire, pipe, tubing and other finished steel shapes not separately listed. The figure has been chosen arbitrarily, a firm basis for estimation not being available. (See footnote 3 above.)

⁵ Assumes following rates of scrap generation: crude and semifinished steel to finished steel product, 17 percent of crude and semifinished product weight; finished product to fabricated product, 15 percent of finished steel product weight. The first ratio is thought to be very conservative since the "mix" should result in high scrap losses and since the semiproduct total for the CEEC countries does not include tube rounds or wire rods. The second ratio is roughly in line with current American experience.

⁶ Includes ingots, billets, slabs, tube rounds, blooms and sheet bars.

⁷ Assumes that reported total of 1,602,000 net tons (annual rate) includes 20,000 net tons of iron castings, wrought iron pipe and bars, etc.

⁸ Assumes that iron products (castings, pipe, bars, etc.) accounted for 100,000 net tons of total iron and steel product shipments (6,343,000 net tons annual rate).

Nor is this all. There are several good reasons to think that in actuality implementation of the CEEC home steel consumption and steel export programs would place a much heavier burden on us than the foregoing comments suggest. In the first place, some of the steel shipped abroad in first half 1947 came from Government surplus

stocks. Since this source will hardly provide similar quantities henceforward, the claim on American new steel supply will be larger than might be thought at first sight. Secondly, some shipments of steel to western Germany will be necessary. Perhaps not all of these will constitute a net addition to first half 1947 demand since some tonnage may have been sent to this area during that period, but the odds are that a large increase will occur in 1948. Finally, and by all odds most important, the programs rest upon very optimistic expectations (operation at full capacity) with respect to blast furnace and steelmaking furnace performance in the CEEC countries. A shortfall—and one seems inevitable, in view of the very pronounced increases necessary in some cases—would result in further demand on the United States for metallics and probably for finished shapes. The CEEC Steel Report indicates, for example, that each million-ton shortage in coke would raise scrap or equivalent pig iron requirements on this country by 1.2 million tons.

The import of these considerations is quite clear. Unless the CEEC steel end-use programs undergo marked reduction or means can be found to raise significantly the level of production in western Germany above the present 1948 target (4.5 million net ingot tons) without resort to American metallics, the likelihood is that very heavy and perhaps intolerable sacrifices will have to be made by American consumers of steel in that year. It is essential, therefore, to subject to close scrutiny the steel production and distribution programs upon which the stated CEEC steel import needs rest. Such examination should concern itself especially with the following matters:

1. The immense tonnages it is planned to export from the CEEC area. In 1948, the CEEC nations propose to ship to nonparticipating countries, excluding western Germany, some 3.59 million net tons of finished steel, or almost 70 percent more than their exports to nonparticipating countries including western Germany in 1938. For 1950 and 1951 the corresponding totals are 4.98 million net tons and 5.35 million net tons—respectively 135 percent and 153 percent above the 1938 rate.³ In effect, therefore, the semiproduct and scrap imports sought from the United States in 1948 and subsequent years are meant to serve as a basis for raising CEEC exports very greatly above their level in the last full prewar year. The sheet picture resembles the over-all picture; scheduled exports of 176,000 net tons in 1948, 340,000 net tons in 1949, and 413,000 net tons in 1950; imports of 440,000 net tons in 1948, 352,000 net tons in 1949, and 352,000 net tons of sheet mill slabs and sheet bar in 1950. To worsen matters, import requirements for sheets themselves are very heavy in 1948 and 1949 and there is a large annual demand for hot-finished strip and tinplate throughout the 3-year period.

³ Moreover, the program envisages huge increases in exports to dependent overseas territories. Such shipments, totaling 330,000 net tons in 1938, are scheduled to reach 990,000 net tons in 1949 and to rise to 1,375 million net tons by 1951.

The point in this European export increase is to get an annual increase in foreign exchange amounting to, at most, \$150,000,000 from the finishing and processing of the imports of steel from the United States. Quite apart from the question of where these exports are going, will not this volume of semiproduct and scrap taken from our own economy at this time hurt our ability to help Europe in other ways and weaken our own system out of proportion to the amount of foreign exchange European countries may gain?

2. The availability of metallics abroad: Cursory review of the CEEC Steel Report figures raises these real questions: (a) Whether the aggregate volume of metallics shown as available for steel ingot production and foundry pig iron needs is not more than sufficient to support the estimated furnace output; and (b) whether the estimated home scrap supply figure is not too low in relation to the recirculating scrap tonnage one would expect to arise from forecast home steel production plus a reasonable allowance for obsolescent scrap. To the extent to which the estimated metallics supply proves more than adequate to support production, or the amounts actually available turn out to be larger than the estimate indicates, the need for scrap or pig iron exports from the United States would diminish.

3. The possibility of increasing western Germany's steel ingot production at a more rapid rate than envisaged at present: Current schedules call for a total of only 4.5 million net tons in the Bizonia during 1948, with jumps to 6.1 million net tons in 1949; 8.3 million net tons in 1950, and 11 million net tons in 1951. There is widespread belief that substantial additions could be had in 1948 and 1949 by means which would not involve scrap imports from America or a corresponding reduction in output in the CEEC area. To cite one example, claims have been made that Bizonal ingot production could be increased to 6 million or more net tons in 1948 simply through use of additional rich ore supplies which Sweden could provide readily. Careful exploration of this and other possibilities is in order. It seems the major hope of meeting European deficits.

4. The home steel consumption estimates given for several of the countries: This subject lies largely within the province of the staff's work on fabricated products, but discussion in the review of the CEEC Iron and Steel Conversations in Washington indicates that a careful check of some estimates would prove rewarding. In this connection, a review of the major steel expansion programs under way in the United Kingdom, France, and several other nations would seem appropriate. Such programs are large consumers of home-made steel as well as of scarce equipment to be supplied by the United States. Can they be afforded at this time, and what sort of world steel picture will they present when completed? Before building up export steel capacity for the future in Europe at very heavy cost to production for consumers' steel today, is there not a real need to look at the prospects for marketing the capacity that will result and its probable contribution to a lack of world balance harmful to all concerned?

COAL REQUIREMENTS AND AVAILABILITIES

PRELIMINARY REPORT SEVEN OF THE HOUSE SELECT COMMITTEE ON FOREIGN AID PURSUANT TO H. Res. 296 A RESOLUTION CREATING A SPECIAL COMMITTEE ON FOREIGN AID



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COAL REQUIREMENTS AND AVAILABILITIES

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT SEVEN

COAL REQUIREMENTS AND AVAILABILITIES

SUMMARY

1. Although western Europe was self-sufficient with regard to coal before the war, the physical destruction of mines and mining-machinery factories and the loss and lower productivity of coal miners have resulted in a serious coal deficit in western Europe since the end of the war.

2. Only Poland and the United States are now producing coal in sufficient volume to assist in making up this deficit.

3. The quantities of coal requested by western Europe from the United States are thought to be reasonable by American coal technicians, and the Krug Committee on National Resources and Foreign Aid regards them as well within the capacity of United States coal mines and coal resources.

4. The only problem likely to arise in shipping coal from the United States to Europe in the requested volume is the shortage of open-top freight cars to move coal from the mines to consumers in the United States and to seaports.

5. Unless the coal-car shortage can be overcome there may be a decrease in United States coal shipments to Europe. Stocks of coal in the hands of United States consumers are already low, and severe winter weather might result in a critical supply situation in certain areas of the United States which might in turn necessitate the temporary stoppage of coal movements to seaports for shipment to Europe.

6. Aside from United States efforts and in addition to the plans for increasing European production outlined in the report of the Committee of European Economic Cooperation (CEECE), there are other possibilities for increasing European output and use of coal, especially of coking coals, by returning German prisoners of war to the Ruhr coal mines, by increased use of high-grade Swedish iron ore in German steel mills, and by increasing British opencast mining production through the addition of another labor shift.

I. THE EUROPEAN COAL SITUATION

Next to food, coal is the most important commodity required for western European recovery. European industry is far more dependent on coal as a source of energy than is the case in the United States, where hydroelectric power, petroleum products, and natural gas are more plentiful and their use is more highly developed. Without adequate supplies of coal, it is impossible for European industry to produce enough electric power, steel, machinery, freight cars and locomotives, agricultural tractors, and other equipment for meeting its own essential needs. The heating of homes and buildings and the provision of hot water in cities have already been reduced below the levels necessary for maintaining health.

Before the war, Europe was self-sufficient in coal and even produced some coal for export to other parts of the world. But this situation was completely changed by the war for a number of reasons:

1. Very little new machinery and equipment has been put into the mines since 1938 and even the normal necessary replacements of worn-out machines were not made in many instances, because the factories that produced them were either destroyed, damaged, or short of raw materials such as steel, copper, and fuel.

2. The richest coal veins were exhausted during the war, especially in England, and the mines that are producing now yield a relatively smaller percentage of usable coal than was formerly the case.

3. The labor force in the coal mines has declined in numbers from prewar days as a result of war casualties, the movement of population by the Germans, and the movement of workers to more profitable and pleasant industries or to places where better food and shelter were available. The productivity of the individual coal miner is also much lower than before the war because of inadequate food, clothing, and shelter, and the fact that the average age of the miners is greater than prewar. Young men were needed for the armed forces during the last 8 years and did not have an opportunity to replace the older generation in the mines.

4. Productivity of European coal mines has suffered from the disorganization of mine management which accompanied and followed the war.

5. Western Europe has lost one of its major coal-producing areas, the mines of German Silesia, to Poland; and the products of these fields are not available to western Europe to the same extent as before the war.

Despite these difficulties, the coal mines of western Europe have made substantial increases in production compared with the low point reached at VE-day in 1945, but recovery in coal output has not been sufficient to meet Europe's minimum needs.

II. CEEC ESTIMATES OF EUROPEAN COAL REQUIREMENTS

The following tables show the requirements, production, and deficits of western Europe as estimated by the CEEC:

TABLE I.—*Coal requirements and production of the 16 western European nations, omitting bunkers and overseas dependencies*

[Millions of metric tons]

	1938	1947	1948	1949	1950	1951
Requirements.....	552	471	530	555 ¹	585	609
Production.....	¹ 483	² 420	475	508	546	575
Deficit.....		51	55	47	39	34

¹ Excludes production of German areas now incorporated in Poland and of the Soviet zone of Germany which were sufficient in 1938 to make up the deficit and provide, in total, small surpluses for export.

² Approximate.

III. UNITED STATES ESTIMATES OF WESTERN EUROPEAN REQUIREMENTS

American experts both here and in Europe are of the opinion that the CEEC has overestimated European coal production for the years 1948 through 1951. It is felt that the targets for coal production

shown in table I, while desirable, are unrealistic because their achievement depends upon substantial mechanization of the European coal mines within a very short time. Examination of the mining-machinery program submitted by the CEEC shows that European countries plan to produce mining machinery and equipment in quantities far in excess of anything they manufactured before the war in a comparable period of time. Even if manufacturing capacity were available in Europe for making such large quantities of mining machinery, it is still felt that steel, copper, and other raw materials will not be sufficiently plentiful. Furthermore, it is questionable whether European coal mines have either the trained labor or the prepared sites for utilizing large-scale mass-production machinery within the near future.

There is also a question whether sufficient labor can be found to work the new mines and shafts which are also necessary for raising European coal production to the planned level. All countries have had intensive labor-recruiting programs for their coal mines, but these programs have so far met with moderate success.

Failure to meet the planned coal-production targets for 1948-51 will not necessarily result in an increase over current demand for American coal. The net result may be that it will take longer than 4 years to achieve the goal of relative European self-sufficiency in coal. American coal will be required in substantial volume even after 1951 and it may not be until 1955 that the CEEC production target for 1951 is achieved.

However, a slowing down of the rate of recovery of coal production, if not met by increased imports in western Europe will have serious effects on other parts of the CEEC program. It will result in a smaller steel production during each year of the program than was originally planned, and it will also prevent the achievement of the electric power and transportation targets. It means, also, that for many more years western European homes will not be adequately heated in cold weather, with attendant consequences for the health and well-being of the population.

Regardless of production levels, there still remains a measurable deficit as compared with the minimum essential requirements which must be met from outside western Europe. Overcoming the deficit depends upon coal imports from the United States and Poland, the only two areas in the world capable of producing and exporting coal in any significant volume. The CEEC countries estimate probable imports as follows:¹

TABLE II.—*Estimated required imports of coal into western Europe from the United States and Poland*

[Millions of metric tons]

	1946	1947	1948	1949	1950	1951
From Poland and other countries.....	4	7	17	25	28	31
From the United States.....	17	39	41	25	14	6
Total.....	21	46	58	50	42	37

(The discrepancies in the totals in this table and the deficits in table I arise from the planned resumption of coal exports from the western European countries after 1948.)

¹ See appendix A for more detailed actual import figures for first 9 months of 1947.

United States experts agree that the quantities estimated by the Europeans as exports from Poland are probably optimistic for the 4 years 1948 through 1951. Polish exports in such large volume depend upon sizable shipments of mining machinery either from the Ruhr or from the United States. It would be safer, therefore, to reduce the anticipated imports from Poland by about one-third for the period from 1948 through 1951. This will result in a corresponding increase in the share of the deficit to be made up by imports from the United States, but the increase should present no physical difficulties after 1948 as it will still be less than the highest figure of United States shipments since the war.

If the Polish imports fail to materialize in the volume estimated by the CEEC, the only year that may present some difficulty will be 1948. United States shipments to Europe probably cannot be increased beyond 45,000,000 metric tons per year without great difficulty. If Polish shipments in 1948 can reach 10,000,000 metric tons, which is quite possible even without new machinery and equipment, the deficit in 1948 will not be difficult to meet.

IV. ESTIMATE OF INTERIM AID NEEDED FROM THE UNITED STATES

The estimates of coal required from the United States for the interim aid program are as follows:

TABLE III.—*Coal requirements from the United States from Oct. 1, 1947, to Mar. 31, 1948*

	Long tons	Metric tons
France.....	7,086,000	7,200,000
French North Africa.....	345,000	400,000
Italy.....	3,453,000	3,600,000
Total.....	10,884,000	11,200,000

Source: U. S. Coal Committee allocations.

These estimates compare favorably with the actual shipments of coal to western Europe during the last 6 months of this year. Table IV shows the actual third-quarter shipments from the United States plus the estimated fourth-quarter shipments based on the allocations already approved by the United States Coal Committee.

TABLE IV.—*Shipments from the United States to Western European countries of hard and soft coal, last half 1947 (fourth quarter estimate)*

	Long tons		Long tons
France.....	8,200,000	Sweden.....	1,600,000
Italy.....	4,200,000	Ireland.....	700,000
Netherlands.....	1,100,000	Portugal.....	500,000
Belgium.....	2,300,000		
Austria.....	200,000	Total.....	20,800,000
Denmark.....	1,200,000	French North Africa.....	400,000
Norway.....	300,000	Mediterranean bunkers.....	700,000
Switzerland.....	500,000		

Source: U. S. Coal Committee.

There is little likelihood of any decrease in European requirements for coal from the United States during the next 6 months. Such a decrease could occur only if export availabilities from the Ruhr,

Poland, and Great Britain were substantially greater than the present rate of shipment from those areas. As any increase in shipments from the Ruhr, Poland, and Great Britain would be relatively negligible during the interim aid period, it is not realistic to take these possibilities into account in estimating the probable requirements from the United States.

Even if American shipments of coal to Europe are maintained at their present rate throughout the winter, there will still be a large deficit of coal in Europe as measured in terms of the capacity of European industry, transport, and households to consume fuel. The level of United States shipments recommended by the U. S. Coal Committee is designed to meet more or less minimum European requirements during the coming winter.

V. EASTERN EUROPEAN COAL AND INTERIM AID REQUIREMENTS FOR WESTERN EUROPE

The question naturally arises as to why Eastern Europe, which includes two countries, namely Poland and Czechoslovakia, that before the war exported considerable quantities of coal, may not be counted upon for exports to Western European countries and particularly to France and Italy during the period of interim aid. Poland now includes many of the coal fields of eastern Germany and has already developed a large export of coal as shown in the tables attached to this report.²

The analysis of the eastern European coal situation that follows shows that three factors bear upon the ability or willingness of eastern European countries to export coal to the west.³

The first, which is not developed in the tabular presentations, is that Russia has first call upon any exportable surplus of coal. At the present time Russia is taking roughly half of the Polish exports of coal and may well increase this amount. Whatever coal surpluses may exist in Rumania and Hungary, because of their low level of industrialization, also appear to be going to the Soviet Union. Until the Donets coal basin regains its prewar production, which will probably not be before 1949 at the earliest, Russia will need to continue this import program. Quite apart from any political motives of blocking the recovery of western Europe, Russia's industrial needs for coal will outstrip her own ability to produce coal and therefore cause a pull on Eastern Europe.

Secondly, the industrialization of the countries of eastern Europe and in particular of Czechoslovakia and Poland is planned to proceed at a very rapid rate. Russia is depending upon these States to supply the Balkans with capital equipment; if this program is successful, their internal coal consumption must be greatly increased. (Czechoslovakia has already become a net importer of coal instead of a considerable exporter as she was before the war.)

In the third place, such exports to the west as Poland is able to make go in the main to countries which can pay for them in goods that the Poles most need to re-establish their railroads and mine system and otherwise to the markets which can supply them with dollars.

² See appendix A and table 2, appendix B.

³ See also appendix B.

The loans made by the United States to Poland, both from surplus property supplies in Europe and in dollars through the Export-Import Bank, were intended to increase the Polish ability to export coal, particularly to western Europe. These loans have undoubtedly increased Polish ability to produce, but there can be little guarantee that the production will go in the right direction.

It is improbable, therefore, that any increased imports will develop for Italy and France during the 6 months' period. According to the tables in appendix A, France received 402,000 metric tons and Italy 342,000 metric tons from Poland for the nine months' period ending with the third quarter of 1947. The estimates that follow in appendix B show that Poland may achieve an increased export of an additional 8 million tons in 1948 added to the planned 20 millions of exports for 1947. However, as both these figures are based upon the Polish Four Year Plan and as Polish coal exports are in fact more likely to be in the neighborhood of 17 million tons for 1947, it is more than doubtful that any such additional export of coal will be achieved in 1948. Poland does not publish figures for her export to Russia or to eastern European countries. It seems reasonably sure, however, that Russia, still suffering deficits for her own industrial use, will hardly permit increased shipments to the West which would relieve the load imposed upon the United States for aiding these countries. However, as a matter of policy every reasonable effort will no doubt be made by the European Coal Organization, which has now been taken over by the Economic Commission for Europe of the United Nations, to get increased shipments to the West from whatever export surpluses Poland develops and is permitted to ship in that direction. Since Sweden is working on a large program for supplying Russia, and is badly in need of coal, it is likely that her share may be more easily increased than would be the case for other Western European countries.

Coal, as well as food, may come to figure in the strategy of Russia, particularly in the coming year. It would seem to be a matter of policy of some weight for western Europe not to develop or be forced (by shortages of exports from the United States, Britain, and Germany) into too great dependence upon Polish coal.

VII. UNITED STATES SUPPLY POSITION

Adequate coal resources and mining capacity exist in the United States for meeting home consumption at present levels and the export demand under both the interim aid program and the 4-year CEEC program. The Report of the Krug Committee on National Resources and Foreign Aid states:

At current production rates, the total hard and soft coal produced in the United States in 1947 will approximate 660,000,000 tons, or about 4 percent below the peak of 684,000,000 tons reached during the war. * * * Total consumption of United States coal in the United States and Canada for 1947 is estimated at 627,000,000 tons.

VII. UNITED STATES COAL TRANSPORTATION SITUATION

It is not the coal resources or mining capacity which might limit the ability of the United States to ship coal to Europe in the requested quantities, but the difficulties of railroad transportation from the coal

mines. Very little coal is stored at the mines, and when transportation facilities are inadequate for the shipment of all the coal mined, production is curtailed accordingly. During the last 3 months there has developed a shortage of open-top freight cars which has caused a loss in coal production of over 1,000,000 long tons per week. As a result, United States consumption of coal during 1947 plus actual and requested exports to foreign countries will in fact exceed total United States production for the current year. The resulting deficit will be made up out of stocks of coal in the hands of consumers.

This is a serious situation for both American consumers and foreign countries. On September 1 it was estimated that the average stocks in the hands of American consumers were approximately equal to a 30-day supply. During the summer and early fall it is customary for stocks to be built up to a 45-day supply to provide against increased consumption and decreased deliveries caused by winter weather. Our consumers' stocks are, therefore, already abnormally low, and in some regions are less than a 30-day supply. Should the coming winter be severe and result in transportation delays and increased needs for heat, it is possible that the stock situation will become critical in certain areas of the country.

The only remedy for this situation, apart from cutting our foreign exports below present volume, is to increase the supply of open-top freight cars available for moving coal from the mines. During the war when a similar situation arose, it was solved by the Office of Defense Transportation diverting freight cars from hauling cement, sand, gravel, and other bulk commodities to the haulage of coal. This diversion was accomplished by (1) requiring cement, sand, and gravel producers to ship their goods wherever possible via inland waterway barge transportation, admittedly a slower but also a cheaper method than by rail; and (2) permitting cement, sand, and gravel producers to exchange customers among themselves and thereby eliminating cross hauls. If these two practices were adopted today they would result in freeing enough freight cars for the movement of coal to overcome the present shortage in coal transportation. At the same time, measures should be undertaken to increase the manufacture of new open-top freight cars, in order to permit cement, sand, and gravel manufacturers to return to their normal trade practices as soon as possible. It must also be pointed out that a very small reduction (as little as 1 day) in the turnaround time of open top freight cars would go most of the way toward solving the coal-car shortage.

The problem of transportation will be treated at greater length in a subsequent staff report devoted to that subject.

VIII. THE PROBLEM OF COKING COAL

Although western Europe is short of coal, the shortage is most acute in the higher grades of coal, especially coking coal which is vitally needed in the metallurgical industries. It was only at the beginning of this year that the United States was able to ship small amounts of coking coal to Europe, and even these have been of inferior grades. If the demand for coking coal in the United States grows any greater than at present, or if transportation difficulties persist, it is possible that the United States may have to stop shipments of the so-called metallurgical grades to Europe.

Such a step would have serious consequences in Europe, where the whole industrial recovery program depends on increasing supplies of coking coal. Before the war, Europe's supplies of coking coal came mainly from the Ruhr and Great Britain. England now produces barely enough for her own needs and can probably not increase her production much in the near future. The Ruhr, however, has large resources of excellent-grade coking coals which have traditionally been burned in European furnaces.

Several plans have been advanced for increasing the production of coking coal in the Ruhr. The proposal favored by the military authorities in Berlin and the Ruhr involves the return to Germany of the German prisoners of war at present working in the French and Belgian coal fields.

There are, approximately, at the present time 85,000 Germans working in the French and Belgian coal mines, 50,000 in France and 35,000 in Belgium. These miners produce approximately 65,000 tons of steam coal per day which cannot be readily or efficiently used for coking purposes. As the productivity of labor is greater in the Ruhr mines than in France or Belgium because of the greater extent of mechanization in the German mines and the larger coal seams, these Germans could probably produce almost 50 percent more coal in the Ruhr than in France or Belgium. The military authorities propose that the German prisoners of war be returned to the Ruhr as soon as possible, where they could produce about 100,000 additional tons of coking coal. France and Belgium would be compensated for the loss of 65,000 tons of ordinary steam coal per day by receiving from Germany 65,000 tons per day of coking coal, a far more desirable grade of coal. There would remain in Germany an additional 35,000 tons per day of coking coal or a total of approximately 9,000,000 tons per year, which would greatly assist the recovery of German industry to the ultimate benefit of the whole of western Europe. If France and Belgium could replace the German miners with Italians, Poles, and other eastern and southern Europeans, they might be able to continue the production of the 65,000 tons of steam coal per day, which would be lost by removal of the German prisoners of war, and thus enjoy an actual gross increase in coal supplies equal to the 65,000 tons per day of highly necessary coking coal to be imported from the Ruhr.

An additional proposal is concerned with the more efficient use of coking coal in order that each ton of coal should produce a greater quantity of steel. Before the war the German steel mills used a large proportion of Swedish iron ore which has a higher iron content than the German or French ores. Since the war, there has been only a negligible importation of Swedish ore into Germany. If the import of Swedish ore can be increased, steel production in Germany can be correspondingly increased with the same amount of coal.

The possibilities of putting these plans into effect are of concern to the United States. Even if our transportation problem does not become so difficult as to necessitate a reduction in our coal shipments to Europe, it is still important to increase European consumption of coking coal in order to increase European steel production and thus decrease the European requirements for American steel and steel products. Increased supplies of coking coal are one of the principal

keys to European industrial recovery and will hasten the day when western Europe can stand on its own feet.

IX. THE BRITISH STRIP-MINING PROGRAM

During the war, largely as a result of American insistence and assistance, the British substantially increased their output of coal from surface mines—the so-called “strip” or opencast mines. The British strip-mining program has, however, been below target levels since the war because of shortages of strip-mining machinery and equipment and the discontinuation of one shift in the working day. If that shift can be restored, strip-mining production can be immediately and substantially increased. Trained coal miners are not required for strip-coal work and it should not be too difficult to recruit the necessary additional labor from among construction and quarry workers and other labor experienced in earth-removal work. The shipment of additional strip-mining machinery from the United States would also increase production by enabling additional sites to be worked.

X. CONCLUSIONS

1. Although there is disagreement over the estimates of European production possibilities, there is general agreement among both European and American experts regarding the size of the annual western European coal deficits which will have to be made up by imports from the United States and Poland.

2. The requests for coal shipments from the United States are within the physical capacity of the United States coal mines and coal resources.

3. Assuming that labor troubles and similar contingencies do not disturb United States coal production, the only difficulty likely to arise which would prevent our shipping coal to Europe in the requested volume is internal rail transportation in the United States.

APPENDIX A

Coal imports by CEEC countries from Ruhr-Cologne, Saar, and Poland, first 9 months, 1947 (third quarter estimated)

[Thousands of metric tons]

Country	Ruhr-Cologne	Saar	Poland	Total
Austria.....	1,601	7	504	2,112
Belgium.....	648		248	896
Denmark.....	573		698	1,271
France and North Africa.....	1,319	739	402	2,460
Greece.....	117			117
Iceland.....			22	22
Italy.....	626	19	342	987
Luxembourg.....	1,033	152		1,185
Netherlands.....	846		235	1,081
Norway.....	302		417	719
Portugal.....	65			65
Sweden.....	98		1,754	1,852
Switzerland.....	104	11	509	624
United Kingdom.....			57	57

Source: Derived from Committee of European Economic Cooperation, vol. II, Technical Reports.

APPENDIX B

THE EAST EUROPEAN COAL SITUATION IN 1947 AND 1948

The situation with regard to coal surpluses in eastern Europe (Bulgaria, Czechoslovakia, Finland, Hungary, Poland, Rumania, Yugoslavia, and the U. S. S. R.) is conditioned mainly by the following aspects of economic development in those countries:

1. With the exception of Rumania and Finland, all these countries have economic plans for national development. These plans contemplate not merely a return to prewar levels of output but a considerable development beyond these levels. Thus, the situation in eastern Europe presents a break with the past. Data referring to prewar conditions may be a hindrance as well as a help in examining the present. The following table compares planned output with prewar industrial output for the six countries with over-all plans:

Industrial output

[Prewar level equals 100]

	1946	1947	1948	1949	1950	1951
Bulgaria.....	91	136	167			
Czechoslovakia.....			110			
Hungary.....				126		
Poland.....	67	92	128	152		
U. S. S. R.....					148	
Yugoslavia.....						303

Source: *Zahranicni Obchod* (Prague), No. 16 (Aug.) 1947.

2. In each of these countries, in addition to over-all industrial expansion, emphasis is being put upon the development of heavy industry in an effort to attain self-sufficiency in those machinery and equipment items of which Germany was the main prewar supplier. This situation is particularly true in Czechoslovakia and Poland, which apparently wish to become exporters of capital equipment, supplying the Balkans. Since the heavy industries are particularly coal-consuming, this is further reason to stress the increased needs for coal which will result from the developmental programs in Eastern Europe.

3. Before the war the U. S. S. R., Poland, and Rumania were the main oil producers in this region. Poland's oil fields were virtually all located within the eastern area annexed by the Soviet Union at the end of the war; Polish plans for crude oil output call for a level of production in 1949 equal to only 38 percent of the 1938 level. Rumanian oil production in 1947 is expected to reach only 3.7 million tons (according to Soviet sources) as compared to 4.2 million tons in 1946 and 6.2 million tons in 1939. This decline is due in part to the disturbed political situation in Rumania, in part to the generally inflationary economic picture, and in part to deterioration in oil drilling and refining equipment (aggravated by Soviet removals of equipment since the end of the war). Such export surplus as exists is being paid as reparations to the U. S. S. R. The Soviet Union is suffering an acute shortage in petroleum products because of wartime declines in production caused by German destruction and to lack of equipment. The country does not expect to regain its prewar oil production of 31 million tons until 1949; hence reparations from Rumania are of particular importance in the Soviet economy.

As a result of this shortage of crude oil, Poland and Czechoslovakia are turning to the manufacture of synthetic gasoline from coal. Czechoslovakia is the more important producer, for Polish refining equipment was apparently removed by the Russians in 1945. The effect of the synthetic fuel industry would in itself have been sufficient, in prewar times, to have changed Czechoslovakia from a country exporting 2.5 million tons of coal to a coal-importing country; it is one of the major reasons why Czechoslovakia will import coal in 1947 and 1948.

4. At the present time, the Soviet Union is importing coal from Poland at the rate of 7.5 million tons per year. It is also probable that any coal surplus in Rumania and Hungary is going to the Soviet Union. The attached tables esti-

mate that Soviet coal imports will amount to 8.1 million tons in 1947 and to 7.8 million tons in 1948. It is clear that one of the major factors in the East European economic picture is the Soviet coal industry.

Soviet industrial output in 1947 will probably be at least as great as in 1940; but production of capital goods will be higher than in that year. It is reasonable therefore to suppose that coal consumption will be at least as great as the 166 million tons consumed in 1940. Coal production, however, is still below the prewar rates; furthermore coal production is particularly low in the devastated fields which normally supply the important Moscow and Leningrad industrial areas. The Polish coal shipments to the U. S. S. R. presumably supply these areas, and it is improbable that the need for them will drop off until 1949, at the earliest, when the Donets coal basin is to regain its prewar production.

Unfortunately the problems of estimating Soviet production (whether of coal or of all industry) are considerable; (the State Department has made estimates, but, superficially at least, they seem to be only approximations, and it may be possible to do better.) Soviet industrial production, and Soviet coal requirements are one of the keys to the eastern European coal situation. The answer to these problems has not yet been definitely found.

5. The various estimates of Polish coal exports are based upon data given in the Polish four-year plan, which was approved in September 1946, that is to say before the worsening in Soviet-American relations over the summer of 1947. Needless to say theirs is only a plan, and has fallen far behind its objective. The plan provides that Polish coal exports in 1947 should be 20 million tons, and that exports in 1948 should be 28 million tons; after deducting the needs of the Soviet Union and of eastern Europe from this total, there remain about 8 million tons in 1947 and 16 million tons in 1948 (the latter figure was furnished to the Paris Conference by the Polish Government.) It should be emphasized that there is nothing inevitable about the 1948 figure. On the one hand, an increase in Soviet demand for Polish coal (resulting, for instance from increased rates of Soviet industrialization) would reduce the surplus balance available for western Europe; on the other hand, the Polish authorities

TABLE 1 OF APPENDIX B.—*Output of solid fuel in 8 eastern European countries*

[In thousands of long tons]

	Prewar	1946	1947	1948 (Plan)
Lignite:				
Bulgaria.....	¹ 2,750	3,520	² 3,936	4,000
Czechoslovakia.....	³ 18,100	19,473	² 23,954	24,350
Finland.....				
Hungary.....	8,300	5,600	7,900	9,200
Poland.....		(1,000)	² 4,900	
Rumania.....	2,100	1,700	1,700	1,800
Yugoslavia.....	¹ 4,312	⁴ 3,684	5,700	7,100
U. S. S. R.....	(⁵)	(⁵)	(⁵)	(⁵)
Coal:				
Bulgaria.....				
Czechoslovakia.....	³ 16,800	14,163	² 16,196	17,746
Finland.....				
Hungary.....	1,000	700	900	1,000
Poland.....	38,100	47,288	² 54,336	
Rumania.....	300	200	200	300
Yugoslavia.....	¹ 446	⁶ 510	600	1,000
U. S. S. R.....	132,900	148,000	163,000	(185,000)
Bulgaria ⁷	917	1,173	1,312	1,333
Czechoslovakia ⁸	27,440	25,700	29,200	32,050
Finland ⁹				
Hungary ⁹	4,300	2,900	4,100	4,700
Poland ¹⁰	38,100	47,510	55,426	70,000
Rumania ⁹	1,100	900	900	1,000
Yugoslavia ⁹	4,000	3,000	4,000	5,300
U. S. S. R. ¹¹	132,900	140,000	154,000	175,000

¹ 1939.

² $\frac{1}{2}$ year rate.

³ 1937.

⁴ First quarter.

⁵ 3 tons lignite equal 1 ton coal, League of Nations, Statistical Yearbook, 1939-40.

⁶ 17 tons lignite equal 10 tons coal, *ibid.*

⁷ Staff estimates on comparative basis from several sources.

⁸ 9 tons lignite equal 2 tons coal, League of Nations, *op. cit.*

⁹ This estimate takes into account a drop estimated at about 5.5 percent in the average calory content of Soviet fuel, as a result of wartime shifts in output among producing areas.

¹⁰ 9 months' rate.

¹¹ Data not separately available.

TABLE 2 OF APPENDIX B.—*Estimated coal surplus (+) or deficit (—) for 8 eastern European countries*

[In thousands of long tons of coal equivalents]

	Prewar (1938) ¹			1947			1948		
	Output	Consumption	Surplus or deficit	Output	Consumption	Surplus or deficit	Output	Consumption	Surplus or deficit
Bulgaria ²	917	989	—72	1,312	1,330	—20	1,333	1,333	—
Czechoslovakia ²	27,440	24,850	+2,590	29,200	29,810	³ —610	32,050	32,420	³ —370
Finland.....		1,778	—1,778		1,510	—1,510		1,780	—1,780
Hungary.....	4,300	4,546	—246	4,100	3,630	+500	4,700	4,220	+480
Poland.....	38,100	26,274	+11,826	55,426	38,900 ³	+17,500	70,000	42,000 ³	+28,000
Rumania.....	1,100	1,190	—90	900	830	+130	1,000	1,050	—50
Yugoslavia.....	4,000	4,621	—621	4,000	3,850	+150	5,300	4,950	+350
U. S. S. R.....	132,900	132,000	+900	154,000	162,130	⁵ —8,130	175,000	182,800	⁵ —7,800
Total surplus.....			12,500			8,000			18,930

¹ League of Nations, Statistical Yearbook 1939-40.² "Prewar" means 1939 for Bulgaria and 1937 for Czechoslovakia.³ These are planned deficits and surpluses, as cited in the Czech Two-Year Plan (Russian edition, p. 83), and are considerably higher than other more realistic estimates, although lower than the Polish plan figures themselves for 1947.⁴ Estimated. Soviet coal exports declined from 2.1 million tons in 1935 to 1.8 million tons in 1936 and 1.2 million tons in 1937.⁵ Assuming the Soviet Union absorbs all of the Hungarian and Rumanian surplus; Poland plans to ship 7.5 million tons to the U. S. S. R. in 1947 and 7.3 million tons in 1948 (New York Times, Oct. 25, 1947).

might revise their coal production plans downwards to divert resources to other industries, on the ground that existing economic proposals in western Europe are unfriendly to Poland. Hints to this effect have already been made by Polish leaders. The solution to this difficulty will depend largely upon the ability of the western European countries to offer to Poland items of supply which the Poles may need. It would be a mistake to assume that 16 million tons of Polish coal will be available to western Europe "rain or shine" (practically speaking). However, a loss of imports from the west, would be a most serious matter for Poland if this retaliatory measure were taken in answer to a drop in her coal exports.



PROPOSED PRINCIPLES AND ORGANIZATION
FOR ANY PROGRAM OF FOREIGN AID

PRELIMINARY REPORT EIGHT
OF THE
HOUSE SELECT COMMITTEE ON FOREIGN AID
PURSUANT TO
H. Res. 296
A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
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80TH CONGRESS <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1141
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PROPOSED PRINCIPLES AND ORGANIZATION FOR ANY
PROGRAM OF FOREIGN AID

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT EIGHT

PROPOSED PRINCIPLES AND ORGANIZATION FOR ANY PROGRAM OF FOREIGN AID

The Select Committee on Foreign Aid was established by the House of Representatives of the United States on July 22, 1947, pursuant to House Resolution 296, Eightieth Congress, introduced by Representative Christian A. Herter, of Massachusetts. The select committee was established in recognition of the fact that the problems involved in American aid to European countries have important bearings on the whole economy of the United States, and the study of these problems did not fall within the functions of any single standing committee of the House. Accordingly, the members of the select committee were drawn from all the important House committees which have to deal with questions of foreign aid.

The resolution creating the select committee authorized it to make a study of—

(1) actual and prospective needs of foreign nations and peoples, including those within United States military zones, both for relief in terms of food, clothing, and so forth, and of economic rehabilitation; (2) resources and facilities available to meet such needs within and without the continental United States; (3) existing or contemplated agencies, whether private, public, domestic, or international, qualified to deal with such needs; (4) any or all measures which might assist in assessing relative needs and in correlating such assistance as the United States can properly make without weakening its domestic economy.

Mr. Herter was appointed as vice chairman, by Chairman Eaton, to arrange the study on the ground of the European needs and programs for aid. Members of the select committee were divided, for purposes of more thorough study and coverage, into five subcommittees: a Subcommittee on Great Britain, whose chairman was Mr. Kunkel; a Subcommittee on Austria and Germany—chairman, Mr. Case; a Subcommittee on France and the Low Countries—chairman, Mr. Wolverton; a Subcommittee on Italy, Greece, and Trieste—chairman, Mr. Jenkins; and a Subcommittee on Agriculture (covering most of Europe)—chairman, Mr. Andresen. Committee members visited the countries indicated in the subcommittee titles. In addition, various members of the committee visited Denmark, Norway, Sweden, Finland, Switzerland, Poland, Czechoslovakia, and Turkey. The select committee interviewed government officials, and political, business, labor, and peasant leaders. It visited workers' and farmers' homes; made trips through shops, market places, and factories; and was given every opportunity for unrestricted observation and study in all of the free countries visited. The select committee accumulated a mass of data which it is now analyzing and evaluating and which will be published from time to time.

This document is in the nature of a preliminary report on two aspects of the foreign-aid program: (1) The proposed principles which should govern the use of funds appropriated by the Congress for any foreign-aid program; and (2) recommendations regarding the type of government organization which should administer any foreign-aid program.

I. DETERMINATION OF PRESENT AND PROSPECTIVE NEEDS FOR FOREIGN AID

The House of Representatives authorized the committee to determine, as far as possible, both the present and prospective requirements of all foreign countries for aid. Its terms of reference were, therefore, not limited to the 16 countries of western Europe which met at the Paris Conference. The committee's conclusions will be based also upon studies of Latin-American, Far Eastern, and, indeed, all United States export areas, as these require materials from the United States which have been financed by dollar advances or credits, either public or private.

The main area of study of the committee itself was centered in Europe because of the pressing character of its problem. Other Members of the House, including groups from the Committee on Foreign Affairs and the Committee on Armed Services, were enlisted in assessing, as far as possible, the needs of the Middle East and the Far East, and attention was given to the requirements for exports from the United States to all other areas.

II. EMERGENCY AID TO CERTAIN COUNTRIES AS RELATED TO GENERAL FOREIGN-AID PROGRAMS

The President has presented to the country as the most acute problem and as the one demanding the most immediate attention the so-called interim-aid program which deals with the rapidly dwindling resources of France, Italy, and Austria. This program is framed to finance the imports of essential items for these countries to March 31, 1948, apparently on the assumption that a longer-run program for foreign aid may be in effect by that time.

While this problem is one demanding immediate attention, it must be emphasized that it is merely a part of a larger problem, of only slightly lesser urgency, facing not only France, Italy, and Austria, but other foreign countries whose economies were devastated by the war. In varying degrees, all such countries require food, fuel, fertilizer, raw materials, and manufactured goods in order to help preserve their economies and to make possible a balance in their payments that will permit needed imports into such countries from all sources.

The solution of this general problem has raised the question of foreign-aid programs to be undertaken by the United States. Certain liberated countries of Europe have shown the road to recovery and have made remarkable progress in that direction. The committee noted among these Belgium, Denmark, Holland, Luxemburg, and Norway. On the other hand, the problem of recovery is particularly pressing in France and Italy. The committee has made available to the appropriate standing committees of the House and to the Congress generally its findings regarding the urgent requirements of these two countries. It has also prepared estimates as to the possible strain that those requirements will put upon United States' resources and the relation thereof to the total foreign-aid requirements.

The problem of the timing of aid for France and Italy now confronts the Congress for immediate attention as a matter of helping to preserve these economies. This committee also wishes to point out that constructive steps should be undertaken for fostering the

recovery of Germany on which the other countries of Europe largely depend. It was the opinion of officials in the surrounding countries, who were consulted by the committee, confirmed by the report of the 16-nation Conference in Paris, that German recovery is an essential step within Europe to permit their own recoveries. Subject to the proper controls for preventing the remilitarization of Germany, which are being or can be applied, Germany can make a key contribution to overcoming European shortages of manufactured items, coal, and steel. Detailed studies of the extent of this contribution and how it can lighten the load of the United States will be submitted by the committee in a separate report.

Should the Congress, through its responsible legislative committees, find that as a practical matter it will not be able to set in motion other machinery of foreign aid by the end of the special session, the committee recommends that action be taken prior to that time to authorize funds for the purchase of supplies through the Export-Import Bank and the Commodity Credit Corporation for any aid for France, Italy, and Austria found necessary to assist those countries through March 31.

III. BACKGROUND OF COMMITTEE'S RECOMMENDATIONS

A. PROPOSALS OF THE PARIS CONFERENCE

As a result of Secretary of State Marshall's proposals in his Harvard speech of June 5, the European nations had already begun making studies, through their 16-nation Conference in Paris, before the committee arrived in Europe. The results of those studies have been, in turn, transmitted to the Government of the United States and have been reviewed by the executive agencies. The objectives of the proposals outlined in Secretary Marshall's speech were understood by the European nations to require a plan for European recovery, as outlined in the report of the Paris Conference of the 16 nations, which would remove, by 1951, the need of "abnormal outside support," including further aid from the United States through extraordinary loans or grants. With that objective, the countries concerned submitted figures indicating that total requirements for dollar availabilities not covered by their own exports or other resources would amount to \$22,440,000,000 for the 4-year period. Of this, it was estimated that \$3,130,000,000 would be available from the Bank for International Reconstruction and Development, leaving a total balance of deficits of the European countries concerned with the American Continent of \$19,310,000,000.

B. ASSUMPTIONS OF THE PARIS CONFERENCE

The circumstances in which the European countries presented their "requirements," especially the absence of any central authority which could reduce them to a common basis or have them drawn up on common assumptions, necessarily render these estimates little more than efforts to arrive at the order of magnitude of the problem. The attempt was made to plan a productive capacity in Europe by 1951 that would, after that time, raise all consumption levels substantially higher than prewar. Since the calculations were necessarily in the

nature of guesses as to the probable levels of prices, size of harvests, rate of utilization of equipment, ability to use and transfer manpower, and other unknown factors, the committee cannot feel that the estimates constitute, in any sense, the basis for a long-term authorization of funds. Detailed studies of the long-term requirements, which are to be published subsequently, will reveal the possibility of many steps which could be taken, including the greater contribution of Germany to the total economic recovery of Europe, which, in the judgment of the committee, might reduce the magnitude of European requirements. It will, in any case, be necessary to set up an agency that can screen the European and other foreign requests for aid; and which can insist upon justification of the requests, upon common action to meet the needs, and upon the mobilization of the resources of other countries which are also asking for aid, in one form or another, from the United States.

C. THE ATTITUDE OF RUSSIA AS IT AFFECTS THE MARSHALL PROPOSALS

It should be noted that a major contributing factor to the problem of the 16 European nations of equal importance with the obvious destruction and dislocation caused by the war, is the inability of the countries of Western Europe to trade on normal terms with the countries under Soviet control.

Though the Secretary of State of the United States and the Foreign Ministers of the United Kingdom and France attempted to enlist the cooperation of the Soviet Union in the combined task of European recovery, the reply of Moscow was characteristically brusque. Not only did Russia refuse to participate in Europe's response to the proposals of Secretary Marshall, but Stalin's government openly countermanded the acceptance of invitations by several eastern European countries to participate in the Paris Conference, and successfully prevented all the satellite governments in the East from doing so. Furthermore, the Russian officials and the Communists in all countries have utilized every opportunity to attack as "imperialism" the proposals for continued aid from the United States to Europe, while at the same time satellite countries with relatively good crops and no drought sat on their supplies or were drained of them by Russia. The refusal to permit the participation in the Paris Conference of the countries of eastern Europe, whose economies have traditionally been tightly linked to the western European countries by the exchange of food and raw materials for finished products, has aggravated the difficulty of economic rehabilitation and reconstruction in both eastern and western Europe.

IV. PRINCIPLES AND ORGANIZATION THAT SHOULD GOVERN ANY FOREIGN-AID PROGRAM

An economically sound world is essential to the security and well-being of all nations. When the economies of countries break down, political conditions become unstable, free institutions are endangered, the rights of the individual tend to disappear, and the peace of the world is jeopardized.

Today the economies of certain countries of western Europe are gravely threatened. The slender remaining resources of these

countries will not carry them many months more without disastrous shortages of food, fuel, and certain raw materials, as well as of the capital goods required to stimulate recovery. These shortages are likely to have serious political and economic repercussions from which we cannot effectively insulate ourselves if we would.

The emergency, though aggravated this year by crop failure, is not a temporary one. This fact must be faced and, if remedial action is to be taken, plans must be formulated accordingly.

Two world wars and the rift between West and East in Europe have corroded the foundation on which the economy of Europe has been based. To rebuild this economy will require vigorous and well-concerted action by the European countries themselves.

This report is primarily addressed to western Europe, but the general principles enunciated are equally applicable to other countries which may later be found in need of aid. Germany and Japan, in view of their military occupation, present special problems which may require separate treatment.

A. BASIC ELEMENTS OF ANY PROGRAM.

In order that the genuine needs of recipient countries may be filled and their economies restored as rapidly as possible in order that such needs can more and more be met through the normal channels of trade, commerce, and finance, without subjecting the economy of the United States to undue strain, the following points, in our opinion, must be taken into account in formulating and administering any program of aid:

1. The recipient countries should make vigorous efforts, individually and jointly, to increase the production of food and materials needed to meet not only their essential internal needs but the needs of other countries. Increased local production to assure decreasing deficits should be sought, so as to limit the requirements from abroad to a minimum consistent with a sound economic balance.

2. The recipient countries should, through mutual help and co-operation, facilitate the economic interchange of goods and services among themselves, provide effective distribution and use of their own resources, as well as of the resources received from outside, and work toward the elimination of exchange controls, quota restrictions, and other obstacles to trade. (The progress already made by Belgium, the Netherlands, and Luxembourg toward a customs union seems to the committee a step in the right direction.)

3. Certain countries other than the United States which are in a position to supplement a program of aid, which have the same incentive as we to do so and which enjoy access to United States supplies, should be expected to cooperate each in relation to its respective capacity.

4. Every encouragement should be given and every facility extended to private initiative to assume, as conditions permit, the emergency activities which have devolved on governments in the present crisis.

5. The recipient countries should adopt fiscal, financial, and monetary programs designed to arrest inflation, to correct existing monetary weaknesses, to accomplish stabilization of exchanges, and generally to restore confidence in their currencies.

6. The recipient countries should give full and continuous publicity regarding the purpose, source, character, and amounts of aid furnished

by the United States, where this aid is not on the basis of commercial loans or normal commercial transactions.

In order that any program of foreign aid from the United States may be efficiently administered, provision should be made for the effective coordination of existing government agencies participating in the program. Additional governmental machinery should be limited to that necessary to provide such coordination and to fill gaps of authority which may exist.

B. WESTERN EUROPE'S MOST URGENT NEEDS

The pressing needs of western Europe, as in most other countries, fall into three categories:

1. Foodstuffs, fuel, and fertilizers;
2. Commodities to be processed and certain types of specialized equipment;
3. Capital goods and equipment.

Foods, fuel, and fertilizer rank first both in urgency and in the dollar cost of acquisition. As stated by the Paris Conference of the 16 European countries, they constitute about 50 percent of the required imports from all dollar sources for the 4 years. Without the maintenance of an adequate food ration, there is no possibility of expanding production. Without increased coal to turn the wheels of industry, output will remain too low to provide any flow of exports to balance import requirements. Petroleum products are also vital to industrial activity. An increase in the available supply of fertilizer is essential, as otherwise the exhausted soil of western Europe will continue to produce smaller and smaller crops.

With adequate supplies of food, fuel, and fertilizer assured on a basis that does not upset the balance of payments, the committee feels that the remaining problems of European reconstruction become more manageable. It has therefore concentrated on this strategic area within the general problem of foreign needs for its particular recommendations which are set forth in subsection C below.

The second category of need comprises commodities to be processed, such as cotton, wool, and lumber, and certain metals. It also includes certain types of special equipment, such as agricultural machinery and mining equipment.

In creating the Export-Import Bank, Congress has provided an organization which is adequately staffed and technically competent to deal with financing the purchase and delivery of articles that fall within this second category. It is also well equipped to obtain the cooperation of private finance. It is unwise either to duplicate or to compete with the facilities of this agency. It should be strengthened and given the resources and necessary authority to do its full share in any foreign-aid program. It should also be permitted to accept, as security for loans, assets held by foreign governments in the United States or to guarantee loans made by private banks on such security.

If these recommendations are adopted, the committee is confident that the Export-Import Bank will be well qualified to act as the financing agency to meet Europe's pressing needs in this second broad category of goods. It also believes that the Export-Import Bank will prove to be the best bridge to the return of such financial activities to private channels.

Capital goods and equipment necessary for longer-range programs of reconstruction and recovery constitute the third category that will require financing. The International Bank for Reconstruction and Development was specifically organized to do such financing. Its operations have so far been retarded because the undertaking of reconstruction projects is difficult in economies where the essentials for subsistence and for economic activity are lacking and where there is grave uncertainty as to the future. The committee is convinced that if its program for meeting immediate requirements for food, fuel, and fertilizer is realized, a major obstacle to the functioning of both of the Bretton Woods international agencies will have been removed. The use of the International Monetary Fund in the stabilization of currencies will be facilitated, and the International Bank for Reconstruction and Development will be better able to carry out the financing of long-term capital-goods programs. Private capital should then also become available in larger measure for sound reconstruction programs.

C. AID IN THE FORM OF FOOD, FUEL, AND FERTILIZER; PROPOSED
EMERGENCY FOREIGN RECONSTRUCTION AUTHORITY

As indicated above, the committee considers that the financing of materials, other than food, fuel, and fertilizer, entering into a foreign-aid program, should be largely handled as self-liquidating commercial transactions.

In the case of food, fuel, and fertilizer, a new approach is necessary. We must frankly recognize that payment therefor in terms of dollar exchange cannot be made by certain of the European countries in their present plight and that other arrangements for repayment must be made. Dollar loans made simply as the extension of credits would take out of our hands both the allocation and the timing of the purchase of materials in critically short supply.

To administer aid in the form of food, fuel, and fertilizer, the committee recommends that a new instrumentality of the United States Government be created. This instrumentality might be known as the Emergency Foreign Reconstruction Authority and be established as a corporation under Federal charter.

This corporation should be authorized to enter into arrangements with countries in need of foreign aid under which food, fuel, and fertilizer would be made available to them, and to determine the form of remuneration to be obtained on the basis of its best estimate of the recipient country's capacity to pay.

It is the committee's view that consideration should be given to suggestions which have been made to it that the corporation should also be permitted to use a small specified portion of its authorized capital to provide incentive goods, other than food, fuel, and fertilizer to certain countries which are not in a position immediately to finance the purchase of such commodities either commercially or through the Export-Import Bank or the International Bank for Reconstruction and Development. One of the chief impediments to increasing European production of vitally needed commodities is the lack of consumers' goods which can serve as incentives to labor to work harder on the job and reduce absenteeism and to farmers to raise more food and deliver more of their produce to market.¹ The extent to which

¹ In this connection, the committee wishes to call attention to the success of the Belgian program, initiated after the war, of raising internal production by importing from abroad and producing domestically the largest possible quantities of consumers' and other incentive goods.

European production of food and fuel can be increased by providing at reasonable prices incentive commodities, such as tobacco and cigarettes, shoes, clothing and other consumers' goods, to miners, key factory workers and farmers in selected food-producing regions is the extent to which we can reduce the drain on our own resources of food and fuel.

Attainment of the same objective can be assisted by permitting the corporation to buy limited quantities of agricultural, mining, and other productive machinery and equipment which are urgently required by recipient countries sooner than they could be procured commercially or through the Export-Import Bank or the International Bank for Reconstruction and Development. Properly administered by the corporation as investments in increased production, and under suitable safeguards for insuring that distribution will be made to the proper consumers, the use of funds set aside for the purchase of incentive goods and emergency requirements of machinery and equipment would reduce the volume and cost of American shipments of food, fuel, and fertilizer to Europe.

The original capital of the corporation should be an amount sufficient to cover estimated operations to June 30, 1949. As of December 31, 1948, and semiannually thereafter, the corporation should present a full financial report to the Congress, showing the disposition of its capital funds and the estimated amounts needed to make good any capital impairment, in order to permit the Congress to review the operations of the corporation, exercise its right to modify or abolish it, or to consider any further appropriation to its capital. This would maintain congressional control, within the limits prescribed over the funds of the corporation and yet would give the corporation reasonable scope within which to formulate plans of sufficient duration to permit the recipient countries to develop their own programs of reconstruction and recovery.

The committee is not recommending any specific capitalization for this corporation at this time. We have planned our studies so as to report to the next regular session of Congress on this problem. We are therefore not now in a position to recommend specific amounts for the long-range foreign-aid program.

It is recommended that the staff and personnel of the corporation be exempted by law from civil-service provisions and salary limitations, in order to recruit the most capable personnel available in the briefest possible time.

The corporation should have a bipartisan Board of Directors of eight members who would be appointed by the President and confirmed by the Senate. One of them would be designated by the President as Chairman and Chief Executive Officer of the corporation.

It is recommended that the life of the corporation be limited and that at its expiration all its assets and liabilities should vest in the Export-Import Bank as liquidating agent.

The corporation should hold and administer the remuneration received by it for any supplies delivered where such consideration is not in the form of United States currency. Receipts in dollars would be credited to the corporation's capital account. When the remuneration is in the form of currencies of the recipient countries these currencies should be held as separate funds, and the corporation should appoint, with respect to each such fund, a board of administrators of not less than three nor more than five individuals. A

majority should be citizens of the United States designated by the corporation with the approval of the Secretary of State and acceptable to the recipient country; and the balance should be designated by such recipient country. The foreign currencies held by the corporation may be used to pay for purchasing, building, or maintaining official or diplomatic establishments of the United States, or for the expenses and pay of officials and employees thereof in such countries. Otherwise each local currency fund should be utilized and invested for the primary purpose of contributing to the recovery of the recipient country (under safeguards to prevent inflationary effects), to the development of any new sources of wealth therein and to the promotion of enterprises of mutual interest to the United States and to the recipient country. To the extent practicable, the creation of new wealth should include increased facilities for the production of strategic and critical materials. Agreements for such increased facilities should provide, on the one hand, that a portion of the increased production should accrue to the producing country and thereby aid in providing exchange, and, on the other, that the remainder should be delivered to the United States for sterilized stock piles which would be held out of competition with normal commercial markets. Agreements should be negotiated to this end with all recipient countries which control sources of potential increased production, in such a form as to take agreed quantities for stock piling from production from new facilities or to increase the amounts already taken when there is not an established commercial outlet for the materials concerned. The agreements should be for a long-term (20 or 25 years) period and should contain careful protections against releases from the stock piles except in the case of the national emergency declared by Congress. Investment of any local fund should be made as far as possible to avoid any controlling influence over the management of any enterprise or project in a foreign country. Administration of local currency funds should in no event adversely affect the fiscal or monetary stability of the foreign country concerned.

The recipient country should have the right at any time to redeem any investment at the initial dollar cost thereof, and the corporation should be entitled to sell any investment in any local fund for such consideration as it may deem prudent. There should, however, be no transfer of such funds into dollars or other currencies without the approval of the foreign country concerned and of the International Monetary Fund.

In the opinion of the committee the road to recovery in Europe must be furthered in large part by developing new and untapped sources of wealth and of revenue. The local currency funds provided for above should be viewed as pilot instruments for the development of such new resources. They should be used to stimulate the flow of private capital both within the recipient countries and from the United States into new enterprises with a view to realizing to the full the great untapped, unexplored, and undeveloped sources of wealth in the world.

D. COORDINATION OF GOVERNMENTAL AGENCIES—THE FOREIGN AID COUNCIL

The success of any program for foreign recovery and reconstruction depends in great measure upon the effective coordination of the work of the various American and international agencies which are dealing

with the problem, and the liquidation of existing governmental agencies, whose functions can be performed by the new corporation. The committee therefore recommends that there be established a coordinating council directly under the President, to be known as the Foreign Aid Council.

The Council would be composed of the Secretaries of State, Treasury, Defense, Agriculture, and Commerce, the Chairman of the Emergency Foreign Reconstruction Authority and the other members of the Board of this Authority, the Chairman of the Export-Import Bank, and the United States Executive Directors of the International Bank for Reconstruction and Development and of the International Monetary Fund. The Secretary of State would act as Chairman of the Council.

The Foreign Aid Council would function primarily as an arm of the President, advising and consulting with him regarding the establishment by him, within the limits of the new law, of over-all programs and policies, as well as the manner in which such programs and policies should be executed by the various participating agencies of the Government. Since food, fuel, and fertilizer represent the largest part of the immediate requirements of foreign countries and are the key to the success of foreign reconstruction in general, the Chairman of the Board of the proposed Emergency Foreign Reconstruction Authority should act as the Executive Director of the Council. As its Executive Director he should be required by law to assume the initial responsibility of formulating all programs and policies for the consideration of the Council (so as to aid it in performing its functions of advising and consulting with the President).

Similarly, the Executive Director should have the initial responsibility of determining the means by which such programs and policies should be executed, and to this end be given power to issue, after consultation with the Council, and with the approval of the President, directives to the various participating agencies. The Emergency Foreign Reconstruction Authority itself, through its staff, would perform all of the necessary screening and program coordination functions for its Chairman in his capacity of Executive Director of the Foreign Aid Council. These screening functions would, for example, include analyzing foreign requirements and proposing specific allocations in the light of availabilities and within the limits of approved over-all programs.

It should be noted that certain war-control powers expire on February 28, 1948. The committee recommends that powers relating to allocations, export control, and control of transportation, insofar as deemed necessary to the carrying out of the foreign-aid program, be extended, and, insofar as they relate to allocation for export and export licensing, that these powers be vested in the Executive Director of the Foreign Aid Council. The extension of these powers appears necessary so long as critically short supplies exist in the United States. The limitations on exports and the allocations of exports to the most needy claimants are alike necessary to prevent further inflation in the United States.

E. ASSISTANCE WITHOUT WEAKENING THE ECONOMY OF THE UNITED STATES

The committee was assigned the consideration of—

any or all measures which might assist in assessing relative needs and in correlating such assistance as the United States can properly make without weakening its domestic economy.

There has been a marked tendency in other reports so far issued to place primary emphasis on the needs of European countries. The committee is convinced that the Congress should give primary consideration to the availabilities which may be expected from the United States and from other supplying countries, so that false expectations will not be aroused and unrealistic plans made. The world's needs are greater than any capacity can meet in the immediately ensuing years. The studies already published bear this out as to the ability of the United States to supply grain, coal, petroleum, fertilizer, and steel.

However, it is obvious that certain steps can be taken, both at home and abroad, to increase availabilities within the practical limits of our own management and of possible action by other countries. But, in the last analysis, the problem is as much one of the availability of commodities as of dollars.

F. GENERAL CONSIDERATIONS

The countries of Europe are suffering not only from critical shortages of food, raw materials, and reconstruction equipment; they are suffering also from the moral and physical fatigue incident to the stress and strain of a devastating war. What is vitally needed today is a revival of hope for the future and new confidence in liberal institutions and individual enterprise.

The best method of assuring a sound organization of European aid and its application to a recovery which will benefit the entire world is by setting up a governmental instrument that can assure two things: first, that the maximum self-help and mutual help are being accomplished by the development and use of European resources to the end of a common recovery; and, second, that all available United States and other foreign assistance are being utilized to the same end and that its extension can be counted upon only insofar as this cooperation is forthcoming.

The recipient countries should realize that the American public will not continue to make sacrifices unless they have reasonable assurances that those who receive the aid are willing to work at least as hard to help themselves as do the American people who supply the aid. We believe it necessary and desirable to empower the agency handling the foreign-aid program to take such action as it deems appropriate and feasible from time to time in the light of the existing circumstances to effectuate this objective.

Such assistance as the Congress may authorize in the economic and financial fields should be directed toward helping the various countries work toward the realization of objectives such as those indicated above under the heading "Basic Elements of the Program," which correspond to those the 16 European powers have set up for themselves in the

report of the Committee of European Economic Cooperation. This report, in its conclusion, includes a statement of their determination (1) "to overcome their difficulties as far as they can by their own exertions," (2) to create "internal financial stability" as "a necessary condition for the accomplishment of their productive programs," and (3) "to expand production by increasing measures of mutual self-help."

The gap between available supplies and the emergency requirements of certain of these countries is a serious one. We have a primary duty to protect our own economy and husband our resources, but there should still remain a margin of available resources for foreign aid. If these resources are prudently, effectively, and promptly administered, a measure of assistance can be rendered which will revive hope and confidence in the countries of western Europe, check the present trends toward economic break-down, and start the upward surge toward the reconstruction of the European economy.

In presenting this report to the House of Representatives, the committee wishes to record its conviction that the best protection of the interests of the United States, both in making available, in the most efficient manner, supplies to meet the real needs of the foreign countries and in protecting the economy of the United States against any weakening of its total structure, can be accomplished through the erection of administrative machinery based on the principles that are recommended in this report. Only if the needs of foreign countries are properly scrutinized and if measures are taken, in procuring the goods to meet these needs, that minimize their impact on short-supply commodities, can the economy of the United States be maintained at its present high levels and inflation avoided. The committee feels that it is its duty to place on record, also, that the greatest service that the United States can render to the world at this time lies in maintaining a strong and powerful system of free enterprise in the United States, which bears the burden of nearly half the industrial production of the entire world in this present postwar period.



BREAK-DOWN OF EUROPEAN REQUIREMENTS
BY MAJOR CATEGORIES

PRELIMINARY REPORT NINE
OF THE
HOUSE SELECT COMMITTEE ON FOREIGN AID
PURSUANT TO
H. Res. 296
A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1947

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80TH CONGRESS } <i>1st Session</i>	HOUSE OF REPRESENTATIVES }	REPORT 1144
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BREAK-DOWN OF EUROPEAN REQUIREMENTS BY MAJOR CATEGORIES

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT NINE

BREAK-DOWN OF EUROPEAN REQUIREMENTS BY MAJOR CATEGORIES

SUMMARY

The purpose of this report is to break down the import-requirement figures contained in the reports of the Committee of European Economic Cooperation (CEEC) into the following broad categories:

- (a) Food, fuel, and fertilizer.
- (b) Other raw materials.
- (c) Capital equipment.

It does not provide an actual projection of either European requirements or trade balances because of the limitations inherent in the CEEC figures and in the nature of the problem itself. The Paris Conference compressed its requirements figures into a 4-year period with a view to establishing within this period the minimum possible gap between the needed European imports and the means of payment which might be obtained through increased exports and invisible items, such as tourist trade. It was realized that to attain the desired goal it would be necessary for the participating countries to hold their imports down to the minimum essential for recovery, but it was further necessary to make certain arbitrary assumptions about the projected fall in the price of imports, the rate of capital absorption, and the capacity to export that, in the view of the committee, are extremely optimistic. It is doubtful whether the European countries can increase their exports at the projected rate; it is also doubtful, however, that they can absorb capital at the rate indicated, and these factors may tend to offset each other in the trade balance.

It should also be pointed out that the CEEC figures make no allowance for an improved rate of recovery which might result from a more rapid mobilization of the Western German economy in helping to meet the deficit in European requirements for coal, steel, and manufactured items. Nor do they make allowance for the possible momentum of recovery which might result if the revival of confidence in the restoration of the European economies should bring about an improvement in the supply of private capital and uncover the hidden dollar and gold resources.

All this is not said in criticism of the methods by which the figures were presented, since the European countries apparently understood this to be the desire of the United States Government. It does, however, render the CEEC estimates little more than rough guesses as to orders of magnitude.

In one aspect the figures have real significance, in that they show the comparative magnitude of food, fuel, and fertilizer requirements as against the other requests. Even if there is a considerable revision of total amounts, it is not likely that the food, fuel, and fertilizer requirements would be substantially reduced in proportion to the other requirements. It is felt, therefore, that the following tables

have some real use in estimating to what degree taking care of the food, fuel, and fertilizer requirements from dollar areas would lighten the over-all burden on the European economy so as to make possible commercial loans through either the Export-Import Bank (for (b) above, raw materials) or the Bank of International Reconstruction and Development (for (c) above, capital equipment).

The import requirements of the 16 European countries participating in the recent Paris conference and of western Germany for products of the United States total \$20,000,000,000 over the 4-year period 1948-51. Of this amount 42 percent consists of food, fuel, and fertilizer; 27 percent, of other raw materials; and 25 percent, of capital equipment.

The import requirements of the same countries for products of all dollar areas total \$35,000,000,000 for the same 4-year period. Of this amount 49 percent is for food, fuel, and fertilizer; 30 percent for other raw materials; and 15 percent for capital equipment.

The import requirements of the same countries over the same period for products from all areas (excepting trade among the participating countries themselves) total \$57,000,000,000, of which 70 percent is for food, fuel, and fertilizer; and 30 percent is for all other categories combined.

These statistics, which are based on prices as of July 1, 1947, are shown in chart I, and in table 5.

BREAK-DOWN BY COUNTRIES

The published CEEC reports are not sufficiently detailed to permit a similar break-down for each of the participating countries, even for 1948. Such a break-down would be desirable if the requirement picture were to be placed in focus with the dollar-deficit position of each country.

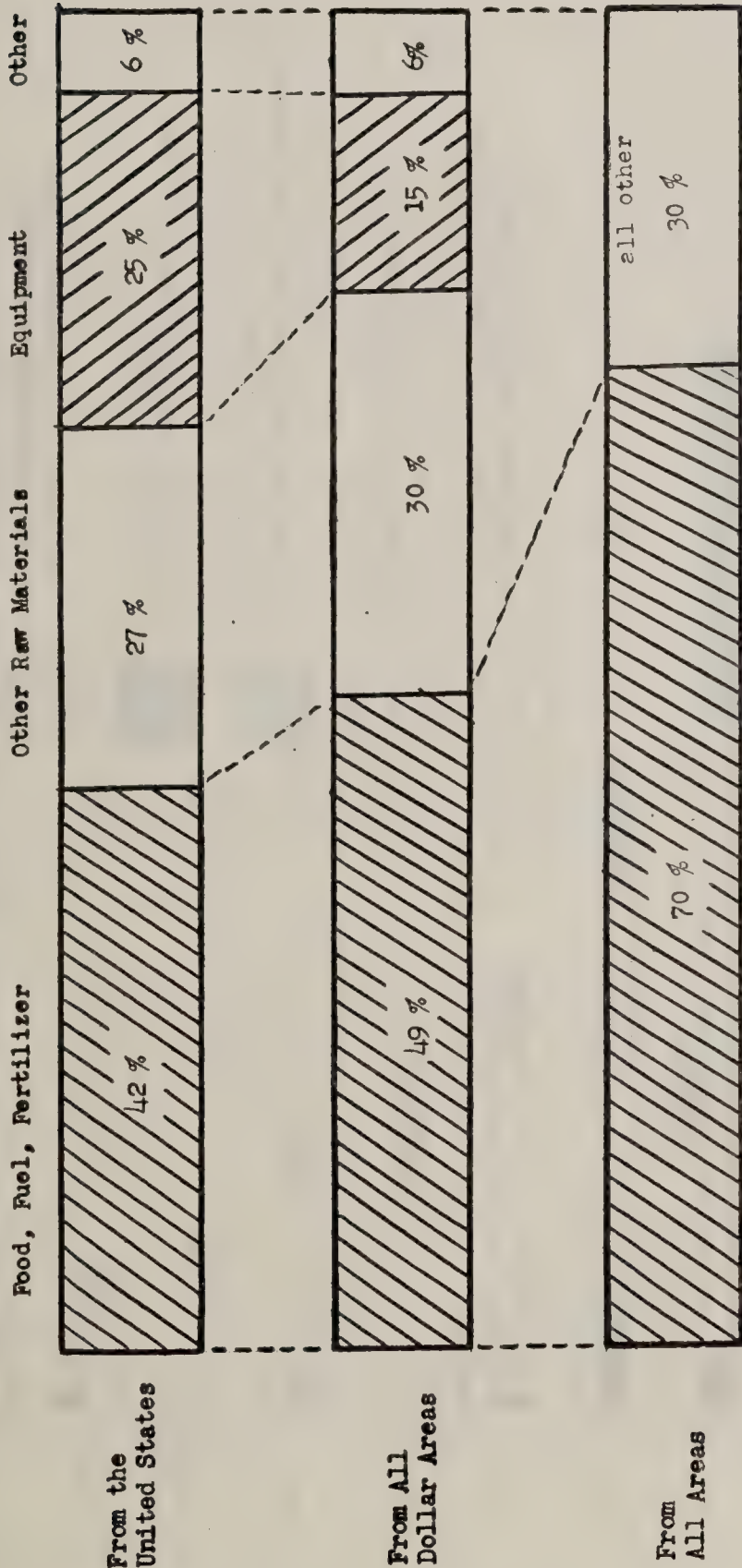
To make such forecasts for any extended period for any one country would be extremely hazardous because of uncertainties as to markets, prices, and the availability of commodities. Nevertheless, on the basis of preliminary unreleased data, arising out of recent conferences between United States and European technicians, it is possible to construct a rough picture of revised food, fuel, and fertilizer requirements for each of the participating countries and western Germany in 1948 and to relate these to the published balance of payment data for eight of them (United Kingdom, France, Italy, Bizonal Germany, Netherlands, Greece, Sweden, and Denmark).

These data are shown in chart II and in table 6. In none of the countries would satisfaction of the food, fuel, and fertilizer requirements be sufficient to wipe out the country's net dollar deficit, and only in the case of the United Kingdom is it expected that there will be a net credit balance with nonparticipating countries outside of the American Continent.

CHART I

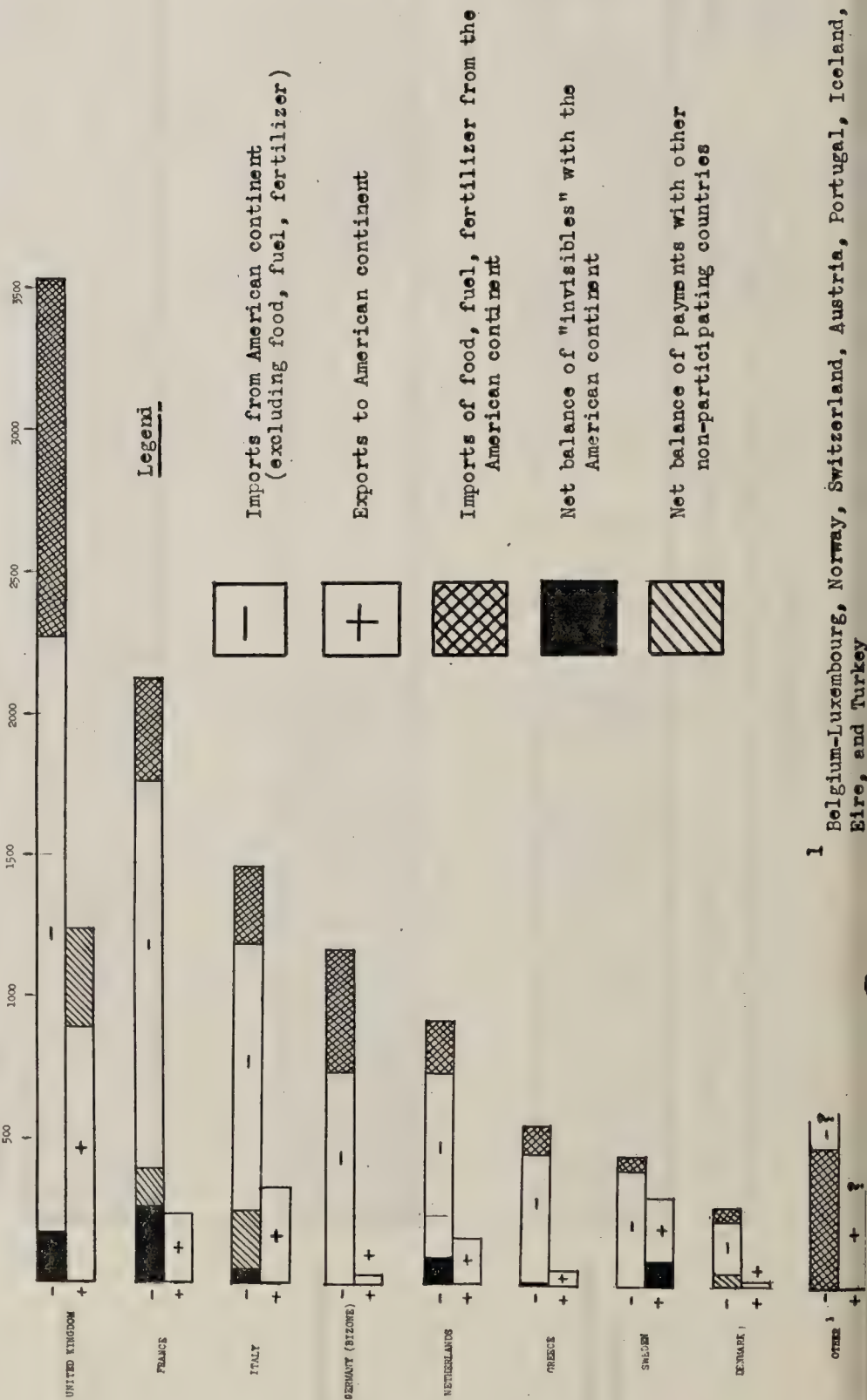
[Based on tables 1 and 5]

Import requirements of participating countries and western Germany, percentage distribution, 1948-51



Sources: Tables 1 and 5

CHART II
[Based on table 6]
Estimated imports of food, fuel (excluding petroleum), and fertilizer related to balance of payments data, by countries, 1948
[Millions of dollars]



NATURE OF THE PROBLEM

Considerable estimating is necessary in order to break the requirements figures of the CEEC¹ down into principal commodity categories. Large gaps in prospective trade have to be accounted for since the technical commodity committees of the Paris Conference concerned themselves with only \$36,000,000,000 of imports from non-participating countries out of an estimated total of \$57,000,000,000 (for the 4-year period 1948-51). Of this latter total \$35,000,000,000 is for imports from dollar areas and of this sum only \$22,000,000,000 was covered.

The task of breaking these figures down is rendered still more difficult by the fact that most of the figures showing detailed requirements, either by country or by commodity break-down, are presented in the first instance in quantitative terms only. The value equivalents are then applied only to the totals or to the more important subtotals. Furthermore, some of the figures relate to the participating countries alone, whereas others include their dependent overseas territories. Some state the requirements of imports from all areas, while others state them from the United States or from all dollar areas combined.

Nevertheless, from the reports of the technical committees of the Paris Conference and their original questionnaires it is possible to assemble sufficient comparable data, in dollar terms, to present a picture showing at least the general orders of magnitude.

REQUIREMENTS OF FOOD, FUEL, AND FERTILIZER AND THE EUROPEAN NET TRADE DEFICIT

Table 1 brings into focus the import-requirement figures for each of the 4 years, 1948, 1949, 1950, and 1951, in relation to the total net deficit² of the 16 participating countries and Western Germany.

It will be noted that the proportion of food, fuel, and fertilizer remains large throughout the 4-year period. So far as total requirements from all sources are concerned the proportion ranges from 64 to 83 percent and so far as dollar sources are concerned they range from 54 to 65 percent.

Although the requirement estimates of food, fuel, and fertilizer from all sources are available separately, they are not broken down in the same detail with regard to requirements from the United States and other dollar sources. In the table, therefore, they are grouped together so far as the requirements from dollar sources are concerned. Also, agricultural machinery is included in the total figure for food, fuel, and fertilizer from dollar sources.

¹ Report of the Committee of European Economic Cooperation, vols. I and II, published by the Department of State, September and October 1947, respectively (publications 2930 and 2952).

² Net deficit with nonparticipating countries.

TABLE 1.—*Import requirements of food, fuel, and fertilizer, and estimated import deficits (participating countries and western Germany, including dependent overseas territories)*

[In millions of dollars]

	All sources					Dollar sources				
	1948	1949	1950	1951	Total 1948-51	1948	1949	1950	1951	Total, 1948-51
Food and feedstuffs ^{1 2}	6,167	7,391	7,709	7,966	29,233	4,000	4,300	4,100	4,000	16,400
Wine and tobacco ^{1 2}	596	559	492	466	2,113					
Fertilizer ^{1 2}	138	128	102	81	449					
Agricultural machinery ^{1 2}	353	266	195	118	932					
Coal ³	624	600	546	519	2,289	369	225	126	54	774
Petroleum ⁴	\$ 1,052	\$ 1,157	\$ 1,243	\$ 1,263	\$ 4,715	577	623	641	620	2,461
Total.....	8,930	10,101	10,287	10,413	39,731	4,946	5,148	4,867	4,674	19,635
Total imports ⁵	13,867	13,500	13,014	12,564	52,945	9,165	8,463	7,718	7,160	32,506
Exports and net "invisibles".....	6,266	7,855	9,656	11,061	34,838	1,585	2,374	3,143	3,620	10,722
Net deficit.....	7,601	5,645	3,358	1,503	18,107	7,580	6,089	4,575	3,540	21,784
Net deficit of dependent areas.....	674	478	290	95	1,537	455	260	70	-130	655
Total net deficit.....	8,275	6,123	3,648	1,598	19,644	8,035	6,349	4,645	3,410	22,439
Percentage, food, fuel, fertilizer requirements to total imports.....	64.4	74.8	79.0	82.9	75.0	54.0	60.8	63.1	65.3	60.4

¹ Data are for crop years 1947-48; 1948-49; 1949-50; 1950-51.² From tables 18 and 19 of vol. II of the CEEC Report, Section B.³ Unscreened figures for all sources; dollar source figures are from report of Washington Conversations group. Figures are f. o. b.⁴ From table 34, CEEC Report, vol. II: Section C.⁵ Excluding dependent overseas territories and making allowance for expected price changes.

THE EUROPEAN NET TRADE DEFICIT

Chart III, derived from table 1, shows the degree to which the participating European countries hope to decrease their foreign-trade deficit in the next 4 years. They expect, even in the face of only slightly decreasing total imports, to narrow their trade deficit with all areas from 7.6 billion to 1.5 billion dollars by increasing their exports from 6.3 billion dollars in 1948 to 11.1 billion dollars in 1951.

They expect their imports from dollar areas to decline from 9.2 billion dollars in 1948 to 7.2 billion dollars in 1951. At the same time they plan to increase their exports to dollar areas from 1.6 billion dollars to 3.6 billion dollars in the same period. If they succeed in doing this, it means that their trade deficit with dollar areas will be narrowed from 7.6 billion in 1948 to 3.6 billion dollars in 1951.

IMPORT REQUIREMENTS FROM THE AMERICAN CONTINENT

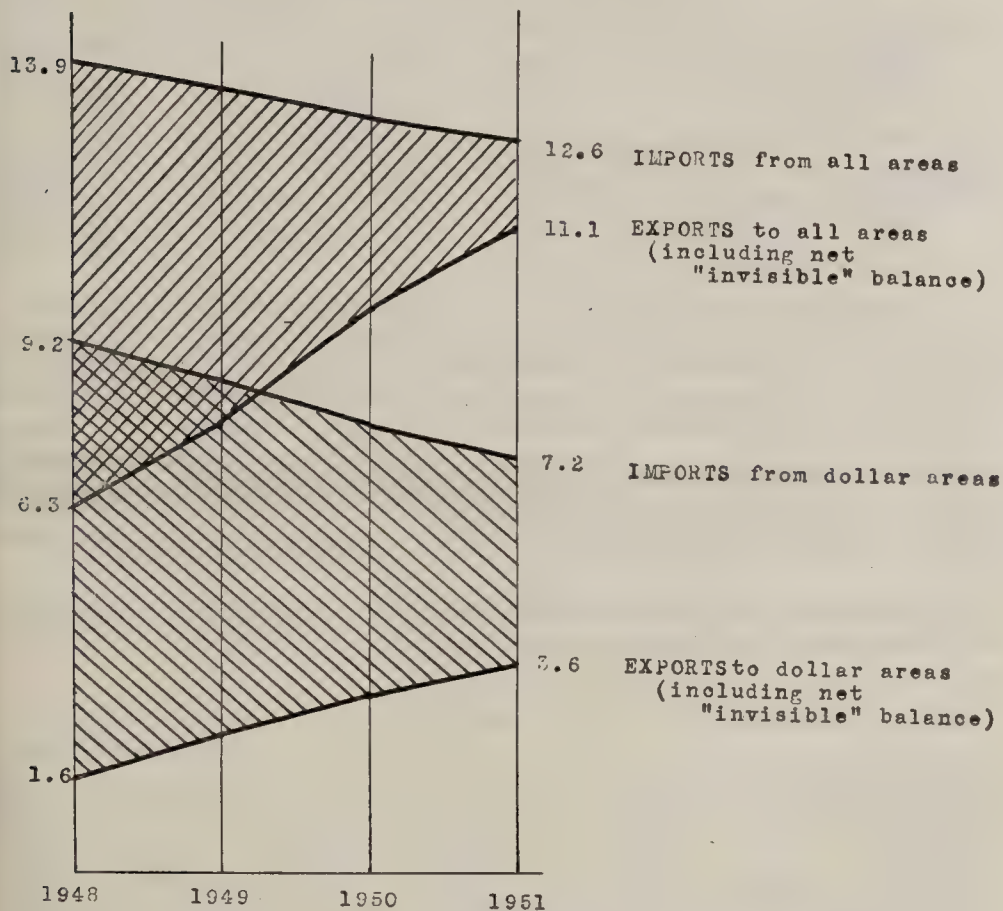
In table 2 an attempt is made to bring together the figures showing the import requirements of the participating countries and western Germany from the American Continent. It should be noted that this table excludes dependent territories.

A considerable proportion of the total import requirements (almost \$10,000,000,000) is not broken down into commodity categories. Of the 72 percent that is shown in detail, food, fuel, and fertilizer account for 71 percent, other raw materials for 10 percent, and equipment for 19 percent.

CHART III

*Projected exports and imports of the Participating Countries and western Germany,
according to CEEC Documents*

[In billions of United States dollars]



Source: Table 1

TABLE 2.—*Import requirements from the American Continent into the participating countries (excluding dependent territories) and western Germany*

[Data from the CEEC report, in millions of United States dollars]

	1948	1949	1950	1951	Total
I. Food, feedstuffs, and fertilizer.....	3, 308	3, 580	3, 444	3, 385	13, 717
Coal.....	342	198	99	27	666
Petroleum.....	512	555	570	550	2, 187
Total, food, fuel, and fertilizer.....	4, 162	4, 333	4, 113	3, 962	16, 570
II. Other raw materials:					
Iron and steel.....	370	310	309	303	1, 292
Timber.....	266	265	233	208	972
Other.....	n. a.	n. a.	n. a.	n. a.	n. a.
Total.....	636	575	542	511	2, 264
III. Equipment for reconstruction and development: ¹					
Electrical equipment.....	150	175	125	50	500
Petroleum equipment.....	50	51	52	49	202
Steel plants.....	100	100	100	100	400
Unspecified ²	287	287	287	287	1, 148
Total.....	587	613	564	486	2, 250
IV. Other equipment: ³					
Agricultural machinery.....	370	313	268	237	1, 188
Coal mining machinery.....	80	54	46	40	220
Petroleum equipment.....	118	96	64	75	353
Inland transport equipment.....	203	177	81	29	490
Timber equipment.....	10	9	7	6	32
Total.....	781	649	466	387	2, 283
Grand total.....	6, 166	6, 170	5, 685	5, 346	23, 367
Difference between these figures and total imports shown in table 1.....	2, 999	2, 293	2, 033	1, 814	9, 139
Estimated total imports from the American Continent.....	9, 165	8, 463	7, 718	7, 160	32, 506

¹ Includes equipment for new and complete projects only (p. 55, CEEC Report, vol. I).² Included among estimated imports not covered by the Technical Committees (see note on p. 114, CEEC Report, vol. I) arbitrarily spread evenly over the 4 years.³ Includes equipment for parts of projects; does not include normal replacement and maintenance. (See p. 55, CEEC Report, vol. I.)

The following tabulation brings together in abbreviated form the more significant subtotals shown in table 2:

[In billions of dollars]

	1948	1948-51
Food, fuel, and fertilizer.....	4.2	16.6
Other raw materials.....	.6	2.3
Equipment.....	1.4	4.5
Total.....	6.2	23.4
Estimated total imports from dollar areas.....	9.2	32.5
Difference (nonprogramed items).....	3.0	9.1

The nonprogrammed requirements shown in table 2 are so large that it has seemed desirable to try to allocate them to specific categories, at least for 1948 and the 4-year period 1948-51. It must be borne in mind that the margin of error in the estimates is very great.

Table 3 shows the import requirements of the participating countries and western Germany for 1948 and 1948-51, as set forth in the CEEC report.

TABLE 3.—*Import requirements of the participating countries (excluding dependent territories) and western Germany from the American Continent*

[In billions of dollars at July 1, 1947 prices]

	1948			1948-51 ¹		
	United States	Other Americas	Total	United States	Other Americas	Total
Food, fertilizer.....	1.5	1.8	3.3	5.4	8.3	13.7
Coal.....	.3	-----	.3	.7	-----	.7
Petroleum products.....	.5	-----	.5	2.2	-----	2.2
Iron and steel.....	.4	-----	.4	1.2	.1	1.3
Timber.....	.1	.2	.3	.4	.6	1.0
Equipment (covered by technical committees).....	1.1	-----	1.1	3.3	.1	3.4
Total.....	3.9	2.0	5.9	13.2	9.1	22.3
Total imports.....	6.0	3.2	9.2	20.4	14.8	35.2
Difference.....	2.1	1.2	3.3	7.2	5.7	12.9

¹ Total imports for 1948-51 in this table are higher than those shown in tables 1 and 2 since they are here figured on the basis of prices as of July 1, 1947. In tables 1 and 2 the calculations for 1948 only are made at prices prevailing on July 1, 1947. It is assumed that import prices in 1949 will be 7½ percent lower than in 1947, that they will be 10 percent lower in 1950 than in 1947, and 12½ percent lower in 1951 than in 1947 (CEEC Report, vol. I, p. 113).

Source: CEEC Report, vol. I, table 5 (p. 44).

In table 4 estimates by category have been made to account for the requirements of the nonprogrammed commodities. This has been done, informally, in conference with several of the European technical experts who came to the United States for the specific purpose of answering questions put forward by American experts. The estimates by category have been made in the light of the actual rate of United States exports during the first half of 1947.

TABLE 4.—*Estimated break-down of nonprogrammed requirements*

[In millions of dollars]

	1948			1948-51 ¹		
	United States	Other Americas	Total	United States	Other Americas	Total
Food.....	51	59	110	190	360	550
Other raw materials.....	968	1,002	1,970	3,900	4,500	8,400
Cotton.....	(400)	(200)	(600)	(2,000)	(1,000)	(3,000)
Wool.....	(5)	(75)	(80)	-----	(350)	(350)
Hides and leather.....	(40)	(160)	(200)	(50)	(700)	(750)
Pulp.....	(10)	(17)	(27)	(10)	(75)	(85)
Chemicals.....	(260)	(50)	(310)	(850)	(150)	(1,000)
Copper.....	(50)	(145)	(195)	-----	(550)	(550)
Lead.....	(1)	(45)	(46)	(125)	(225)	(350)
Zinc.....	(25)	(60)	(85)	(140)	(140)	(280)
Tin.....	-----	(60)	(60)	-----	(90)	(90)
Aluminum.....	(2)	(100)	(102)	-----	(300)	(300)
Other nonferrous metals.....	(25)	(40)	(65)	(235)	(695)	(930)
Other raw materials.....	(150)	(50)	(200)	(490)	(225)	(715)
Machinery.....	525	5	530	1,750	50	1,800
Other goods:						
Semimanufactures.....	15	10	25	70	40	110
Consumer goods.....	250	120	370	760	630	1,390
Ships and airplanes.....	250	-----	250	500	-----	500
Total.....	2,059	1,196	3,255	7,170	5,580	12,750

¹ See note 1 to table 3.

Source: Staff estimates made after consultation with various experts.

The staff estimates made in table 4 have been consolidated with the CEEC data presented in table 3 and the results are shown in table 5 and chart I. Although this is not an official table it is based on reasonable guessing and affords rough estimates of the orders of magnitude involved. Whereas food, fuel, and fertilizer account for 70 percent of the import requirements of the participating countries from all areas (table 1), they account for only 42 percent of the import requirements from the United States. As would be expected, the proportional requirements of equipment from the United States are higher than from other areas. So far as requirements from the United States are concerned, raw materials (other than food, fuel, and fertilizer) and equipment are about equal, at roughly one-quarter of the total each.

TABLE 5.—*Summary of estimated import requirements of participating countries and western Germany from the American Continent*

[In billions of dollars]

	1948			1948-51		
	United States	Other Americas	Total	United States	Other Americas	Total
Food, fuel, and fertilizer.....	2.3	1.8	4.1	8.5	8.7	17.2
Food and fertilizer.....	(1.5)	(1.8)	(3.3)	(5.6)	(8.7)	(14.3)
Coal.....	(0.3)		(0.3)	(0.7)		(0.7)
Petroleum.....	(0.5)		(0.5)	(2.2)		(2.2)
Other raw materials.....	1.5	1.2	2.7	5.5	5.2	10.7
Iron and steel.....	(0.4)		(0.4)	(1.2)	(0.1)	(1.3)
Timber.....	(0.1)	(0.2)	(0.3)	(0.4)	(0.6)	(1.0)
Other (from table 4).....	(1.0)	(1.0)	(2.0)	(3.9)	(4.5)	(8.4)
Equipment (including machinery from table 4).....	1.6	Negl.	1.6	5.1	.1	5.2
Other goods (consumer goods, etc.).....	.6	.2	.8	1.3	.8	2.1
Total.....	6.0	3.2	9.2	20.4	14.8	35.2
Percentage distribution						
Food, fuel, fertilizer.....	38.3	56.3	44.6	41.7	58.8	48.9
Other raw materials.....	25.0	37.5	29.3	27.0	35.1	30.4
Equipment.....	26.7	Negl.	17.4	25.0	.7	14.8
All other.....	10.0	6.2	8.7	6.4	5.4	6.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0

Source: Tables 3 and 4, above.

BREAK-DOWN BY COUNTRIES

Thus far the discussion has been confined to import requirements of the 16 participating countries and western Germany as a group. It shows how these total requirements are divided as between food, fuel, and fertilizer; other raw materials; and capital equipment. But it does not relate these requirements to the net balance-of-payments deficits of the respective countries.

The published reports of the Committee of European Economic Cooperation do not show the import requirements of the individual countries for separate commodities in terms of dollars and in a way that would render them comparable with estimated balance-of-payments deficits. Whenever such estimates are made they are stated in terms of physical measurement.

In fact, such a break-down for any extended period of time would necessarily be misleading and largely guesswork. What a country will buy, where it will buy it, and at what prices, cannot be foreseen at this time. Each country, naturally, would prefer to purchase in the most favorable market. But, at any one time, such markets are limited and certain countries will be forced to buy in markets where prices are less favorable. Thus, what is legitimate procedure in the way of over-all forecasting for the 16 countries combined, with regard to requirements and availabilities of a given commodity, would be mere guessing when applied to any one country. Therefore, about the best that can be done is to forecast the situation in 1948 on the basis of estimated requirements and markets that seem likely, at the present time, to be accessible then.

Within the last 6 weeks there have been numerous conferences between United States and European technicians at which attempts have been made to express commodity requirements, wherever possible, in dollar terms. Although the findings and conclusions of the several groups have not yet been made public, it is possible, on the basis of preliminary unpublished figures, to arrive at a tentative picture of the size of the food, fuel, and fertilizer requirements for each of the 16 countries and to relate these figures to balance-of-payments data for 1948 for 8 of them.

Table 6 and chart II show import estimates by country and balance-of-payments data. The following should be noted: (a) The food, fuel, and fertilizer figures do not include petroleum; (b) in a few instances they do not include coal; and (c) the food, fuel, and fertilizer figures have been scaled down from those presented in the published CEEC Report, whereas the balance-of-payments data are those of the report. It is understood that the working groups are now formulating revised, and presumably more realistic, balance-of-payments data.

The revised food, fuel, and fertilizer requirements shown in table 6 total 3.2 billion dollars. On the basis of the published CEEC report ¹ food, fuel, and fertilizer requirements in 1948 amount to 4.1 billion dollars. On the assumption that no scaling down of the petroleum requirement (0.5 billion dollars) has been made, the new total represents a reduction of approximately 400 million dollars. It is not possible on the basis of available data to show separately by country the requirements of raw materials other than food, fuel, and fertilizer or of capital equipment.

¹ See herein, table 5.

TABLE 6.—*Estimated imports of food, fuel (excluding petroleum) and fertilizer related to balance-of-payments data, by countries, 1948*

[In millions of dollars]

	(As revised by "conversations")	[Data from CEEC Report, Vol. I]				
		Imports from American Continent	Exports to American Continent	Net "invisibles" American Continent	Deficit or surplus with American Continent	Net balance with other non-participating countries
United Kingdom.....	1,270	3,355	895	-170	-2,630	+350
France.....	371	1,725	240	-271	-1,756	-137
Germany (Bi-zone).....	425	1,180	30	(2)	-1,150	(3)
Italy.....	275	1,212	332	-50	-930	-213
Netherlands.....	183	697	157	-92	-632	-145
Greece.....	100	551	50	-10	-511	0
Belgium-Luxembourg.....	192	(3)	(3)	(3)	-322	(3)
Denmark.....	50	230	22	-3	-211	-44
Sweden.....	51	456	224	+86	-146	(3)
Norway.....	48	(3)	(3)	(3)	-50	-20
Switzerland.....	91	(3)	(3)	(3)	(3)	(3)
Austria.....	76	(3)	(3)	(3)	(3)	(3)
Portugal.....	435	(3)	(3)	(3)	(3)	(3)
Iceland.....	44	(3)	(3)	(3)	(3)	(3)
Eire.....	446	(3)	(3)	(3)	(3)	(3)
Turkey.....	41	(3)	(3)	(3)	(3)	(3)
Total.....	3,218	-----	-----	-----	-----	-----

¹ Excluding petroleum, which is not shown separately.² Negligible.³ Not available.⁴ Excluding coal, which is not shown separately.

It should be observed that, of the eight countries for which detailed estimates are given (United Kingdom, France, Italy, bizonal Germany, Netherlands, Greece, Sweden, and Denmark) only the United Kingdom is expected to generate a favorable balance with other non-participating countries in 1948. It will fall far short, however, of balancing that country's over-all international deficit.

The generation of such net export surpluses by western Europe to nonparticipating countries, other than the United States, in order to provide dollars with which to pay for imports from dollar areas is predicated upon the assumption that American markets will be willing to absorb foreign goods. If future trade policies seriously impede the international movement of goods, this assumption might need serious modification. The report of the Paris Conference states this clearly, as follows: ¹

A fact of fundamental importance is that the problem cannot be solved unless conditions in American markets are such as will enable vastly increased exports from the participating countries to find buyers. Furthermore, the traditional method in which Europe has paid the American Continent has been by an export surplus with the rest of the world. It is, therefore, essential that there should be an adequate flow of dollars to the rest of the world so that the participating countries and western Germany may be able to earn dollars, not only directly by their exports to the American Continent, but also indirectly by their exports to other countries.

¹ CEEC Report, vol. I, p. 120.

On the other hand, it is possible for a large creditor nation, like the United States, to maintain a substantial net export surplus over a considerable period of time through the export of capital. All that is necessary to maintain such a situation is that imports be sufficiently large to cover interest and other servicing charges on the loans. The longer the period of time over which such loans are made, and the more productive they are, the less onerous will be the strain of ultimate repayment.



FOREIGN AID AND EXHAUSTION OF NATU-
RAL RESOURCES IN RELATION TO A STOCK
PILING PROGRAM

PRELIMINARY REPORT TEN
OF THE
HOUSE SELECT COMMITTEE ON FOREIGN AID
PURSUANT TO
H. Res. 296
A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1947

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80TH CONGRESS <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1142
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FOREIGN AID AND EXHAUSTION OF NATURAL RE-
SOURCES IN RELATION TO A STOCK-PILING PROGRAM

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT TEN

FOREIGN AID AND EXHAUSTION OF NATURAL RESOURCES

In Relation to a Stock-piling Program

I. NATIONAL SECURITY THROUGH MINERAL RESERVES OR STOCK PILES

Lend-lease and the Second World War cut deeply into the available mineral resources of the United States. The more striking points in connection with the exhaustion of mineral resources can be stated briefly by noting that the reserves of the Mesabi Range, which supplies 80 percent of the high-grade iron ore of the United States, have been brought down to the point where, at the present rate of use, lower-grade ores will have to be developed by 1955. The "creaming" of our best resources in other minerals is shown in the following tabulation, the figures representing the number of years' supply of United States commercial reserves—that is, reserves available at anything approximating current costs of extraction—estimated as remaining in 1944 on the assumption of a continuation of the 1935-39 annual rate of use.¹

	<i>Years' commercial supply remaining</i>		<i>Years' commercial supply remaining</i>
Chromite.....	1	Vanadium.....	7
Manganese.....	2	Grade A bauxite.....	9
Asbestos.....	3	Lead.....	12
Mercury.....	3	Cadmium.....	16
Antimony.....	4	Petroleum.....	18
Platinum.....	4	Zinc.....	19
Tungsten.....	4		

It is apparent from these figures that we are dependent upon imports not only for metals and minerals which we do not produce in any appreciable quantity, such as flake graphite, quartz crystals, industrial diamonds, and tin, but also for nearly all of our present commercial needs of minerals like chromite, manganese, asbestos, mercury, platinum, tungsten, and antimony, for all of which we have a 4-year supply or less at the prewar rate of use. A sound conservation policy, in terms of national defense, would indicate the necessity of heavy imports of all the minerals—fluorspar, copper, zinc, cadmium, lead, bauxite, and vanadium—in order to preserve and lengthen the life of our own high-grade reserves.

A. THE EXTENT OF IMPORTS OF NONFERROUS METALS

With the exception of aluminum and molybdenum, the United States is currently an importer of every major nonferrous metal. Therefore, this country is not a potential source of supply to Europe

¹ The estimates are those of Mr. Elmer W. Pehrson, Bureau of Mines, as quoted in *Raw Materials in War and Peace*, published by the Department of Social Sciences, United States Military Academy, 1947.

in this field. On the contrary, Europe and the United States are to a certain extent competing for the exportable surpluses of Latin America and the British Dominions.

Thus far in 1947 the United States has imported, either as ore or as metal, a net monthly average (after allowing for reexport) of 20,000 tons of copper, 23,000 tons of zinc and 16,000 tons of lead. On the assumption that the volume of business activity in the United States persists at its present levels, this country will continue to import these metals on about the same scale, since domestic mine production is for all purposes running at full capacity.

A large portion of European requirements of these materials must come from Latin America. These sales are all being effected for dollars and the net dollar effect, insofar as Europe is concerned, is no different from what it would be were the materials being exported from the United States. Of the British Dominions' production, the output of Canada is being sold for Canadian dollars, the shortage of which in Europe is only slightly less pronounced than the shortage of United States dollars. All told, the volume of copper, lead, and zinc available from Canada and Latin America for Europe, after American requirements as stated above are filled, is estimated at 37,000 tons of copper, 22,000 tons of zinc, and 21,000 tons of lead monthly.

Production of aluminum in the United States at present is running 5,000 to 10,000 tons a month in excess of domestic requirements and this is available for export to Europe. Domestic production is almost at capacity, so that the quantity available for export could not be expanded substantially without reducing the quantity available to United States consumers.

B. THE NEEDS FOR NATIONAL DEFENSE

It is sometimes contended that, by increasing prices, we could turn from petroleum to shale or make petroleum from our tremendous reserves of bituminous coal. New methods of "gasifying" coal promise great savings of fuel oil, on a commercial basis. But the great advantage of the American economy is that it draws on raw materials which are produced cheaply, so as to hold down costs, since raw materials constitute one of the fixed factors in the success of any national economy. The present plight of Britain, caused in part by the exhaustion of a substantial portion of its easily exploitable high-grade coal reserves, is a standing warning to any nation. Britain must, for instance, import most of its iron ore—and all of its high-grade iron ore—with the double danger of increasing its costs of steel production in peace and of being cut off from supplies in war.

Two observations must be made as to the number of years' supply of minerals commercially available at the prewar rate of use. First, the 1935-39 annual rate of use was, in most instances, about half the present rate. Therefore the actual protection of our reserves is lower than that stated, if we are limiting the consideration to high-grade, or what are here called commercial, reserves. The second observation is that by changed technological processes, which unfortunately often (though not always) involve higher production costs, the life of many ore reserves can be indefinitely extended. Beneficiation of low-grade iron-ore reserves and the use of new technical processes might extend our medium-grade iron-ore supply to a hundred years, though our

high-grade iron ore will last not over 10 years under present conditions of demand. Low-grade reserves could be stretched out for several hundred years, if technological means for their utilization could be achieved. The same thing is true, in various degrees, of bauxite, manganese, and vanadium supplies. Similarly, the use of low-grade ores would extend the chromite, fluorspar, gold, mercury, silver, tungsten, and zinc supplies by an additional 5 to 25 years.

Undoubtedly, the factor of substitution should also be considered. One metal can frequently be substituted for another, as aluminum and magnesium are now entering many uses previously filled by copper and lead. It is further true that improved geological exploration in the United States and new methods of mining or extraction also extend the length of ore supplies.

On the other hand, two considerations need to be made that limit the reassuring character of this reservation. First, substitution, particularly in wartime, requires that an economy be more or less controlled and kept on a war footing, with large-scale facilities for technological change-over to new processes and new plants, and, at a minimum, a large number of pilot-plant operations that are not commercially attractive. This sort of wartime economy, though possible in a country under a planning dictatorship, is not possible in a country that depends upon market values and commercial operations. Germany's ability, for instance, to use substitutes, for which the Nazis had been carefully preparing for many years prior to the war, is no test of the similar ability of our own economy to operate in this way on short notice. It was our consistent experience in wartime that large-scale changes in processes, like the change-over of the Bayer process in aluminum production to the lime-soda-sinter process, were extremely costly operations, not only because they required many bottleneck items, like gages, pumps, compressors, and other plant machinery, but also because they were very wasteful of man-hours and disruptive of transportation and other factors. This change, made to save shipping in the most critical periods of the war, had a heavy impact on open-top cars, the effect of which is still felt because the limitation of coal shipments is traceable in considerable measure to shortages of this type of car.

The same thing is true of beneficiation of low-grade ores, with the additional factor that such processes are almost without exception much costlier in terms of the expenditure of manpower, as well as materials and critical components.

The conclusion is that a nation whose economy is primarily commercial in character must be able to depend upon "commercial reserves" in large availability, either through a combination of domestic reserves capable of quick and easy production at a stepped-up rate, and stock piles of imported reserves adequate for a war of several years duration; or alternatively, absolutely secure control, not only of sea access to foreign reserves, and their rail transportation to ports, but also of their procurement and production. The net conclusion is that without stock piles of those ores which are in critically short supply in terms of commercial reserves, there is no secure reliance for a nation bent upon guaranteeing its own survival by reasonable foresight.

There is a second difficulty in dependence upon low-grade reserves or substitution which needs to be recognized. It arises from the political pressure of domestic producers to block imports and to con-

tinue the drain on domestic reserves, even at uneconomic prices and costs. High tariffs have marked the mineral policy of this country in the period since 1930. The same resistance of domestic mining interests applies to the importation of stock piles that would overhang the market. It therefore needs to be met by the strongest arguments for national defense, supplemented by the fact that such imports constitute one of the few relatively painless ways of accepting payment for loans which we are making to countries that are either themselves producers of these minerals (such as Greece and Turkey) or which have colonies which are heavy producers. It must also be met by keeping our own mineral reserves in a state of readiness for national defense by adequate developmental programs.

C. BUILDING A UNITED STATES STOCK PILE OF STRATEGIC MATERIALS

In principle this country is already committed to a program for stock piling strategic materials on a large scale. Congress passed the National Resources Protection Act in July 1946, with an initial authorization of \$200,000,000, only part of which has been appropriated. Although almost 2 years have elapsed since legislation was adopted for the acquisition of such stock piles, progress has been slow owing to the heavy demands of civilian industry in the reconversion period. For instance, consumption of nonferrous metals in the United States not only has absorbed the entire available domestic production but also has required relatively heavy imports. In addition, stocks held by the Government at the end of the war have been drawn on to meet civilian needs.

Under present conditions, therefore, large stock piles can be accumulated only by expanding total world production. There has been wide discussion of the future status of the mineral resources of the United States. Some are forecasting a rapid decline in domestic production and are citing the limited known reserves. Others point out that known reserves at any time have always been limited and declare that a vigorous program of Government support for the mining industry would lead to development of new resources, making possible maintenance of production at high levels. However, there is no responsible school of thought which believes that the United States production of minerals can be greatly increased above the levels which prevailed during the war period.

If, therefore, consumption continues at a high rate, it is clear that stock piles can be accumulated only by importing metals. With proper safeguards, such imports need not in any way impede the maintenance of a healthy domestic mining industry which would be available for any future emergency.

Because the production of strategic metals and minerals in western Europe is considerably less than the over-all requirements of that area, western Europe itself can make little contribution to the stockpile. If, however, the colonial territories controlled by the countries of western Europe are included, a very respectable total can be shown.

It is assumed that these strategic materials would be delivered to stock pile without reducing the volume now being normally marketed in world commerce. The potential resources of many of the colonial areas would permit a substantial expansion in production, but market conditions have naturally made capital hesitant.

Therefore, the ideal arrangement would be for the colonial governments involved to undertake a firm commitment to supply a stated tonnage annually for a period of several years—10 to 20 years being an ideal period for assuring a normal return on capital without either undue profit to the producer or unwise use of scarce equipment for developing and exploiting mining properties.

If the United States agrees to take such a stated annual tonnage, the colonial governments could then in turn make similar agreements with the individual producers. Presumably it would be necessary to establish a minimum price for each material and provide for fluctuations in line with market trends generally.

Appendix A offers some suggestions as to materials and tonnages which could be obtained. The annual total of \$142,000,000 shown is based on assumed prices. If the current market levels were used, the value of these materials would be well in excess of \$200,000,000 annually.

Provided that necessary safeguards are established, there is no question that in the mineral field, at least, American capital is available to take over or supplement European investments in many colonial areas. United States capital is already heavily invested in Rhodesian copper, Canadian nickel and aluminum, and Surinam bauxite. The new lead-zinc deposits in Morocco are being developed in part with American capital. Given a stable government, American capital would probably undertake the reequipment of the important lead-zinc deposits in Burma. It is difficult to measure in terms of dollars just how far this might go, since the willingness of capital to invest in these areas depends not only on the political factors, but also on the economic values of the individual deposits. As a guess, however, in the nonferrous field alone, it is probable that American capital could be found to the extent of \$300,000,000 or \$400,000,000.

D. WHAT WILL BE THE EFFECT OF A FOREIGN AID PROGRAM ON OUR NATURAL RESOURCES?

It is evident that the exports of minerals contemplated in the CEEC program, even if one accepts the unscreened requirement figures of western European countries presented at the Paris Conference, are not of a magnitude to exhaust the national economy to any degree equivalent to the war effort, or even to the operation of Lend-Lease during the war. At the same time, it is clear that the annual export of several million tons of steel and possibly a similar amount in the form of machinery of every character, cannot but put a drain upon our resources to the degree that domestic minerals are going into these exports. The loss of the scrap involves mining still more ore. There is all the more reason for replacing the total export of raw materials that go into these commodities and for getting imports of materials of which we do not possess reserves as a payment in kind and over a long period for whatever aid the Congress may authorize. Commercial exports in large volume need to be offset also.

What form ought such replacements take? A few examples of such possibilities may serve to indicate the line that should be systematically explored in making every master agreement, through whatever agency the Congress sets up to implement the foreign-aid program. The first is iron ore. Very high-grade new deposits of iron ore are

known to exist in Labrador, as well as in neighboring Quebec. Labrador is a portion of Newfoundland, which, in turn, is a colony of Britain and not a dominion. Present efforts to arrange for a change of Newfoundland to dominion status or to a partnership on federal terms with Canada might be made the basis of negotiations with the United Kingdom so that some participation in these resources be allocated as security against a United States' loan to Britain. Similar treatment might well be considered in connection with the British Shell holdings in Venezuelan oil. A systematic review of world resources on this basis would produce astonishing results in terms of possibilities of repayment. New Caledonia, a French possession in the Pacific, has rich nickel and chrome deposits. We are pouring out our own resources to aid these countries. An equivalent guaranty of repayment through stock piling or participation is only a fair return.

Where it is inexpedient politically or otherwise to attempt this direct solution of acquisition of mineral rights, a combination of American private capital for development under Government partial guaranty, plus stock-pile deliveries over a 25-year period, would go far toward repaying some of the Marshall program loans and possibly securing interest coverage on previous advances.

II. DEPLETION OF SOIL RESOURCES

The Technical Reports of the Committee of European Economic Cooperation (Vol. II) indicated that approximately 70 percent of the western European import requirements from all areas over the next 4 years will be in the food, fuel, and fertilizer categories. Approximately 55 percent of the requirements will be for food imports. Much of that deficit, if met at all, presumably must come from the United States. If so, it would necessitate the continued over-utilization of our soil resources.

By and large, each ton of cereal or meat that leaves the farm has taken its toll of our soil resources. Soil is an exhaustible resource, slowly but surely depleted, crop by crop, ton by ton. Nitrogen, phosphoric acid, and potassium are the major essential food elements taken by farm crops from the soil. The following table gives in percentage terms the amounts of these essential elements of soil fertility found in the grain of the three major cereals:

	N	P ₂ O ₅	K ₂ O
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Corn.....	1.5	0.62	0.37
Wheat.....	2.1	.99	.53
Oats.....	1.9	.76	.48

The export of even a modest one billion bushels of wheat over the whole of the next 4 years would mean the draining off from the soil of large tonnages of these soil constituents: one and a quarter billion pounds of nitrogen, six hundred million pounds of phosphoric acid, and about half as much potassium.

In certain areas and within certain limits, such soil depletion can be restored partially if not wholly, by the slow processes of time, and more rapidly by fertilization, rotation, and other devices of good farm management. But such remedial measures are at least delayed and

at worst not employed until too late so long as emphasis is on capacity production.

In any case, the problem needs to be faced and considered: What are the implications of the foreign-aid program to the conservation of the soil resources of the United States?

It means that the agricultural plant will have to continue to operate at capacity level for some years to come without having had a chance to recuperate under good rotation, fallow, and fertilization from the all-out war effort.

Competent agricultural specialists estimate that, as an average for the 1949-52 period, maximum wheat acreage might be 72,000,000, varying between 70,000,000 to 75,000,000 acres, depending on moisture conditions and the extent to which conservation is emphasized. A pattern of only 62,500,000 acres is considered desirable. This represents, in terms of production, a difference of some 100,000,000 to 125,000,000 bushels. The estimated difference between the maximum and the desirable is, in the case of corn, 2,000,000 acres and perhaps 160,000,000 bushels. As regards cotton, the acreage difference between the indicated maximum and the desirable is as much as 3 million acres and 1.1 million bales. Requirements for commercial fertilizers per year for all United States agriculture under the maximum production pattern, 1949-52, as compared to actual use 1947, are estimated at an additional 210,000 tons of N, 525,000 tons of P_2O_5 , and 190,000 tons of K_2O .

In addition to the direct drains on the fertility discussed briefly above, there is the indirect, but probably more significant, aspect in its long term of increased erosion drain resulting from overcropping. Most of the United States crops likely to be emphasized under the foreign-aid program require plowing the land. Some require frequent tillage. This leaves the soil open to wind erosion if the drought phase of the weather cycle should arrive again and equally open to nearly irreparable water erosion in case of heavy precipitation. Some 110,000,000 acres, about one-fourth of our total cropland, is now being damaged by erosion at a critical rate. Emphasis on all-out production during the next few years must be accompanied by greatly increased emphasis on and effective activation of erosion-control measures or there will be a virtual loss of an additional 10 percent or more of our soil resources.

APPENDIX A

EXCESS MATERIALS AVAILABLE FOR STOCK PILING FROM THE 16 COUNTRIES OF WESTERN EUROPE (C. E. E. C.)

The production of strategic metals and minerals in western Europe is considerably less than the over-all requirement of that area, so that little can be expected along this line if the area involved is limited to western Europe itself. If, however, the area is widened to include the colonial territories controlled by the countries in western Europe, a very respectable total can be shown.

The following tabulations may serve as a preliminary basis for estimating possibilities of repayment through the stock piling of strategic minerals.

In making these calculations the British dominions are shown in a separate category, for the reason that these countries, to a large extent, determine their own financial and economic policies, and it is not clear whether or not they could be tied in with a scheme involving assistance for western Europe.

The tabulations have also been prepared on the assumption that repayment of strategic materials should be effected not by reducing the volume of these strategic materials that are normally marketed in world commerce but, rather, by providing for an expansion in production, with the increased output being made available to stock pile. Obviously, this raises some questions with regard to the arrangements between the local governments and the producers, as well as the matter of pricing the metals in connection with repayment.

The problem can be made simpler perhaps by analyzing the figures in the tabulation with respect to a single commodity, say, lead.

It will be noted that a total of 75,000 tons annually of lead is suggested from five areas—Tanganyika, South Africa, Burma, Australia, and Morocco.

In the case of Tanganyika and Burma, it would be necessary to build plant almost from scratch, the first area being one in which a large new deposit has recently been developed, the second being one where the former producing facilities were destroyed by the Japanese. It would obviously encourage private investors to provide the facilities to equip these two properties if they had the assurance of a long-term outlet.

The question of price, as well as tonnage, is of paramount importance, and it would be necessary to work out a formula whereby, in crediting the value of strategic materials either as interest or principal against advances, the United States would establish some minimum price for each material, with some provision for fluctuation in line with market trends generally.

The three other areas shown, South Africa, Australia, and Morocco, are producing lead currently, but there are possibilities of considerable expansion, and the additional lead could be diverted to stock pile without in any way interfering with the present market. Canada is also a large producer of lead, but it is not suggested that Canadian lead should enter into this scheme, for the reason that an expansion of Canadian production does not appear to be possible of easy accomplishment under present conditions.

The total amount of lead shown is 75,000 tons a year and, assuming a 20-year plan, represents a total of 1,500,000 tons. This, in turn, is equivalent to over 1 year's military requirement, based on the peak rates experienced in World War II. It is equivalent to about 3 years' import requirements, based on present domestic production from primary and secondary sources.

It is possible to argue that we could afford to stock pile a larger tonnage of lead. However, these figures have been prepared all along on the assumption that, in addition to the stock-pile lead that we take in repayment for credits advanced to western Europe, we would have to give Latin America a similar opportunity. Since Mexico, Peru, Bolivia, and Argentina are also potential sources of lead, it is assumed that a portion of the stock pile would be built up from those countries.

The plan of giving some weight to other possible sources of strategic materials has been taken into account with respect to all of the materials. The areas controlled by western Europe are proportionately larger suppliers of tin, manganese, and chrome than they are of copper, lead, or zinc. Therefore, in this preparation, the estimated annual rate of takings of tin, manganese, and chrome are bulked greater in relation to probable stock-pile objectives.

In assigning values to the tonnages shown, prices have been used somewhat lower than those which prevail at present, in an attempt to approximate a probable 20-year average. There is obviously room for wide margin of error in this price question. Prices may well rise, in view of the wider use and the exhaustibility of minerals.

Also, the prices assume delivery of the materials, cost, insurance, and freight, United States ports. Since we are extending financial assistance to these countries to lessen their drain on dollar reserves, it seems logical to give them the opportunity of transporting the materials to our ports.

It may be that the aggregate amount indicated in this tabulation of approximately \$136,000,000 a year will seem relatively small. This total is for excess materials to go into stock pile only. It would seem foolish to channel the entire import of these strategic materials from the areas named into the field of repayment of any advances for assistance given, because by so doing the current dollar credits which are being earned through normal commercial activities would be reduced and the unfavorable balances of western Europe further increased. No attempt has been made to assess the current dollar value of these commercial imports from the areas affected, but it must be in the region of \$250,000,000 to \$300,000,000, the principal items being tin from the Far East; nickel, copper, lead, and zinc from Canada; manganese, chrome ore, and asbestos from South Africa; manganese and mica from India; cobalt and tin from Belgian Congo; and manganese from the Gold Coast.

TABLE I.—*British Empire (excluding Dominions)*

	Country	Tonnage	Assumed price landed in United States	Value landed in United States
			<i>Per unit</i>	
Copper.....	Rhodesia.....	25,000	\$300	\$7,500,000
Lead.....	Tanganyika.....	10,000	200	2,000,000
Tin.....	Malaya.....	20,000	1,100	22,000,000
Bauxite.....	Gold Coast.....	50,000	12	600,000
Do.....	British Guiana.....	150,000	12	1,800,000
Manganese.....	Gold Coast.....	100,000	35	3,500,000
Chromite.....	Rhodesia.....	50,000	35	1,750,000
Do.....	Sierra Leone.....	20,000	35	700,000
Vanadium (as V_2O_5).....	Rhodesia.....	200	2,000	400,000
Asbestos.....	do.....	5,000	75	375,000
Diamonds.....	West Africa.....	¹ 500,000	3	1,500,000
Mica.....	Tanganyika and Rhodesia.....	200	3,000	600,000
Graphite.....	Ceylon.....	1,500	90	135,000
Total annual value.....				42,860,000

¹ Carats.

TABLE II.—*British Dominions*

	Country	Tonnage	Assumed price landed in United States	Value landed in United States
			<i>Per unit</i>	
Copper.....	Canada.....	20,000	\$300	\$6,000,000
Lead.....	Australia.....	15,000	200	3,000,000
Do.....	Burma.....	15,000	200	3,000,000
Do.....	South Africa.....	15,000	200	3,000,000
Zinc concentrate.....	Australia.....	30,000	40	1,200,000
Do.....	Canada.....	25,000	40	1,000,000
Do.....	South Africa.....	30,000	40	1,200,000
Manganese.....	India.....	100,000	35	3,500,000
Do.....	South Africa.....	50,000	35	1,750,000
Chromite.....	do.....	50,000	30	1,500,000
Nickel.....	Canada.....	10,000	650	6,500,000
Tungsten.....	South Africa.....	200	1,200	240,000
Do.....	Burma.....	1,000	1,200	1,200,000
Platinum metals.....	South Africa.....	¹ 10,000	50	500,000
Mica.....	India.....	2,000	1,500	3,000,000
Asbestos.....	South Africa.....	10,000	100	1,000,000
Total annual value.....				37,590,000

¹ Ounces.TABLE III.—*French, Belgian, and Dutch Empires*

	Country	Tonnage	Assumed price landed in United States	Value landed in United States
			<i>Per unit</i>	
Copper.....	Belgian Congo.....	20,000	\$300.00	\$6,000,000
Tin.....	East Indies.....	20,000	1,100.00	22,000,000
Do.....	Belgian Congo.....	2,500	1,100.00	2,750,000
Lead.....	Morocco.....	20,000	200.00	4,000,000
Zinc.....	Belgian Congo.....	20,000	160.00	3,200,000
Zinc concentrate.....	Morocco.....	30,000	40.00	1,200,000
Bauxite.....	France.....	50,000	12.00	600,000
Do.....	East Indies.....	100,000	12.00	1,200,000
Do.....	Surinam.....	100,000	12.00	1,200,000
Chromite.....	New Caledonia.....	15,000	35.00	525,000
Cobalt.....	Belgian Congo.....	1,000	3,000.00	3,000,000
Cobalt ore.....	Morocco.....	2,000	300.00	600,000
Nickel.....	East Indies.....	5,000	650.00	3,250,000
Mica.....	Madagascar.....	300	2,000.00	600,000
Graphite.....	do.....	2,000	100.00	200,000
Diamonds.....	Belgian Congo.....	¹ 500,000	50	250,000
Tantalum-columbium ore.....	do.....	500	600.00	300,000
Total.....				56,875,000

¹ Carats.TABLE IV.—*All other*

	Country	Tonnage	Assumed price landed in United States	Value landed in United States
			<i>Per unit</i>	
Tungsten.....	Portugal.....	1,000	\$1,200	\$1,200,000
Mercury.....	Italy.....	¹ 4,000	60	240,000
Talc (steatite).....	do.....	1,000	40	40,000
Chromite.....	Turkey.....	50,000	35	1,750,000
Copper.....	do.....	5,000	300	1,500,000
Cryolite.....	Greenland.....	2,000	90	180,000
Total value.....				4,910,000

¹ Flasks.

TABLE V.—*Recapitulation*

Table I. British Empire (excluding Dominions).....	\$42, 860, 000
• II. British Dominions.....	37, 590, 000
III. French, Belgian, and Dutch Empires.....	56, 875, 000
IV. All other.....	4, 910, 000
Total.....	142, 235, 000

TABLE VI.—*Totals by commodities*

Commodity	Unit	Total amount annually	
Asbestos.....	Ton.....	15, 000	5,000 each amosite, chrysotile, blue.
Bauxite.....	do.....	400, 000	Aluminum equivalent 100,000.
Chromite.....	do.....	185, 000	135,000 metallurgical, 50,000 chemical.
Cobalt.....	do.....	1, 300	Including 300 tons contained in ore.
Copper.....	do.....	70, 000	
Cryolite.....	do.....	2, 000	
Diamonds.....	Carat.....	1, 000, 000	Largely crushing board.
Graphite.....	Ton.....	3, 500	2,000 crucible grade.
Lead.....	do.....	75, 000	
Manganese ore.....	do.....	250, 000	Basis 48 percent Mn.
Mica.....	do.....	2, 500	2,200 muscovite; 300 phlogopite.
Mercury.....	Flask.....	4, 000	
Nickel.....	Ton.....	15, 000	
Platinum metals.....	Ounces.....	10, 000	
Talc (steatite).....	Ton.....	1, 000	
Tantalum-columbium ore.....	do.....	500	Basis 25 percent Ta_2O_5 ; 20 percent Cb_2O_5 .
Tin.....	do.....	42, 500	
Tungsten ore.....	do.....	2, 200	Basis 60 percent WO_3 .
Vanadium oxide.....	do.....	200	V_2O_5 basis.
Zinc.....	do.....	70, 000	Including 50,000 recoverable content of concentrates.

The above figures are all in short tons except where otherwise noted and except for chrome, bauxite, and manganese, which are in long tons, as is customary in the trade.

In addition, it might be possible to obtain some of the following commodities, but the available data provide little basis for estimating a rate over a 20-year period.

Corundum.....	South Africa, Portuguese East Africa.
Beryllium ore.....	India, South Africa, Uganda.
Tantalum ore.....	Uganda, Australia.
Kyanite.....	India.
Uranium ores.....	Canada, Belgian Congo.
Cadmium.....	Belgian Congo.

Except for uranium, the aggregate value of these materials would not be large in relation to the totals shown.



COMPARATIVE ANALYSIS OF SUGGESTED
PLANS OF FOREIGN AID

PRELIMINARY REPORT ELEVEN
OF THE
HOUSE SELECT COMMITTEE ON FOREIGN AID
PURSUANT TO
H. Res. 296
A RESOLUTION CREATING A SPECIAL
COMMITTEE ON FOREIGN AID



NOVEMBER 25, 1947.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
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80TH CONGRESS <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1143
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COMPARATIVE ANALYSIS OF SUGGESTED PLANS OF
FOREIGN AID

NOVEMBER 25, 1947.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HERTER, from the House Select Committee on Foreign Aid,
submitted the following

PRELIMINARY REPORT ELEVEN

COMPARATIVE ANALYSIS OF SUGGESTED PLANS OF FOREIGN AID

I. PROPOSALS FOR ORGANIZATION AND ADMINISTRATION OF THE EUROPEAN RECOVERY PROGRAM

The presentation of the plan proposed by the committee (hereafter referred to as plan III in the accompanying chart and in this document) may be usefully studied against other proposals which have been examined by the committee before reaching its conclusions. These plans in some instances are still in a confidential stage so far as regards attribution to the agencies concerned. They are therefore referred to merely as plan I, plan II, and plan IV.

This study of the plans aims to do no more than examine the logic behind each one of them and behind the problem itself. It is felt that a consideration of the committee's own plan and the reasons which have recommended it for a choice as among the different proposals lies in the very nature of the problem which this country is attempting to solve—namely, to render the most effective aid to re-establish western Europe as a healthy economy and to maintain its free political systems without at the same time seriously weakening the economy of the United States. If this job is to be done, as the committee's analysis in its report on the "Proposed principles and organization for any program of foreign aid" shows, there must be an agency capable of screening effectively the requirements of European countries, of promoting their mutual cooperation in helping each other toward recovery, of insisting on certain conditions to make our aid effective, and of securing the cooperation in this task of other supplying countries with export surpluses. This agency would necessarily have powers of at least controlling foreign procurement for any aid program and of directing the necessary powers of other agencies to facilitate that program. It would have to be geared into our over-all foreign policy so as not to impede its main lines; at the same time, it would have to be organized to assure the balancing of the interests of the United States economy against the needs of foreign countries.

The following comparative analysis of the plans is intended to bring out some of the problems that will have to be considered. It is hoped that it constitutes a detached and objective study of the background against which the committee's choice of plan III has been made.

A. COMPARATIVE PRESENTATION OF FOUR CURRENT PLANS

(See chart, following:)

Comparative presentation of 4 current plans

Functions	Plan I	Plan II	Plan III	Plan IV
I. POLICY				
Programing, policy-----	Distributed; heads up implicitly in the President.	Distributed; see details below.	President with aid of a Foreign Aid Council at Cabinet level; initial formulation and screening by chairman of new agency in his additional capacity as Executive Director of Council.	Distributed, with new State agency playing the leading part; heads up implicitly in the President.
Administration and coordination.	New agency.	Primary responsibility in new agency.	Executive Director of Council (who is also chairman of the new agency) can issue directives to all participating agencies after consultation with Council and with approval of President.	As above.
II. DETERMINATION OF SUPPLY, ALLOCATIONS, PRIORITIES, SET-ASIDES, DIRECTIVES, ETC.				
United States versus export.-----	As at present: Agriculture Department for food and agricultural items; Commerce for non-food and nonagricultural items. New agency to claim for OEEC countries; Army for Bizonia, etc.; foreign policy considerations to be presented by State Department.	As at present: Commerce, with first jurisdiction over foods in Agriculture; new agency to be represented on departmental committees: present, presentation of programs for bulk items by international organizations to be continued; provision for advisory committees representing domestic producers and consumers; also for official and private representatives of foreign countries.	Executive Director of Council, with advice of Council and approval of President, acting through (1) directives to new agency on food, fuel, and fertilizer; (2) similarly supported directives to appropriate executive agencies concerning the procurement and licensing of other items for export; (3) advice to the Export-Import Bank on financing of raw materials; and (4) negotiation with International Bank on the financing of capital equipment. In the latter two cases the funds and lending powers of the cooperating banks are expected to be adequate to the screened requirements of each participating country.	As at present: Agriculture Department for food and agricultural resources, Commerce Department for nonagricultural resources; new State agency to formulate European commodity requirements (with assistance of Commerce, Agriculture, National Military Establishment, Treasury, and Interior Departments) and advocate its program before allocating authorities. Allocating authorities also to consider recommendations of international allocating agencies.
"Area aid" versus other export.---	By the allocating agencies as above, in consultation with claimants and with concurrence of State.	Presumably as above.	As above.	New State agency.
"Area aid" by participating countries.	Initiative by new agency with active participation by State Department to insure its concurrence.	New agency; primary screening by agency's European organization.	Do.	Do.

Decisions to withhold aid	State Department after consultation with new agency.	New agency for participating countries (with particular emphasis on unimportant goods); allocating authorities for others. Any additional allocation or priority powers (not distinguished as to export or domestic) to be exercised by the departments now responsible.	Do.	Do.
Domestic	If any, presumably by departments as at present.		Present powers relating to allocations, export control, and transportation control (as needed for foreign aid), to be lodged in chairman of new agency.	No direct comment; but (1) Commerce and Agriculture Departments to adjust domestic "policies and programs to conform with allocations" and (2) Maritime Commission to adjust ship sale and charter programs.
III. ADMINISTRATION OF DISTRIBUTION CONTROLS				
Export	Commerce.	Export priorities and issuance of export licenses to participating countries to be approved by new agency; no comment respecting other countries, leaving an inference that control over shipments to them would remain as at present.	Control over exercise lodged in chairman of new agency.	Commerce Department to schedule and expedite fulfillment of requirements other than food, issue export licenses and priorities and import licenses; Agriculture Department to procure bulk agricultural commodities and exercise production controls as necessary; NME to procure and ship for Bizonia; ODT to exercise any transport controls to break bottlenecks; State Department to advise Commerce and Agriculture Departments on political exigencies.
Domestic	Transportation: ODT. Food and agricultural commodities: Agriculture Department. Nonfood: Commerce. Fuels: Interior. New agency to sponsor controls before these agencies.	No comment, except that any new powers should "be exercised by the departments and not by the new organization."	As above.	Other than as indicated above. Commerce Department to exercise any industrial controls authorized and not specifically vested in other agencies; ODT to exercise any transportation controls to break bottlenecks.
IV. PROCUREMENT AND DELIVERY				
Policy as between Government and private procurement.	New agency, in consultation with the procurement agencies.	Government procurement should be used as little as possible, though in some cases it may be necessary and authority should be provided.	Executive director of new agency, with advice of Council and approval of President.	New State agency.
Government procurement agency	As at present: CCC for food and agricultural items; Treasury, Army, etc., for nonfood.	No comment.	As at present: CCC for food and agricultural items; Treasury, Army, etc., for nonfood.	Agriculture Department for agricultural commodities as necessary; NME to procure and ship for Bizonia; Treasury to procure nonagricultural items furnished by U. S. Government.

Comparative presentation of 4 current plans—Continued

Functions	Plan I	Plan II	Plan III	Plan IV
V. FINANCING				
Determination of needs and terms, by countries.	New agency, with NAC concurrence.	One of principal functions of new agency to finance or arrange for the financing of European purchases; expenditures for long-term capital improvements to be financed by International Bank to fullest extent possible under its authority and policy; Export-Import Bank empowered to make or guarantee loans (to supplement International Bank or finance raw materials) under directives from head of new agency; otherwise new agency itself to make or guarantee necessary loans. Heavy stress on need for coordination to aid in stabilizing foreign currencies and exchange.	New agency for food, fuel, and fertilizer; Export-Import Bank for raw materials. International Bank for capital equipment. With foregoing help private capital expected to become available in larger measure.	New State agency to adjust overall program in light of allocations; to certify adjusted individual country programs in terms both of commodities and dollars to Departments of Commerce, Agriculture, Treasury, etc.; to negotiate specific terms of assistance, e. g., grants, credits, loans (under fiscal policies established by NAC).
Administration of funds (including commodity and fiscal accounts).	New agency.	See above; also head of new agency to be made member of the NAC and of the Advisory Board of the Export-Import Bank; very close relations with State Department and Americans in International Bank recommended. Handling the problem of blocked local currencies listed as one of the important functions of the new agency (requiring appropriate authority), in which the State Department has a major interest.	As above.	See above: Treasury to disburse funds and to report on the status of United States dollar accounts for European recovery.
Policy coordination with International Bank and Fund.	NAC after consultation with new agency.		Foreign Aid Council through: (a) Negotiation conducted by the chairman; (b) directives of its executive director (with Presidential approval) to executive agencies of the Government; (c) advice to Export-Import Bank. New agency: To hold local currencies through a board of administrators for each country, of whom a majority would be United States citizens. Funds to be applied to local United States needs, new enterprise of mutual interest to United States and the recipient country, sterilized United States stock piles, etc.; receipts in dollars to be credited to the corporation's capital account; no transfer to dollars or other currencies without approval of foreign country concerned and the International Monetary Fund.	NAC to instruct United States' Bank and Fund on loan determinations and currency stabilization matters.
Control of local currency proceeds.	Special aid personnel under regular mission chiefs.			New State agency, with advice of NAC.

VI. MORTGAGE CONTROL (OTHER THAN FINANCE)

New agency.

Review and clearance of requisitions; securing U. S. Government procurement when employed; supervision and facilitation of storage and transport (and of foreign procurement); expediting; status reporting.

VII. AGREEMENTS AND CONTACTS IN EUROPE

Bilateral and multilateral agreements.

Administration in Europe: Including identification of supplies, review of end use and reexports, technical assistance; coordination of missions.

Regular United States missions for bilateral; new agency representative in Europe for multilateral (under instructions from State after consultation with new agency, NAC, and others). Strengthened personnel under regular mission chiefs; program coordinated by special United States representative of new agency.

General responsibility for requisition and delivery vested in new agency; no treatment of detail other than to stress importance of giving the new agency a veto (not affirmative) power over export priorities and export licenses to participating countries. New organization will be performing primarily an operating job.

No comment.

New agency to have representatives in Europe to deal with participating countries; representatives to be headed by a chief reporting directly to the head of the agency; representatives to report directly to their chief and not through the ambassadors or the Department of State; Ambassadors to be kept informed, to handle directly nontechnical questions of "sufficient" importance to foreign policy. To coordinate and control all discussions with foreign officials (technical or nontechnical).

Distributed over existing executive agencies (and the new agency) Export-Import Bank, and International Bank, but subject in the case of executive agencies to directives of the Council's executive director with the advice of the Council and the approval of the President.

New agency for fuel, food, and fertilizer; degree of possible adherence of International Bank and Export-Import Bank, a general protocol not specified.

Not yet specified.

Largely decentralized for domestic operations: Agriculture for agricultural items, Commerce for nonagricultural items; Budget Bureau to coordinate proposed legislation, Executive orders, and Presidential actions; in the broad sense the new State agency to receive and continuously review reports from its European office on progress of recovery and to synthesize them with the status of procurement, etc., in the United States.

New State agency to "negotiate bilateral agreements and participate in multilateral negotiations."

New State agency to advise with European nations and exercise surveillance over execution of program overseas; Operations Minister for ERP and specialized staff in each country to report through and under the authority of the Ambassador; United States representative at large with rank and status of Ambassador to ECE and any continuing OEEC organization.

Comparative presentation of 4 current plans—Continued

Functions	Plan I	Plan II	Plan III	Plan IV
VII. AGREEMENTS AND CONTACTS IN EUROPE—continued				
Encouragement of maximum self-help and mutual help: Reports to United States.	Special United States representative as delegate to CEEC and ECE; strengthened and expanded missions within other countries.	Implied through the chief of the new agency in Europe; his staffs are to screen requests and make sure that American supplies are put to proper use and "that the commitments of the participating countries are met."	Policy of no political interference; authority to enter into arrangements concerning food, fuel, and fertilizer lodged in new agency; executive director of Foreign Aid Council (who is also administrator of new agency) to formulate policies for consideration of Council, which will advise Export-Import Bank on raw materials and consult with International Bank on capital equipment in relation to complementary European activities. Nature of European contacts for promotional measures not yet specified.	Special United States representative of new State agency as delegate to CEEC and ECE; strengthened and expanded missions within other countries.
VIII. ORGANIZATION, POWERS AND LIMITATIONS OF NEW AGENCY				
Within above functions	New agency, unincorporated, with an administrator reporting directly to President and advised by a public advisory committee; special United States representative in Europe with Ambassador rank to report to Secretary of State and through him to administrator of new agency, on collective program progress, on particularly on cooperation. New agency primarily for planning, expediting, supervision, coordination and auditing. Little authority other than through persuasion.	Consideration of corporate form recommended; new organization to be under control of its own head (chairman) who would be appointed by the President and confirmed by the Senate. Board of directors to be composed of heads of the interested departments and possibly public members, with functions limited to decisions on broad policy questions; an advisory group of representatives of the public, business, agriculture, and labor, because of the vital importance of the agency's activities to foreign policy, the Secretary of State to be a member of the Board, and effective cooperation with the State Department on matters bearing importantly on foreign policy to be developed.	Corporation, with bipartisan board of directors of eight members including a chairman and executive officer, all to be appointed by President and confirmed by Senate; authorized (a) to enter into arrangements with countries in need of foreign aid, under which food, fuel, and fertilizer would be made available to them, (b) to determine the form of consideration to be obtained, and (c) to screen all aid requirements for the new Foreign Aid Council. (See below.) The chairman of the new corporation to serve also as executive director of the new Foreign Aid Council (Cabinet level advisers to the President), and in that capacity (a) to formulate pro-	New agency, unincorporated to be established within State Department, internally autonomous but directly subject to the authority of the Secretary; its head to rank with but after the Under Secretary of State with the title "Administrator for Economic Cooperation," subject to confirmation by the Senate; to use existing advisory groups within Government such as the NAC; and existing or adapted public advisory groups such as those now attached to Commerce, Labor, and Agriculture. Foreign organization as described above.

gram and policies for the consideration of the Council covering *all* aid requirements, and (b) after consultation with the Council and with approval of President, to issue directives to participating agencies under the President's authority.

The membership of the President's Advisory Council would include the Chairman of the Export-Import Bank and the United States executive directors of the International Bank and of the International Monetary Fund. Its chairman would be the Secretary of State. Effective participation of the autonomous banks in a common program would be achieved through this body with particular regard to the financing of raw materials and capital equipment.

B. ANALYSIS AND COMMENTS

1. *Underlying issues: Centralization against Dispersion of Authority*

The major proposed plans of organization presented in the attached table show a great diversity of opinion on both principles and details. There are many good reasons for most of the differences in detail, but running through them and resulting in utter incompatibility on major features is the ancient issue of centralization against decentralization. A decision on this point will either settle or set up formidable presumptions on many other points.

Basic considerations are therefore examined by way of foreword.

Their concrete application will appear in the discussion of the table. It must be remembered throughout that all plans contemplate a new organization to handle European reconstruction. There is a vast difference, however, in the powers assigned to it under the several plans. The issue between centralization and decentralization is not always identified as such, but it is the issue principally guiding those who propose different degrees of authority for the new agency. For this reason the first phase of the discussion must deal with principles.

a. The immediate setting of the argument is clear. On the one hand a number of existing agencies seem to be fitted by experience to take over a major part of the new work. On the other, there is before this country now an objective of such urgency and scope as to suggest strong central direction.

The problem is bigger than relief and smaller than war. It is too big for complete decentralization and not big enough for an OWMR. The ideal solution would obviously make full and easy use of existing facilities without sacrifice of central responsibility. The leading administration plans assume that most of the essential domestic functions are now being adequately performed somewhere. Their implication is that enough officials will be putting pressure on the President without adding another. The question is, whether a distinctive new dimension or function has not been added by the adoption of a plan for long-range world reconstruction, and whether that dimension or function should not also be represented before the President.

b. Nothing could be simpler than the case for leaving things as they are:

(1) Existing agencies of the Government have been dividing inadequate supplies among the sorely pressed peoples of the earth for nearly 2 years, and in varying degrees have seen to their procurement, storage, shipment, and effective use. They have done this in part through their regular staffs and in part through successful absorption of the remnants of war agencies. In doing it they have probably incurred no greater criticism than any other allocating or procuring authority would have met. A new agency would need months to learn what the existing agencies already know: the education of new officials in work involving delicate relations with the public is sometimes painful to all concerned, and in the end there is no certainty of any improvement.

(2) It is argued that the new job is no bigger than the old. The setting is more tense and the purposes are more candid, but these are qualities of policy rather than administration. The job has always been big enough to require a high order of competence and experience, and the change in significance makes little difference in that respect.

The inference suggested by many statements is that the annual rate of net exports in the peak quarter under the Marshall plan will not exceed the rate reached in the second quarter of 1947. (Explicitly, however, the claim is only that the peak yearly figure will not be higher than the second quarter 1947 annual rate.) It is true that shortages in a few items, notably wheat, will be even more acute. Petroleum and steel requests will also be more difficult to meet than last year but unless inefficiency or bias is demonstrated, why does that call for a change? Particular staffs may have to be strengthened, but for most purposes they can be strengthened where they are—so runs the argument for leaving matters as they are.

(3) The war experience still influences those who participated in it, and it requires an effort not to read one problem into the other. In wartime the greater part of the Nation's resources had to be aligned with war purposes, and both the strain and the amount of administrative machinery needed to effect the necessary rechanneling were great. In the area of production alone, remote bits and pieces had to be made to converge at a multitude of assembly points to achieve a variety and volume of planned output never previously attempted under central direction. There is nothing like this in the present prospect. Comparatively speaking, but a handful of commodities will be involved, and in few of these will the shortage be nearly as acute as in wartime.

(4) The natural tendency of democratic government is centrifugal. Political scientists have regarded this tendency as one of its plagues. There are two reasons:

(a) Most groups entrusted with an idea or a program tend to exalt its importance, which is commendable except for the phase of enthusiasm that leads them to want to wrap a bureau around it. The impulse to build new units is much more common than the discipline required for compact organization. Duplication usually follows, despite the best intentions, because of the desire and even the need of new officials to be well-served.

(b) Within individual organizations, people tend to cohere, unless thoroughly mixed as to types. Even in the latter case, they will usually be controlled by institutional loyalty or advantage. With this insularity, there grows at the same time an illusion of superiority, winding up in a tendency to pull away from each other. What has been said here is particularly true of new functions.

Whatever the motivation, every new agency throws more weight on one of the weakest functions in popular government—that of coordination. A large part of the time and efforts of departments, bureaus, offices, and corporations goes into imperfect performance of this integrating function. The network known as red tape is in good part the outward sign of an effort to keep public policies from flying off at tangents. It is not surprising that officials specializing in structure tend to resolve most reasonable doubts by deciding against the establishment of new offices, or by limiting their authority to strictly new functions.

Fifth. Of probably minor importance, there is some question as to whether public thinking is really attuned to powerful new organizations of the kind tolerated during the war, or whether they would be regarded as *opéra bouffe*, or simply suspect in a situation still not deeply touching personal lives.

c. Those advocating an extensive grant of powers to a new administration or corporation do not discount the problems depicted above, but believe that the tests of need are met.

(1) The goal is nothing less than the economic, political, and moral reconstruction of Europe (actually, of the world). Such an undertaking is both formidable and unorthodox. It is too momentous to be left to the mere coordination of scattered existing powers and functions. The task of coordination is itself great enough to justify a reconsolidation of existing emergency powers for the purpose. During its life its work will be as important and as distinctive as that of other major units of the Government. Certainly there will be some overlap and duplication. There is between all departments, but purpose and importance still determine their status.

(2) Perhaps the most effective argument against a strong new agency is that the annual volume of net exports even as swollen by the proposed emergency reconstruction program will probably never be as large as it was in the second quarter of this year at an annual rate. Are new dimensions introduced, then, that would justify a bunching of authority? Proponents have taken this almost for granted from the beginning. The change that they see is in purpose. Formerly the main theme was relief on a country-by-country approach. Now it is the reintegration of a continent. Sixteen free countries and a military province are trying to build to a common plan, a plan designed to make mutual use of joint resources. The new organism must at the same time be refitted into an international society. Substantial outside assistance will be required, and it must come mainly from America. So vast an effort, involving a continuous stream of decisions and revisions, must be centrally guided. Cohesion, and ability to shift the whole program quickly, will be more important in the end than economy of organization.

(3) America will be dealing with an unfamiliar complex of emotions abroad and with the customary division of opinion and interests at home.

Abroad, quite apart from the obvious functions of project appraisal and screening, extraordinary decisions will have to be made. Should our authorities, for example, encourage the use of scarce materials in nonbasic goods for the purpose of building hard currency exchange (particularly where a small quantity of such materials can activate local resources on a considerable scale)? Should industrial capacity be built with our own materials to a point facilitating extensive competition with our own manufactured goods? Should simple incentive goods at times be given preference over the rehabilitation of basic industries? There will be delicate political questions, such as reluctance to make decisions damaging to a popularly elected government whose enemies suffer from no scruple. There will be separate points of honor and difficulties of method to be resolved in each country if the hoped-for benefits were not to be outweighed by resentment. Obviously, problems of this character will be peculiar to countries rather than commodities.

The home tasks are known. They include allocation, export controls to protect home supplies, the voluntary or mandatory channeling of a few materials to approved end products, public procurement and the facilitation of private procurement, expediting of storage and shipment, financing, defenses against inflation, and the accounting

for funds by both countries and products. A number of agencies will be urging more effective use of our freight cars, terminals, ships, and other physical facilities. They can hardly negotiate separate arrangements with the ODT, Maritime Commission, and Shipping Administration. Mere coordination of such countless and diverse details would be a dismaying task. It does not sound like the kind of job that one can parcel out among agencies organized primarily for other purposes with the injunction that each should do whatever fragments of it happened to correspond to past experience—except under central authority enforcing a common viewpoint. It does sound like a job requiring first-hand detailed knowledge at the top level rather than a share of the time of scattered executives. Granting the lack of complete analogy, the war was on a catch-as-catch-can basis until both suppliers and applicants were compelled to subject their data to a single process of purification, and within reasonable limits that process could be faulty without losing its advantage. The present enterprise lacks the vastness of war production but not its complexities.

This is the background of the debate on what might be called the battle of the plans. The particulars cited or others like them are analyzed in the accompanying plans, and it is out of this comparison that the following differences emerge.

2. Location of the powers over distribution

Many observers regard the allocation function as the most important to be performed under the new plan. Determination of the amount of wheat, steel, coal, and fertilizer that will be made available by the United States to its struggling associates will, at a single stroke, tend to fix or limit the importance of decisions made beyond that point. At the second level of distribution great shrewdness and ingenuity on the part of American administrators in Europe can still, of course, make the most of such supplies as are made available at the first level. It is a matter of considerable moment, nevertheless, that the various plans herewith discussed vary so widely in their disposal of the allocation power.

Three of the four plans submitted (Nos. I, II, and IV) accept in major part the principle that what is now being done should continue to be done in its present place. This means, with respect to the determination of United States availabilities, that the Department of Agriculture should have in fact the final word on food and the Department of Commerce on nonfood items. At present the legal power to issue the order is technically in Commerce, though Agriculture makes the recommendation and this is reviewed by a top interagency committee. As to distribution beyond the borders of the United States, two of the three plans in question (Nos. I and II) would continue the authority of the Departments of Agriculture and Commerce in dividing United States export allotments between the CEEC countries and the rest of the world. Differences, however, begin to emerge. One of these two plans (No. I) would require the concurrence of the State Department. The third (No. IV) would entrust the extra-United States allocations directly to what is referred to throughout this memorandum as a "new State agency." As to distribution among the cooperating European countries, one of the three plans under discussion would give final responsibility jointly to an independent

new organization and to the State Department as now constituted (No. I), another to the "new State agency" (No. IV), and the third to an independent new organization (No. II).

The fourth plan (No. III) would be none of these things. It would lift all powers from their present resting points and deposit them, with appropriate research and screening accessories, in a strong new agency. Indirectly, the agency would be empowered, with the approval of the President, to issue directives on other executive agencies. A potential check to its authority might grow out of a companion provision assigning certain blocks of commodities to the Export-Import Bank and the International Bank for financing. If matters so developed that the banks could not carry out their assigned portion of the central plan, they would in effect be exercising a veto power to the extent of the default. This latter feature, however, is not meant to balk in practice the centralization that the plan seeks in principle. Some effort was made to escape such a consequence by permitting the new agency to finance the same commodities, as well as food, fuel, and fertilizer, under certain conditions. The new corporation would be advised by a Foreign Aid Council assembled at Cabinet level. It is in the executive director of this body (serving also as chairman of the new operating agency, and in that capacity planning the entire program) that the power to issue directives would be vested. It is to be supposed, also, that his advice to the two banks would be influential insofar as it did not ask them to exceed their powers or resources.

Despite the divisive offshoot of the fourth plan, the issue of centralization is raised more acutely by the foregoing contrasts than at any other point in the diagram. The basic considerations do not have to be repeated. The Departments of Commerce and Agriculture are already dividing supplies between America and the world, and it is argued that the new program will not very often call for larger exports within any single quarter than were shipped in the second quarter of 1947. These facts in combination would seem to establish a presumption against change. The case for a change is made principally by two quite different considerations:

a. The assumption that the physical allocating task will be no greater in the future than in the past is perhaps too casual. Nothing can be more certain, for example, than that the supply of wheat that the United States must share with the world will be substantially smaller than heretofore, in the face of more exigent demands. Great store is placed by the current improvement in coking facilities, and by the increases in blast-furnace and steel-finishing capacity. There are, nevertheless, serious and definite threats to the realization of finished steel output on a comparable scale, and for the first time Europe has come forward with a schedule of requirements for steel and metallics that is keyed to ultimate self-sufficiency in trade balances rather than to spot needs. Practical or impractical, that schedule dwarfs its predecessors and sooner or later will compel decisions of great importance to the future world position of the United States. In other forms and degrees, similar questions may arise for other products, and they are not to be settled by scattered departments. America has no intention of planning the new Europe, but it has a right, bought by sacrifice, to determine the extent to which it will contribute to those countries. It will surely be found that answers to

many seemingly diverse questions will make sense only within a common frame of reference. Now there is none except that of coordinating committees. Finally, emphasis on the size of Europe's takings ignores the possibility—which some economists regard as a probability—of increasing rather than subsiding pressures within our own economy, over the next few years. The race between inflation and reconstruction can be aggravated from within, as well as from without.

The decisions looming here call for semijudicial qualities of a high order, and not merely administrative competence. More exactly, they would seem to require a greater degree of detachment from group influence, excepting that of Congress itself, than the head of an executive branch of the Government could ordinarily hope to achieve. He has legitimate political responsibilities and ambitions as well. His department is often regarded as the advocate of a sector of economic interests. In fact, the spectacle of a Cabinet officer performing judicial functions covering the whole national economy is not usual nor would it be reassuring. The pressures on him would increase more than proportionally with any increase in the tension between supply and demand. Such a situation—requiring firmness capable of denying present benefits both to ourselves and to beleaguered sister nations in the interest of maximum joint security—does not invite confidence in merely convenient solutions.

It is realized that (1) excessive detachment would be both improper and impractical, and that (2) the knowledge and judgment of departmental heads must be fully utilized and that their voices must be influential. The plans under discussion show a tendency in certain respects to embrace one extreme or the other. A better balance ought to be possible.

b. The new concept places far greater emphasis on world management and on coordination of world resources than the old. Economic plans for a score of countries and probably more are to be woven into a common plan for all of them. Is this the "new dimension" that was thought necessary in the discussion of general principles to justify a concentration of the allocating authority? Such a phrasing of the question opens up considerations that cannot be referred exclusively to experience and custom. The proponents of decentralization tend to regard any new agency as a claimant for Europe, and thereby automatically cast the executive departments in the role of judges. The advocates of a strong new agency have not been thinking of it in that light. The purpose of the emergency reconstruction program (hereafter called ERP) is to restore world stability, and it is not of determining significance that the immediate point of application is Europe. The new agency's problem is to make the most effective use of available resources, and not to champion Europe. The latter can be done by the State Department, and the appearance of two advocates is in itself a stricture on the plan that offers them. The final authority will retain for America and take away from America, within the limits of legislative discretion and public tolerance, on the basis of long-range rather than passing needs. It will finally have to get away from interim tests. It might decide that metallics are to be kept here and wheat shared liberally because long-run equilibrium was thought to be best promoted in that manner.

The essence of the case made by those desiring centralization of the allocating powers, therefore, is that such powers should not and cannot

logically be separated from responsibility for results. Nor do they omit all reference to the fact that other nations with quite contrary objectives are opposing our efforts with a blind and unvarying discipline.

3. *Financing*

The plans show wide disagreement on this subject. The most important aspects are (a) the determination of needs and terms, by countries, and (b) performance of the financing function. They will be treated jointly.

Plan I places both funds and responsibility in a new reconstruction agency. Plan II requires such an agency either to finance or to arrange for the financing of approved European purchases. The intention is that facilities of the Export-Import Bank and the International Bank are to be used to the fullest possible extent, under directives from the new agency when possible. If, or to the extent that, the banks are not able to finance an approved program, the new agency itself may make or guarantee necessary loans. Plan III (see Proposed Principles and Organization for Any Program of Foreign Aid) distributes the responsibility, assigning capital equipment to the International Bank, raw materials to the Export-Import Bank, and food, fuel, and fertilizer (which have been called the "body and soul" commodities) to a new corporation, with the suggestion of limited emergency powers to aid in the production of these items abroad by the provisions noted below. This plan assumes that the bulk of the approved dollar requirements for capital equipment and raw materials can be met, for the limited period contemplated, by the two autonomous banks, despite certain fund and policy limitations, because of the relief afforded their exchange positions by the "F-F-F" grants and the privilege accorded the new agency to use a portion of its capital on incentive goods and emergency requirements of machinery and equipment. These emergency powers, if added to a capitalization that can be increased by authorization to borrow from the Treasury, serve to provide a more flexible approach, under defined general functions and limitations, than those of the other plans. It relies on a realistic screening of requirements in terms of availabilities and on the momentum of private capital investment, once the recovery program is under way. Plan IV would have a new State Department agency negotiate specific terms of assistance (under NAC guidance) and certify the resulting requirements to the Treasury Department.

Disagreement seems to be conspicuous over the roles most suitable to the two banks. All plans would expect to use them. Plans I and II apparently take for granted that it would be unsafe or impracticable to allot specific types of products to them for exclusive handling. Plan III shows an obvious desire to give them such responsibility but finally leaves the way open to supplementary action by the new agency. Perhaps the best way to focus the problem, therefore, is to explain the principal misgivings over plan IV. They may be summarized as follows:

a. The operations of the banks are at present limited by their charters and policies. Loans are expected to be on a reasonably sound and repayable basis. If the banks begin to operate on non-commercial or nonbanking criteria, the soundness of past loans is endangered and the banks' whole functions are changed.

Plan IV, as stated, expects that grants by its new agency for food, fuel, and fertilizer (also incentive goods and capital equipment on an emergency basis) will so relieve the pressure on the dollar reserves and newly earned export credits of beneficiary countries as to refurbish their borrowing capacity. There has also been a possibility that, in the case of the Export-Import Bank, Congress may relax the present rule on "reasonable assurance of repayment." Doubts have been expressed as follows as to the pros and cons of this proposal:

(1) If the rule is not relaxed:

(a) There is no assurance that funds, borrowing capacity, and strategic requirements will match. Data available to date suggest that even over-all the present resources of the banks might be taxed in their respective areas of responsibility unless supplemented materially by those of the new agency along the lines indicated above. (See analysis of dollar-commodity requirements in Preliminary Report No. 9, Breakdown of European Requirements by Major Categories.)

(b) Individual countries in the weakest financial position may be best helped by grants of equipment and raw material funds on a scale greater than the new agency will be technically permitted to meet.

(c) However reluctantly, some aid may have to be given on strategic and speculative grounds rather than be subjected to the tests of good investment. Complete division between sound and unsound credits on a commodity basis within the same bankrupt economy is artificial and will sooner or later be embarrassing. It calls for an excessive amount of subdivision. In practice, it seems probable that no banker would finance some of the projects that would be defensible from a tactical standpoint.

(d) Security of bank loans will depend on the continuity of congressional appropriations. The latter will be short-term and the loans long-term. There is no special logic or necessary permanence in such an alliance. The plan should not bind the Recovery Administrator at the very outset on matters that he cannot possibly foresee.

(e) It is doubtful if any plan of financing established now will be recognizable a few years from now. The situation is notably fluid, with real requirements untested.

(f) The advantages of the plan are (i) that it would force European petitioners to screen their requirements more carefully than if no repayment were expected, (ii) that borrowers would be able to deal with a single source in financing specified types of goods, and (iii) that it impounds funds which can be used for reconstruction.

(2) If the rule is not relaxed:

(a) The charter of the Export-Import Bank might have to be altered to (i) relieve it of the "repayability" standard, and (ii) make it subject to directives of the new agency head acting for the President. There is an extremely useful place for an institution of the present autonomous type. It might conceivably be able to add a speculative function to its present investment function without confusion, but a double life is not too easily led by even a corporation. Its judgments would be made by two imperfectly related standards—soundness and reconstruction.

It is possible, of course, that the stress on the antipathy of functions is overdone, particularly in view of the supplementary help which may be given by the new agency. Perhaps very nimble talent

could keep both balls in the air at the same time, but it would be unusual.

(b) A collateral result would be the establishment of two second-mortgage or charitable institutions. The actions of any new agency, by common consent, are to be determined solely by their relevance to reconstruction.

b. The adequacy of financial resources for the assigned tasks is not as yet clearly determinable. The International Bank must rely for its dollar funds on the sale of its debentures, and public confidence might be shaken by its acceptance of a commitment to underwrite any foreign expansion deemed by a "relief" agency (the connotation at least cannot be escaped) to be a worth-while reconstruction—as distinct from investment—risk. The resources now at the disposal of the bank are reported as being in the neighborhood of 2.7 billion dollars, but the portion of this sum that will be available to the 16 cooperating countries and Germany is still unknown.

The resources of the Export-Import Bank are expected to total about \$1,000,000,000 by the end of 1948, but again not all of this sum will be available to Europe. Congress can, of course, enlarge its capital and borrowing power by amounts that would vary depending on whether or not its lending standards are also relaxed.

It is still not possible to estimate the extent to which recovery needs would be covered by the respective resources of the two autonomous institutions. CEEC specifications are still far from complete. Available evidence and inference on requirements by commodities and countries, however, suggest the possibility of a sizable deficiency. (See analysis of dollar-commodity requirements in Preliminary Rept. No. 9.)

Conclusion: Critics of plan IV do not at all oppose use of the banks. They recognize and even urge that the first instrument is part of an ambitious international plan to which we are deeply committed, and that the second has already acquired indispensable experience in evaluating and underwriting foreign enterprise. These are powerful considerations, and no abstract fear about their fitness for the present task can be given serious weight. It is the rigidity of the plan that disturbs the critics. The European recovery program will shift form and scope continuously. Chances may have to be taken. A formula that would use the banks to the limit of their proper and well-managed capacity and then round out the contours of an effective reconstruction plan directly if necessary seems realistic. As a means of doing so, critics of plan IV would place residual powers, on a somewhat more liberal scale than seems now to be contemplated, in the hands of a body which would judge and be judged by the effectiveness of its contribution to reconstruction and would not, like the banks, be bound legitimately by the security of its loans.

These considerations lead to the idea that the banks may fulfill their proper role, as indicated in plan III, if and when the conditions for internal stabilization of currencies have been established in western Europe. The proposed emergency powers, added to the coverage of food, fuel, and fertilizer needs, on a noncommercial basis where necessary, would seem to afford the more useful approach to what is bound to be an experimental phase in European reconstruction.

4. Foreign organization

Disagreement on the character, powers, and alinements of a United States administrative structure in Europe is complete. All plans differ in one or more major respects.

Plan I would rely largely on the present European organization of the State Department strengthened for the purpose. The United States representatives in Europe of the new Washington agency would have principally a coordinating function. Plan II would place the entire European end of the program in the new agency's foreign staff, almost bypassing the State Department except for undefined questions of major policy. The authors of plan III are still considering the question and have left it for development by the Emergency Foreign Reconstruction Authority under the policy guidance of the Foreign Aid Council. Plan IV turns again to the State Department, but endeavors to bridge the crucial gap by lodging a new agency in the State Department, responsible only to the Secretary. Abroad it would maintain a specialized staff in the various missions reporting through and under the authority of the Ambassador.

The merits of these diverse plans cannot be discussed apart from the overriding question of the location and powers of the new agency itself.

5. Organization, powers, and limitations of the new agency

Settlement of this question would go a long way toward settling many of the others. Conversely, it is the intrusion of subsidiary questions that makes the problem of organization so difficult.

Plan I lays great stress on the planning, coordinating, expediting, financing, and auditing responsibilities of the new agency, but gives it little outright authority. The language of plan II likewise seems to make the new agency (possibly to be incorporated) responsible for management of the program, after, however, placing the vital allocation and related controls elsewhere. Plan III vests virtually all authority in the new agency, subject to general policy control by the President, advised by the Foreign Aid Council. There is a possible qualification in that its allocations of capital equipment and raw materials would be ineffective if the International Bank and the Export-Import Bank proved unable or unwilling to finance their share of procurement. However, the degree of United States influence in the International Bank and the excellent record of the Export Import Bank so far, make this an unlikely obstacle. The latter is, after all, an agency of the United States, albeit an "independent" agency, governed only by act of Congress. Plan IV relies on its new State Department agency for almost all policy and administrative action, the notable exception again being the power to determine United States domestic and export availabilities.

All plans provide for administrators and advisory bodies, but disagree on their composition, functions, and relations. In the main they tend to center in an administrator whatever powers they wish the new agency to exercise, relegating boards and committees to advisory roles except in a few instances for questions of major policy. Plan III sets up over its Board of Directors a Foreign Aid Council chairmaned by the Secretary of State and made up of Cabinet officials and the Directors of the Authority's Board. The Chairman of the Authority's Board would also serve as Executive Director of the

Foreign Aid Council which he would continually consult. In the latter capacity he would issue directives to other agencies, but only on the signature of the President.

The most vital questions arising from this diversity are those relating to (a) location of the postwar and recovery powers permitted by Congress, (b) protection of the prestige of the Secretary of State in his foreign relations, and (c) concentration or dispersion of financial responsibility.

a. Decisions on organization must rest on the practicalities of the immediate situation as well as on principle. Delegations of authority are not always final. This is particularly the case with important new types of governmental activity. For some time after an assignment of authority, officials and departments will be discovering ways, in which their interests are affected or will see their strong convictions inadequately considered. Many such disagreements must be settled in the office of the President. The original decision merely fixes the bargaining position of various officials in the first instance. Under plan I, II, and IV, the respective heads of the several allocating departments would be entranced behind grants of final administrative authority, and the agency actually responsible for reconstruction would have to attack from an inferior position. Under plan III, in varying degrees, the departments best informed on American production and operating requirements would be the appellants. The initiative rests with the chairman of its board, as Executive Director of the Foreign Aid Council for shaping the programs of foreign aid, as well as for screening them and seeing that they are carried out. Under any plan, the final test of strength would take place in the office of the President. But no President anxious for the continued support of Congress would fail to take seriously an agency like that which it is proposed to create by risking the resignation of its chairman and possibly its board.

b. From procurement and allocation in this country to the appraisal of requirements and rendering of technical aid abroad, the reconstruction authorities have a mammoth business enterprise on their hands. Yet that enterprise is at the same time inextricably woven into the foreign policy of the United States. There is need, therefore, for an essentially business organization which respects at all essential points the prerogatives of the Secretary of State.

This is not easy to contrive, and all of the plans have encountered conscious difficulties with it. The foreign missions as well as the Department of State itself are at present neither organized nor staffed to assume the new burdens. They will have to be supplemented with more specialized personnel. As to this, all plans are agreed. They even agree for the most part that the new units should be built physically into our foreign embassies and have full use of the Department's administrative facilities. But they break completely on questions of authority and alignment. Some would all but set up duplicate structures, with the head of one reporting to the Secretary of State and the head of the other reporting to the Recovery Administrator in Washington (independently of the Ambassador except on matters of "major policy"). At the opposite extreme, plan I would place almost all operations under the regular United States mission heads, reserving for the representatives of the new Washington agency only the duties of coordination and of assisting in the negotia-

tion of multilateral agreements; while plan IV would resolve the difficulty by building the Washington headquarters of the new agency into the State Department itself with a nearly autonomous status.

While there is obviously no good solution, students of the four plans have offered stronger objections to some features than others:

(1) Concern is especially evident over the proposal to set up two parallel and mutually independent establishments to represent the interests of the United States in foreign countries. Natural frictions are accentuated, confusion is caused among the officials and peoples of the countries to which the separate representatives are accredited, and efforts are not infrequently made by artful persons to exploit the division.

(2) In the circumstances now obtaining, unusual care should be taken to uphold the prestige of the Secretary of State. It is true that the Foreign Service of the United States represents all the Government and not merely the Department of State, but public opinion both at home and abroad regards the Secretary of that Department as the titular head of the Foreign Service. No action should be taken that might be construed as a lack of confidence in his policies and competence. A workable solution of the first problem should also solve the second.

There are probably precedents for many kinds of relationships. After the end of the war one United States official abroad enjoyed almost complete autonomy including the privilege of signing for the United States without reference to any Ambassador or to the Secretary of State. More frequently, members of a governmental agency other than the State Department, are in effect assimilated into Embassy staffs, receiving their instructions from their own departments after clearance by the State Department. If a disagreement should arise between the interested Cabinet members, it would have to be settled by the interdepartmental board governing the Foreign Service or ultimately by the President.

It is important to remember for this purpose that United States ambassadors are representatives of the entire Government and not merely of the State Department. They are appointed by the President and not by the Secretary of State. In the present case the contemplated United States representative of the new agency would acquire a similar ambassadorial status in a similar manner. But there are many types of negotiations of a business nature, or even those which produce quietly fruitful results in getting conformity with certain conditions which promote self and mutual help that can only be conducted in an atmosphere free of diplomatic note writing and all the attendant issues of prestige. It seems important that for these purposes the representative of the new agency operate with some freedom under responsibility to the chairman of the Authority, with only the duty of keeping the embassies and mission of the United States fully informed.

The culmination of this reasoning under some plans is that the new recovery units within the several embassies would be reporting to and receiving instructions from the Washington administrator through the Department of State except to the extent that clearance was waived on matters not seriously affecting major policy. Any disagreement would be settled, under most plans, by the interdepartmental board or by the President; under plan III, it would be settled

at the level of the Foreign Aid Council or by the President. This balance between the established and emergency organizations could easily be altered by a few degrees at the will of the two principals or by direction of the President. But it is a balance that is necessary. Every government today has to gear its economic policy into high diplomacy.

II. PRESENT GOVERNMENTAL ORGANIZATION AND ADMINISTRATION BEARING ON FOREIGN AID AND RECOVERY PROGRAMS

While there is no single United States agency to administer foreign aid and recovery at the present time, there are a number of separate programs in operation which carry out certain of the functions relating to foreign aid. These are:

- (1) Occupied areas programs.
- (2) Foreign relief program.
- (3) Greek program.¹
- (4) Export-Import Bank program.
- (5) Treasury loan to Britain.
- (6) Credits in connection with surplus property sales.
- (7) Export control program.

At the present time the administration of these programs is spread over a number of different agencies and is carried out by varying methods and procedures. The high lights of these programs are set forth herein to show how the present programs relate to any future programs in this field.

1. OCCUPIED AREAS PROGRAMS

The administration of the occupied areas is still under the Department of the Army and no definite date has been fixed for the proposed transfer to the Department of State. The Department of State participates, however, in determining policy for occupied areas. It has a small interdepartmental coordinating staff of 13 persons under the Assistant Secretary for Occupied Areas. Major departmental staffs are in the Office of Intelligence Research and Office of Economic Security Policy. Small staffs of 10 to 15 people are in the Geographical Offices and in the Office of Information and Educational Affairs.

The Department of State uses the Advisory Committee on Occupied Areas (meeting once or twice a month) as a device for assisting it to formulate policy among civilian agencies (principally the Departments of Commerce, Agriculture and Treasury).

In the case of the Japanese-Korean occupation, the State Department is advised by the 11-nation Far Eastern Commission. In the case of German-Austrian occupation, international negotiations on the political level are undertaken by the Council of Foreign Ministers. The Four-Power Control Commissions operate to reach agreements, where possible, on working policy coordination in Berlin and in Vienna.

Administration within the Department of the Army is handled primarily by the Civil Affairs Division, which reports to the Under

¹ The Greek program includes the civilian program under the Greek-Turkish Assistance Act (Public Law 75) as well as the Greek end of the program of the Foreign Relief Assistance Act (Public Law 84). The Turkish program is omitted from discussion because it is almost entirely military.

Secretary and the Secretary of the Department of the Army, which have small staffs working directly on occupation areas problems. Procurement and shipping are handled by the Services of Supply and Procurement, and by the technical services. In some cases, the responsibility for actual procurement and shipping is delegated to the Commodity Credit Corporation and the Bureau of Federal Supply. Primary responsibility for the purely military and strategic aspects of the occupation resides in the Assistant Chief of Staff for Plans and Operations. Coordination between Departments of State and Army is formalized in the State-Army-Navy-Air Force Coordinating Committee, which meets frequently and prepares policy papers for transmission to the theater commands.

Overseas administration of civilian affairs in occupied Austria is under a high commissioner who is at the same time commanding general of military forces, reporting to the Joint Chiefs of Staff. In effect, the United States participation in Austrian occupation is still under the Department of the Army. Quadripartite decisions are taken in the Allied Commission for Austria. Responsibility in Germany lies in the commander in chief, European command, reporting to the Joint Chiefs of Staff and in effect to the Department of the Army. For economic affairs, an effective joint British-American economic agency has been established to supervise German governmental agencies dealing with economic affairs for the bizonal area. The Quadripartite Allied Control Council is no longer an effective governing body.

In Japan responsibility is centralized in the Supreme Commander for the Allied Forces, who receives instructions from the Joint Chiefs of Staff, but is advised by a four-power Allied Council for Japan. In case of disagreement, the Council can refer the matter to the Far Eastern Commission. In Korea, the United States zone is governed by the United States forces in Korea, which is technically under SCAP (General MacArthur) but which deals directly with the Joint Chiefs of Staff and the Department of the Army in many matters.

Political advisers designated by the State Department, with staffs to a total of 150 to 200, are attached to the United States field occupational organizations. These advisers receive their instructions directly from the State Department and communicate directly with the Department. They play, generally, an advisory role but assume operational responsibilities with respect to the conduct of the foreign relations of the occupied countries.

2. FOREIGN RELIEF PROGRAM

The President delegated his powers under the Relief Assistance Act of 1947² to the Secretary of State. Actually existing programs relate to only four countries—Austria, Trieste, Greece, and Italy. Funds have been set aside for a China program. Except for coal and pesticides, very few commodities outside of food items are involved in the program. The United States Army assists in screening supplies for Austria and Trieste. The Agriculture Department assists the State Department in screening food requests. The overseas relief missions are attached to the embassies, in the case of Italy and China, and to the special United States authorities in the case of Trieste and

² Public Law 84, 80th Cong.

Greece. They make recommendations as to the validity of requirements submitted by the foreign governments.

Practically all procurement in the United States is handled through the procurement services of the Army for Trieste and Austria, and through the Bureau of Federal Supply and the Commodity Credit Corporation for the other countries. In fact the Army, in connection with its procurement responsibilities, uses the other two procurement agencies mentioned, in a great many cases. However, in the case of coal for Italy, purchases are made by the Italian Technical Mission in this country but these purchases are closely supervised by the State Department. Except in the case of Italy, Greece, and China, agencies of the foreign governments accept delivery in the receiving country and arrange for distribution. In the case of Austria and Trieste, occupation authorities perform these functions. In all cases, the overseas missions watch closely the distribution of United States supplies.

As has been indicated, the main administrative responsibility in the United States resides in the State Department. Many offices within the State Department participate in functions relating to the program.

However, the primary offices concerned are those of the adviser on relief and rehabilitation attached to the Assistant Secretary for Economic Affairs, who, with a small staff of 10, supervises the over-all administration of the program and coordinates the administration of the program within the Department, and the Procurement-Control Division, with a staff of 8, which handles technical and operating aspects of the procurement operation.

The Department of Agriculture, in addition to screening and procurement functions, advises generally regarding agricultural developments in the countries concerned, since continuous pressure is exercised upon the foreign governments to increase their domestic production. The role of the Department of the Army, as has been mentioned, is broad in relation to occupation areas of Austria and Trieste but minor in connection with other areas. The Department of Commerce participates in the program only in the administration of export controls. The Treasury Department, aside from its procurement operation, provides policy advice on the international financial aspects of the program, but has little to do with its administration.

There is a special interdepartmental committee on the foreign-aid program, which was active in the initial stages of the program but is now inactive. The National Advisory Council in the initial stages considered the international financial aspects of the program and offered advice on this point. Occasional matters relating to the program are discussed by the Executive Committee on Economic Foreign Policy.

A very important part in the administration of this program is the negotiation of international agreements with recipient countries. These agreements are developed and negotiated, principally in Washington, by the State Department with representatives of the foreign governments concerned. Such negotiations as occur overseas are handled by the field staffs described above. The major portion of the United States effort to place conditions upon the granting of relief in order to secure cooperative recovery action on the part of the foreign governments is directed toward the provisions of these agreements and the way in which they are executed by the foreign

governments, in conformity with the conditions laid down by Congress in Public Law 84 of the Eightieth Congress, first session (May 31, 1947).

3. GREEK PROGRAM

The Greek program is being undertaken under the authority of two separate acts—the Greek-Turkish Assistance Act³ of May 22, 1947, and the Relief Assistance Act⁴ of May 31, 1947. As of the end of September, only food items have been supplied under the latter program, but fertilizer and medical supplies will also be provided.

Of the \$400,000,000 appropriated for aid to Greece and Turkey, \$300,000,000 was earmarked for Greece.⁵ Of this amount, one-half was allocated to the military program and one-half to the civilian program. Only the latter is pertinent to the present analysis.

1. Administration in Greece

The chief responsibility for carrying out the program in Greece rests with the American Mission for Aid to Greece (AMAG) under Dwight P. Griswold, with a total strength of 128 personnel. The mission is separate from the Embassy staff and does not report to Washington through the Embassy. However, the Ambassador is kept informed of programs and activities and continues to have responsibility for negotiations with the Greek Government in matters of long-run significance. Certain difficulties have been reported currently in the press, as arising from this division of responsibility. The undertakings and agreements under which this program operates are set forth in two intergovernmental agreements and an exchange of notes which were negotiated for the United States by the Ambassador.

The civilian program, under AMAG administration, consists of the following:

(1) Advice to the Greek Government on such matters as the budget, currency reform, governmental organization and administration, foreign-trade control, agriculture, shipping, and public health. The mission exercises, sometimes advisory, sometimes veto, and sometimes supervisory controls.

(2) Supply of materials needed for public works, agriculture, public health, and other projects developed in collaboration with the Greek Government.

(3) Detail of personnel to work in various administrative branches of the Greek Government. A degree of supervision is exercised through them.

2. Procurement of supplies

Procurement in the United States under the Greek-Turkish aid program is undertaken for the most part by private Greek importers. However, all purchases with United States funds must be approved in advance by the AMAG, which participates actively in the Greek Foreign Trade Administration which has been set up to direct and control all exports and imports and the use of foreign exchange. The Bureau of Federal Supply and the Commodity Credit Corporation

³ Public Law 75, 80th Cong.

⁴ Public Law 84, 80th Cong.

⁵ \$100,000,000 of the appropriation under the Greek-Turkish Assistance Act was allocated to Turkey. Since this program is primarily of a military nature, its administration is not pertinent to the present discussion. The American Ambassador to Turkey has been named chief of the Turkish Mission, under whom there is a small staff of representatives of the United States armed forces.

also handle a small portion of the procurement program. (For example, in the case of coal, the BFS acts as procurement agent for the Greek Government.) The supplies provided under the general Relief Assistance Act are procured by the regular United States procurement agencies (the Commodity Credit Corporation, the Bureau of Federal Supply, and the procurement services of the Department of the Army).

3. Administration of the Greek program in the United States

The Greek-Turkish Act placed administrative responsibility for the program in the President, who delegated his responsibility to the Department of State. As has been indicated, the chief operating responsibility in the field is exercised by the American Mission. The organization within the State Department is in the nature of a back-stop for the mission. Many offices within the Department participate in the program under the coordination of the Coordinator for Aid to Greece and Turkey reporting to the Under Secretary. The Coordinator has a staff of approximately 15. Technical procurement coordination is handled by the Division of Procurement Control of the Department, under the general supervision of the Coordinator.

There has been a delegation of responsibility for operations on the Greek road-building program to the Public Roads Administration. Under plans approved by the mission, the United States Army Corps of Engineers handles other construction programs and for this purpose maintains an office in Greece. The Department of Agriculture, although given no direct responsibility for the administration of agriculture programs in Greece, serves in an advisory capacity. Advice with respect to the monetary and financial problems in Greece is provided by the Treasury Department. The Commerce Department advises with respect to the conduct of foreign trade, particularly that carried on between private American and Greek exporters and importers.

There are two special interdepartmental committees concerned with the Greek program—the interdepartmental committee on the Greek aid program, and the Export-Policy Committee. The first committee was used considerably in the early days to work out the interdepartmental working and policy program, but now meets just once a month, and is used primarily as a device for circulating information and reports. In most cases, coordination between departments is obtained by direct contacts. The Greek Export-Policy Committee is called on to correct bottlenecks in shipments from this country.

In addition, the executive committee on Economic Foreign Policy and the N. A. C. occasionally consider policy matters relating to the Greek program, and the War Department has a special relationship to the AMAG in carrying out the military program in Greece.

4. THE EXPORT-IMPORT BANK PROGRAM

Legislative authority

The Export-Import Bank is now operating under the Export-Import Bank Act of 1945⁶ as amended by Public Law 89 of the Eightieth Congress which reincorporated the bank as a Federal corporation as required by the Government Corporation Control Act. The present

⁶ Public Law 173, 79th Cong.

charter expires in 1953. This legislation empowers the bank to do a general banking business except that of circulation, "to aid in financing and to facilitate the export, import, or the exchange of commodities between the United States or any of its Territories or possessions and any foreign country or the agencies or nationals thereof." It is declared to be the policy of the Congress "that the bank in the exercise of its functions should supplement and encourage and not compete with private capital and that loans so far as possible * * * shall generally be for specific purposes and in the judgment of the Board of Directors offer reasonable assurance of repayment."

The management of the bank is vested in a board of five members not more than three of whom shall be members of any one political party. Four of the members, one of whom is designated as chairman, are appointed by the President by and with the advice and consent of the Senate, while the fifth is the Secretary of State. The terms of the appointed directors are 5 years.

The legislation states that the Export-Import Bank shall constitute an independent agency of the United States and neither the bank nor any of its functions, powers or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless by specific legislation.

The corporation has a capital stock of 1 billion dollars subscribed by the United States and is authorized to borrow from the Treasury up to 2½ billion dollars.

Current operations

The bank has obligated all of its lending authority except approximately \$510,000,000. Since the heavy loans recently contracted do not generally require the beginning of the repayment of principal until 1950 (and then less than \$200,000,000) a year will be repaid, it is clear that very little new lending can take place during the European recovery program period without legislative increase of the bank's lending authority.

It is impossible to specify in any definitive way the types of loans which the bank makes, except that (1) loans are made for specific purposes; and (2) loans are now rarely made for longer periods than 10 years. Applicants may either be domestic exporters or foreign governments or importers. In any case all loans must be guaranteed by the foreign government. In some cases collateral is required, but generally it is preferred to rely exclusively on the credit of the foreign government and business enterprise. Generally only short-term loans are made for consumer goods.

Each individual transaction is investigated from the standpoint of the soundness of the enterprise and the ability of the Government to secure foreign exchange. Much reliance in this connection is placed upon the National Advisory Council and its staff. It is the general policy of the bank to make loans which have the effect of encouraging exports to hard-currency countries. So far as possible the bank encourages private participation in its loans, although it no longer favors guaranteeing private loans. However, its portfolios are open for inspection by commercial banks who from time to time take over certain of its loans, generally when the final maturity date is no longer than several years. Also in the case of some commodity loans the Export-Import Bank uses the facilities of commercial banks for

making funds available to borrowers, etc. In most cases the bank insists that the United States exporters assume 25 percent of the total obligation and also that the foreign importers make a cash down payment of approximately 25 percent.

Administrative control

The board of the bank prides itself on its independence; yet it is desirous of cooperating with the President and the National Advisory Council. In addition, it seeks the State Department's advice with respect to the political desirability or undesirability of prospective loans. The board would be unlikely to approve a loan which the President or the National Advisory Council or State disapproved, but it reserves the right to disapprove of loans even though these agencies favor them. The President has on a number of occasions requested the bank to make a loan, investigate a loan, or establish a general line of credit.

The annual budget of the corporation must be submitted to Congress through the Executive Office of the President and specific approval must be given by Congress to the administrative budget.

The legislation establishing the bank sets up an advisory committee which in fact contains the same membership as the National Advisory Council with the Chairman of the Export-Import Bank as chairman of the committee rather than the Secretary of the Treasury. In practice this committee has never met since the other agencies represented on the committee feel that there is no need to duplicate the National Advisory Council.

Under the Bretton Woods legislation, the National Advisory Council is given authority to "coordinate" the operations of lending agencies of the United States, including the Export-Import Bank, to secure the general conformity of their operations with our international financial policy. In practice, many prospective loans are referred to the Council for advice.

The internal organization of the bank is obscured by the fact that the board members participate to some extent in operations, although as board members they have no fixed responsibilities. The chairman of the board is the president of the corporation and is, except for the exception just noted, the director of the staff of the bank. The staff consists of approximately 125 individuals.

Problems concerning the bank arising under the European recovery program

(1) Whether the bank's lending authority should be increased. Obviously, unless this is done, the bank will play only an insignificant role.

(2) Whether to limit the bank's lending operations to particular types of loans.

(3) Whether all exports financed by the bank should be programed in advance by the agencies handling the foreign recovery program.

(4) The extent to which the bank in its operations should be subjected to the over-all control of a central foreign recovery agency or council.

5. TREASURY LOAN TO BRITAIN

The \$3,750,000,000 loan to the United Kingdom was made pursuant to the Anglo-American financial agreement of December 6, 1945, approved by joint resolution of Congress which became law on July 15,

1946.⁷ Negotiations leading up to this agreement were conducted between the United States and the United Kingdom representatives over a period of several months. The United States was represented by the agencies represented on the National Advisory Council—the Departments of Treasury, State, and Commerce, the Federal Reserve Board, and the Export-Import Bank. The Secretary of the Treasury signed the agreement on behalf of the United States, and the Treasury Department in consultation with the National Advisory Council has taken the lead in administrative determinations relating to the loan.

The chief United States administrative responsibility in connection with the agreement has been the continuous survey of the United Kingdom's financial position in order to determine the extent to which the purposes of the loan agreement were being fulfilled.

In accordance with the agreement and the joint resolution, a general line of credit was established in the accounts of the United States Treasury in favor of the United Kingdom. As the need arose, funds were drawn from this account by the United Kingdom and placed in United Kingdom accounts in United States banks.⁸ These funds were used, as provided in the loan agreement, for purchases within the United States, for purchases outside the United States where dollars are required, and to maintain the exchange convertibility of the pound sterling. There were a number of undertakings on the part of Great Britain to move in the direction of a more free and nondiscriminatory regime in international trade and finance. No restrictions were placed upon the United Kingdom's use of these funds except that they were not to be used to cover past transactions and except as the exports of commodities from the United States were limited by export controls.

United Kingdom importers draw upon the funds for actual procurement in this country and abroad under programs approved by the United Kingdom government. In a few instances, purchases within the United States were made through the Commodity Credit Corporation acting as agent for British importers. There was no appropriation in connection with the establishment of this line of credit as it was handled as a public debt transaction by a credit established with the Treasury.

6. CREDITS IN CONNECTION WITH SURPLUS PROPERTY SALES

There still remains approximately \$1,000,000,000 of surplus property outside the United States. Under the Surplus Property Act of 1944, as amended, the State Department is authorized to enter into agreements providing for the disposal of this property to foreign governments and to extend credits in connection with such sales. Credits extended have ranged from 6 months to 30 years.

In practice, property sales are made for dollars, real estate, foreign currencies to be used to cover regular United States Government expenditures, and for educational purposes in line with the Fullbright amendment. It has not been found possible to exchange property for strategic materials since the foreign governments desire to sell these materials for dollar exchange and no agreements for scheduled

⁷ Public Law 509, 79th Cong.

⁸ As of August 20, 1947, when the account was frozen, \$400,000,000 remained in this Treasury account.

deliveries were incorporated in the agreements. A number of agreements have been entered into providing for the handling of funds set aside for educational purposes. These agreements are negotiated by the overseas staffs of the Foreign Liquidation Commission, which is separate from the embassies and negotiates the agreements independently of them. The overseas staff numbers four or five hundred. Central European headquarters are located in Paris and offices are maintained in various other locations which are strategic in the sales of surpluses.

Regulations with respect to the handling of local currencies accepted in payment for surplus property are issued by the Treasury Department.

The War Assets Administration is authorized to extend credits in connection with sales to foreign governments of surplus property located in this country. Negotiations with foreign governments are concluded in this country. Arrangements are made to coordinate such sales and credits with those of the Foreign Liquidation Commissioner. Little progress had been made in foreign disposal programs by WAA as of recent date.

Under the Merchant Ship Sales Act of 1946, the Maritime Commission is authorized to extend credit in connection with the sale of Government-owned ships to foreign countries on terms no more favorable than those extended to United States purchasers. Negotiations are conducted in this country. For a considerable period during the past fall and summer, foreign sales, except of tankers, appear to have been held up.

EXPORT CONTROL PROGRAM

Export controls, both on the restrictive side and the positive side (export priorities or set-asides), should be referred to in the present setting. In addition to providing a technique for implementing commitments undertaken in connection with specific aid and recovery programs, they may be administered in such a way as to channel such commercial exports as are permitted to particular countries for particular end uses—provided that the importing country has available dollar exchange. By restricting exports to certain countries or for certain nonessential end uses, they increase the quantities available to other countries for essential end uses. This technique of aid and recovery is particularly effective when linked with international allocations as now practiced by the International Emergency Food Council and the European Coal Organization. Export priorities or set-asides are even more effective, but have been used only in the case of tin plate for food preservation programs, and nitrogenous fertilizer.

As a result of legislation enacted during the Eightieth Congress and the action of the executive branch, few of the wartime controls are now being exercised. The principal exception is export limitations which apply to approximately 20 percent of current total exports.⁹ Although present statutory powers¹⁰ provide for considerably broader control powers than those now being exercised, these powers expire, with few exceptions, by the 1st of March 1948.

⁹ It has been estimated by the Department of Commerce, however, that controlled exports would be twice as great in the absence of controls.

¹⁰ See pp. 186-190 of the European recovery program handbook (compiled by the staffs of the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House) for text of statutes.

Certain emergency or wartime powers are still being exercised over domestic rail transportation and the present statutory power in this field is broad. There is a limited use of power to establish export priorities or set-asides. In the case of direct procurement for export by United States Government agencies, and the charter of United States owned merchant ships,¹¹ moreover, a form of control is being exercised.

There are certain other control powers now authorized to a limited extent and exercised sparingly, which have an indirect bearing on foreign aid and recovery programs. Among these are import quotas which have the effect of increasing the total quantity of world supplies of scarce commodities available for needy countries, limitations on agricultural production, price-support programs having the effect of increasing agricultural production, export subsidies in the case of domestic surpluses of agricultural items,¹² the domestic allocation of a few commodities which are being exported, the production subsidy on malleable or foundry-grade pig iron, and the regulation of trading in the commodity exchanges. Also deserving of mention are occasional informal exemptions from possible prosecution under the anti-trust laws in the case of measures taken collectively by an industry to cooperate in a foreign-aid program or to cushion the domestic effects of such a program. There follows an account of the more important of the controls now being exercised and the method of their administration.

Export controls are now being used to determine the total quantity of the exports of particular commodities which leave the country, to direct the flow of exports to particular countries and in some instances to particular end uses within those countries, and to determine the distribution of export business among United States suppliers and in some instances among procurement agencies and foreign consignors.

The chief purpose behind these controls in addition to those cited above is to protect the domestic economy by limiting the total amount of scarce commodities—those included in the so-called positive list—which leave the country. The positive list includes meats, edible oils and fats, butter, grains, feeds, inedible oils and fats, fibers, lumber, petroleum, iron and steel, aluminum, nonferrous metals, machinery, railway cars, coal-tar products, medicines, basic chemicals, paints, fertilizers, and soap. Exports of commodities on the positive list are controlled for all countries except Canada. However, in the actual issuance of licenses and the setting of over-all quotas on a quarterly basis, support is given to United States supply commitments and policy with respect to particular countries, and limits are placed upon exports to other countries, such as Spain¹³ and Russia. More than two-thirds of the exports of commodities on the positive list moved to Europe in July 1947, whereas only one-fourth of the exports of commodities not under control was shipped to Europe.

A very limited number of controls over the allocation of domestic production is exercised in order to force exports which would not be made without controls. The only instances of this are tin plate, nitrogenous fertilizer, and machinery for the production of tin plate in Indonesia—a large portion of which is imported into the United

¹¹ The charter power expires March 1, 1948.

¹² 7 U. S. C., 1940 ed., 612c; 56 Stat. 775 (1944).

¹³ All exports to Spain require a specific license. But in practice screening has not been particularly severe except for items for military end uses. The Russian limitations appear to have been mainly informal.

States.¹⁴ However, the existence of limited powers to force exports has in some instances enabled the Department of Commerce to expedite export shipments on a voluntary basis.

Under existing legislation, complete authority to limit exports is provided by the Export Control Act of 1940 as amended.¹⁵ The Second Decontrol Act of 1947¹⁶ extended this authority to February 29, 1948. Authority to allocate domestic production for export purposes is provided by title III of the Second War Powers Act,¹⁷ as restricted and limited by the Second Decontrol Act. This limits export production allocations to tin, nitrogenous fertilizer, exports which will facilitate the production abroad of materials critically needed in the United States, and material¹⁸ upon the certification by the Secretary of State on foreign-policy grounds provided the Secretary of Commerce decides such exports will not have an unduly adverse effect on the United States economy. In practice, this last provision has never been exercised, and, in view of its legislative history, it probably will not be used except for occasional individual spot shipments of great importance.

Policy decisions with respect to export controls are made by a set of interdepartmental committees including the Advisory Committee on the Second Decontrol Act, the Review Committee, which is subordinate to the Advisory Committee, and a few commodity committees. However, according to the law, the authority of the Secretary of Commerce is final even with respect to agricultural commodities.¹⁹

A considerable influence over exports is exercised by direct United States Government procurement for export. Although Government purchases are not large except for wheat, they may be expanded within the limits of funds provided for foreign relief. Export quotas are set to cover Government purchases as well as private purchases for export. In the case of Government purchasing, however, an export quota might be met which could not otherwise be met except through the use of allocation powers, since the Government as a purchaser has sufficient funds to procure well in advance of needs and generally is in a position to extract a larger quantity of commodities from the domestic market than would result under commercial export operations. However, Government procurement for export is limited in practice through the establishment of over-all export quotas by commodities and the break-down of these quotas into United States Government procurement, foreign government procurement, and commercial procurement. The Government agencies which are claimants for export do not have the final say as to these export quotas or what portion of the quotas fixed will be procured by United States Government agencies.

There are several limiting laws which are of interest in connection with procurement. Revised Statutes 3709-3710 require competitive bidding in Government contracts.²⁰ But this restriction does not apply to wholly owned Government corporations. The First War Powers Act,²¹ which is still in effect, provides that the President may

¹⁴ The Second Decontrol Act (Public Law 188, 80th Cong.) specifically provides for such allocations.

¹⁵ Public Law 638, 79th Cong., June 30, 1942 (50 Stat. 463).

¹⁶ Public Law 188, 80th Cong., July 15, 1947.

¹⁷ Public Law 507, 79th Cong., approved March 27, 1942 (56 Stat. 176).

¹⁸ Except foods, certain fibers and cordage, and fertilizer.

¹⁹ Except for specific items such as narcotics, munitions, etc.

²⁰ The law provides an exemption where immediate delivery is required.

²¹ 55 Stat. ch. 593.

authorize exemptions from this and other requirements of Federal law relating to contracts "whenever he deems such action would facilitate the prosecution of the war." Under this act the President has authorized Federal agencies to purchase without competitive bidding. However, there is considerable question whether purchase for export under the European recovery program can be deemed to "facilitate the prosecution of the war," so that even though the First War Powers Act should remain on the statute books, consideration should be given to the continuance of the exemption in legislation for the European recovery program if it is considered to be important.²²

The Buy-American Act of 1933²³ provides that only domestically produced articles shall be acquired for public use, but this does not apply to articles acquired for use outside the United States.²⁴ However, the Act for the Relief of Countries Devastated by War provides that only 6 percent of the purchases for export under that act may be made outside the United States.²⁵ The Buy-American Act is made applicable to procurement for stock-piling purposes by the Strategic and Critical Materials Stock-Piling Act of 1947,²⁶ but the exceptions continued in the buy-American law are technically adequate to permit foreign purchases where to use domestic supplies would result in depletion of United States resources.²⁷

Imports and distribution of imported supplies

Under section 22 of the Agricultural Adjustment Act as amended, authority to control imports is provided where needed to protect programs undertaken under the Soil Conservation Act of 1937 and the export subsidy provisions (sec. 32) of the act of August 24, 1935, as amended. At present import quotas under the authority of these acts are in effect only for cotton and wheat. The President establishes the quotas after a finding of fact by the Tariff Commission. However, the Department of Agriculture takes the initiative in this matter. The Sugar Act of 1948²⁸ provides for import quotas and the allocation of these quotas among domestic refineries but these powers are not being exercised.

The Second War Powers Act as amended by the Second Decontrol Act of 1947, provides for authority to limit imports of the following: tin and tin products,²⁹ antimony, chinchona bark, quinine, and quinine purchased by Government agencies, fats and oils, rice and rice products, nitrogenous fertilizers. The Rubber Act³⁰ provides for import controls over rubber and rubber products. The authority over imports carries with it authority over the domestic distribution of imported supplies. Responsibility for exercising these controls is exercised by the Secretary of Commerce advised by the same interdepartmental committees referred to under "Controls Relating to Exports." However, the basic staff work for agricultural commodities is performed by the Secretary of Agriculture. These quotas are closely coordinated with international allocations agreed to in the

²² It has been contended that by implication Public Law 84, 80th Cong., Relief to Countries Devastated by War, provides an exemption for purchases made under the authority of that act.

²³ 47 Stat. 1530 (1933).

²⁴ Other exemptions are where the domestic price is unreasonable, where the supply is inadequate, or where it is held to be in the public interest to procure outside the United States.

²⁵ Public Law 84, 80th Cong.

²⁶ 60 Stat. 596.

²⁷ However, it would be advisable to make this explicit in new legislation when approved.

²⁸ Public Law 388, 80th Cong.

²⁹ Except for ores and concentrates.

³⁰ Public Law 24, 80th Cong. This act expires March 1948.

International Emergency Food Council (on which the U. S. is represented by the Secretary of Agriculture) and the International Tin Committee.

Domestic allocation of domestically produced materials and products—

Controls over domestic distribution are of interest in connection with the European recovery program because, in the case of tight commodities, the meeting of a particular export commitment may result in domestic shortages. In the case of rubber, antimony, and tin there is control authority over the domestic distribution of such domestic production as exists. The only instance where controls are authorized over items which are primarily domestically produced is in the case of tin products. The only such control that is presently in effect is of the conservation type. Responsibility for this control is vested in the Secretary of Commerce advised by the same inter-departmental committees referred to under Export Controls.

Railroad transportation—

Under the Second Decontrol Act, the priority and allocation powers over transportation and shipping of the Second War Powers Act are continued only with respect to "the use of transportation equipment and facilities by rail carriers."^{30a} The President has conferred such powers on the Office of Defense Transportation which has exercised them sparingly. The chief formal orders of O. D. T. provide for full carloading, advance commitments for prompt storage or shiploading in the case of shipments to ports in the interest of quick turn-around time, and regulations of the use of several hundred high-pressure tank cars.³¹ O. D. T. has set up an Advisory Carriers Committee. Through this committee and through the American Railroad Association, O. D. T. attempts to secure voluntary steps on the part of the roads to meet transportation bottlenecks. However, such efforts have not prevented serious transportation hold-ups in rail movements of both coal and wheat to ports for export.

Although the I. C. C. possesses extensive powers over the use of rail-transportation equipment,³² and issues service orders, there is question as to whether its procedures are sufficiently speedy to enable it to deal effectively with acute rail bottlenecks.

Shipping

Such control over ocean shipping, as is now being exercised, is effectuated through Government ownership of bottoms. Aside from the 100 merchant ships operated by the United States Army Transportation Corps, approximately 1,700 United States owned vessels are now being operated under charter or on a cost-plus basis. In addition 300 tankers are being operated on an agency basis. Although the Government has no direct control over the routing of chartered ships, it is unlikely that the charter parties or operators would refuse to accommodate the Government on urgent export shipments. However, the Merchant Ship Sales Act of 1946³³ provides that all ships not sold by March 1, 1948,³⁴ should go into the Fleet Reserve from which they cannot operate for commercial purposes. Further, appro-

^{30a} Such powers expire February 29, 1948.

³¹ See O. D. T. Orders Nos. 1, 16c, 18a.

³² Secs. 1, 10, 114, 115, of the I. C. C. Act as amended. I. C. C. has power to do virtually everything that O. D. T. has done.

³³ Public Law 321; 79th Cong.

³⁴ The original date was extended by Public Law 299, 80th Cong.

priation for salaries and administrative expenses in connection with charter hire expire March 1, 1948.³⁵ Without the sale of ships presently owned by the United States Government to either United States or European shipping lines, or the extension of authority for the operation of United States ships under charter agreements, a serious shortage will result.

Existing legislation requires that exports, fostered by loans extended by any United States agency shall be carried exclusively in United States bottoms provided they are available at reasonable rates.³⁶

Pig iron subsidy payments

In connection with the housing program, subsidies are being paid in order to encourage the production of high-cost malleable or foundry-grade pig iron. The subsidy ranges from \$8 to \$12 per ton and was paid on 900,000 tons during the first 9 months of 1947. Total production of malleable or foundry-grade pig iron is now between 5 and 6 million tons per year. The purpose of the subsidy is to increase the production of pig iron output for cast-iron soil pipe needed for housing construction. The subsidy was provided for in the Housing and Rent Act of 1947 and expires at the end of the 1947 calendar year. It is administered by the Housing Expediter and the subsidy payments are made by the R. F. C.

Exports of pig iron are to this degree subsidized by an act which intended to increase the supply primarily available for construction in the United States.

³⁵ Public Law 299, 80th Cong., July 31, 1947.

³⁶ 48 Stat. 500 (1934).

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DONNELL to the bill (S. 1774)
to promote the general welfare, national interest, and foreign
policy of the United States by providing supplies to certain
European countries on an emergency basis, viz:

- 1 On page 7, lines 6 and 7, strike out the following words:
- 2 “or any other official or officials of the Government”.

AMENDMENT

Intended to be proposed by Mr. DONNELL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947
Ordered to lie on the table and to be printed

80TH CONGRESS
1ST SESSION

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DONNELL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

- 1 Amend the first sentence of Section 4 (a) to read as
- 2 follows: "There is hereby authorized to be appropriated
- 3 not to exceed \$597,000,000, out of any money in the
- 4 Treasury not otherwise appropriated, to carry out the pro-
- 5 visions and accomplish the purposes of this Act: *Provided*
- 6 *however*, That of said sum there may be applied toward
- 7 assistance to the people of Austria not to exceed
- 8 \$42,000,000, toward assistance to the people of France not
- 9 to exceed \$328,000,000, and toward assistance to the people

1 of Italy not to exceed \$227,000,000, except that if the
2 President shall determine that, because of changed condi-
3 tions or for other reason deemed by him to be good and
4 sufficient, the amount so to be applied respectively toward
5 assistance to the people of any one or more of said countries
6 should exceed the amount so respectively above specified, he
7 is hereby authorized to increase the amount so to be applied,
8 provided that the aggregate of the amounts to be applied
9 toward assistance to the people of said three countries shall
10 not exceed the total amount which shall be appropriated
11 pursuant to the authority granted by this Act.”

AMENDMENT

Intended to be proposed by Mr. DONNELL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947

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S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947

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AMENDMENT

Intended to be proposed by Mr. DONNELL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

1 On page 7, strike out the last sentence and substitute
2 therefor a sentence reading as follows: "The provisions of
3 subsection h of section 6 of this Act shall not apply to dis-
4 tribution of supplies in Austria: *Provided*, That the President
5 shall have determined, upon recommendation of the United
6 States High Commissioner for Austria, that supplies fur-
7 nished to Austria hereunder will be distributed under control
8 systems embodied in agreements between the High Com-
9 missioner and the other occupying authorities or the Austrian
10 Government which assure compliance with the objectives of
11 the occupation and with the purposes of this Act."

AMENDMENT

Intended to be proposed by Mr. DONNELL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947

Ordered to be printed

AMENDMENT

Proposed by Mr. DONNELL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz: On page 4, strike out lines 11 through 23 to and including "(c)" and substitute the following language:

1 “(b) to make, when any commodity which is not
2 furnished on terms of repayment in dollars is made
3 available under this Act, a commensurate deposit in
4 the currency of such country in a special account under
5 such general terms and conditions as may, in said agree-
6 ment, be agreed to between such country and the Gov-
7 ernment of the United States, and to hold or use such
8 special account for, and only for, such purposes as may
9 be agreed to between such country and the Government
10 of the United States;”.

AMENDMENT

Proposed by Mr. DONNELL to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 25 (legislative day, NOVEMBER 24), 1947
Ordered to be printed

80TH CONGRESS
1ST SESSION

H. R. 4579

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 25, 1947

Mr. HERTER introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To provide means for financing United States programs of foreign aid and to create agencies to carry out such programs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Emergency Foreign
4 Reconstruction Act, 1948".

PART I—GENERAL PROGRAM

OBJECTIVES

7 SEC. 10. (a) It is essential to the future security and
8 well-being of the United States that foreign countries which
9 are themselves striving to rehabilitate and reconstruct their
10 war-devastated economies but need assistance to achieve suc-

1 cess in their efforts, be extended such assistance. It is the
2 policy of the United States to act effectively in this regard
3 under programs designed to achieve the following objectives
4 without causing undue strain to the economy of the United
5 States:

6 (1) Continuous application on the part of recipient
7 countries, individually and jointly, of vigorous efforts
8 directed to increasing the production of food and mate-
9 rials needed to meet not only their own essential internal
10 needs but the needs of other countries as well, so that
11 their deficits in essential commodities, articles, and ma-
12 terials will progressively decrease and their requirements
13 from abroad be limited to a minimum consistent with
14 sound economic balance.

15 (2) Continuous mutual help and cooperation among
16 recipient countries directed to facilitating the economic
17 interchange of goods and services among themselves,
18 providing effective distribution and use of their own
19 resources as well as of the resources received from
20 abroad, and working toward the elimination of exchange
21 controls, quota restrictions, and other obstacles to trade.

22 (3) The recognition by countries, other than the
23 United States, which are in a position to supplement a
24 program of aid, have the same incentive as the United
25 States to do so, and enjoy access to United States sup-

plies, of the desirability of cooperating in such program,
each in relation to its ability to do so.

(4) Encouragement of private initiative to assume,
as conditions permit, the emergency activities which
have devolved on governments as a result of the economic devastation caused by the war.

(5) The adoption by recipient countries of fiscal, financial, and monetary programs designed to arrest inflation, to correct existing monetary weaknesses, to accomplish stabilization of exchanges, and generally to restore confidence in their currencies.

(6) The dissemination by recipient countries of full and continuous publicity regarding the purpose, source, character, and amounts of aid furnished by the United States, where such aid is not on the basis of commercial loans or normal commercial transactions.

(b) All agencies of the United States participating in the United States program of foreign aid (including United States representatives on international organizations) shall, in the exercise of their respective functions in this regard, be guided by the objectives set forth in this section.

FOREIGN AID COUNCIL

SEC. 11. (a) In order that facilities may exist to promote the maximum coordination possible in formulating, within the limits of available funds and subject to this Act,

1 and in carrying out the foreign-aid programs of the United
2 States by the various agencies of the United States par-
3 ticipating in such programs, there is hereby created an inter-
4 agency council to be known as the Foreign Aid Council
5 (hereinafter called the "Council"), which shall consist of
6 the Secretary of State (who shall be chairman), the Secre-
7 tary of the Treasury, the Secretary of National Defense,
8 the Secretary of Agriculture, the Secretary of Commerce,
9 the directors of the Emergency Foreign Reconstruction
10 Authority (hereinafter provided for), and the Chairman of
11 the Board of Directors of the Export-Import Bank of
12 Washington.

13 (b) The Council shall from time to time (1) advise and
14 consult with the President with respect to the establishment
15 by him, within the limits of available funds and subject to
16 this Act, of the programs of United States aid to foreign
17 countries, and policies in connection therewith, and (2)
18 advise and consult with its executive director (hereinafter
19 provided for) regarding the execution of such programs and
20 policies. The Council shall meet at least once in every
21 calendar month.

22 (c) The chairman of the board of directors of the
23 Emergency Foreign Reconstruction Authority (hereinafter
24 provided for) shall be ex officio the executive director of the
25 Council. As such he shall have the responsibility of

1 (1) examining all of the various needs of foreign countries
2 in connection with the rehabilitation and reconstruction of
3 their war-devastated economies, (2) formulating for the
4 consideration of the Council proposed programs of United
5 States aid to such countries and proposed policies in connec-
6 tion therewith, and (3) providing for the efficient execution
7 of any programs of foreign aid and policies in connection
8 therewith by issuing, with the approval of the President and
9 after advising and consulting with the Council, directives to
10 the various departments and agencies participating in such
11 programs. Every department or agency to which any such
12 directive is issued shall, within the limits of the powers
13 granted it by law, forthwith comply therewith.

14 (d) The Emergency Foreign Reconstruction Authority
15 shall furnish the Council with a staff to assist the Council in
16 the performance of its functions.

17 PART II—EMERGENCY BASIC REQUIREMENTS ASSISTANCE

18 EMERGENCY FOREIGN RECONSTRUCTION AUTHORITY

19 SEC. 20. (a) There is hereby created, as an independent
20 agency of the United States, a corporation to be known as
21 the Emergency Foreign Reconstruction Authority (herein-
22 after called the "Authority").

23 (b) The purposes and objects of the Authority shall
24 be to assist the Foreign Aid Council and its executive director
25 in the performance of their respective functions under sec-

tion 10; to meet the emergency needs of foreign countries for food, fuel, and fertilizer required to enable them to achieve success in their efforts to rehabilitate and reconstruct their war-devastated economies; and to make available to such countries limited categories of consumer goods (other than food, fuel, and fertilizer) that will provide incentives to production and distribution therein, and limited quantities of agricultural, mining, and other productive machinery and equipment that is urgently required therein, where, in either case, such countries are unable to finance immediately the purchase of such goods, machinery, or equipment. In connection with and in furtherance of such purposes and objects, the Authority shall have the power—

(1) to determine, prescribe, and conclude the arrangements under which such commodities, articles, machinery, and equipment will be made available to any foreign country;

(2) subject to section 23, to determine in what form payment shall be made by any foreign country on account of such commodities, articles, machinery, or equipment made available by the Authority to such country;

(3) to purchase such commodities, articles, machinery, and equipment without regard to section 3709 of the Revised Statutes or other provisions of law relating to purchases by the United States;

1 (4) to make contracts and acquire and dispose of
2 property in its own name;

3 (5) to engage in foreign exchange transactions;

4 (6) to adopt, alter, and use a corporate seal, which
5 shall be judicially noticed;

6 (7) to sue and be sued, and to complain and de-
7 fend, in its own name in any court of competent juris-
8 diction in the United States or in any Territory or pos-
9 session thereof;

10 (8) to employ and fix the compensation of such
11 personnel as it deems necessary to further such purposes
12 and objects and to dismiss any of such personnel at
13 pleasure, without regard to laws relating to the employ-
14 ment and compensation of officers and employees of the
15 United States, except that so far as practicable clerical
16 and stenographic personnel shall be employed from lists of
17 eligibles furnished by the Civil Service Commission and
18 the compensation of such personnel fixed in accordance
19 with the applicable compensation schedules in the Clas-
20 sification Act of 1923, as amended; and to contract for
21 services;

22 (9) to create subsidiary corporations under the laws
23 of foreign countries, where it is necessary or appropriate
24 for the Authority to exercise its powers in foreign coun-

1 tries through subsidiary corporations created under the
2 laws thereof; and

3 (10) generally to do all things necessary to the
4 achievement of such purposes and objects, and the
5 specification of particular powers in the foregoing para-
6 graphs shall not in any manner limit the generality of
7 the powers granted in this paragraph.

8 (c) The Authority shall not have any power to make
9 loans payable in United States currency.

10 (d) The Authority shall have succession until January
11 1, 1954, whereupon all of its assets and liabilities shall vest
12 in the Export-Import Bank of Washington, as liquidating
13 agent, whose duty it shall be to wind up the affairs of the
14 Authority as rapidly as possible consistently with orderly
15 liquidation.

16 (e) The Authority shall be entitled to the free use of
17 the United States mails in the same manner as the executive
18 departments of the Government.

19 (f) Neither the Authority nor any of its functions,
20 powers, or duties shall be transferred to or consolidated with
21 any other department, agency, or corporation of the Govern-
22 ment unless Congress shall hereafter otherwise by law
23 provide.

24 (g) The Authority shall be subject to the Government

1 Corporation Control Act to the same extent as wholly owned
2 Government corporations listed in section 101 of that Act.

3 (h) The Authority is authorized to utilize the services,
4 facilities, and personnel of any department or agency of the
5 Government, with the consent of the head of such depart-
6 ment or agency, and to reimburse the appropriations of such
7 department or agency therefor.

8 (i) The Authority shall make a report of all its
9 activities to the President once every three months (which
10 shall include reports of the administration of local recon-
11 struction funds provided for in section 24), and all such
12 reports shall be submitted by the President to Congress.

13 MANAGEMENT OF AUTHORITY

14 SEC. 21. (a) The powers of the Authority shall be exer-
15 cised by the Chairman of the board of directors of the Author-
16 ity (who shall be a full-time officer of the Authority) under
17 the direction of a board of directors (hereinafter called the
18 "Board") consisting of the Chairman and seven other mem-
19 bers, appointed by the President by and with the advice
20 and consent of the Senate. All of the members shall be mem-
21 bers of one or the other of the two major political parties,
22 and not more than four shall be members of the same political
23 party. Each member of the Board who is not also an officer
24 of the Authority shall receive from the Authority a per diem

1 of \$100 for each day during which he is in attendance at
2 meetings of the Board. Vacancies in the Board shall be
3 filled according to the manner in which the member causing
4 such vacancy was appointed. Five members of the Board
5 shall constitute a quorum for the transaction of business of
6 the Board.

7 (b) The Chairman of the Board shall be the executive
8 head of the Authority and executive director of the Foreign
9 Aid Council.

10 (c) The Board shall have power to prescribe, amend,
11 and repeal bylaws, rules, and regulations (1) governing the
12 manner in which the business of the Authority shall be con-
13 ducted and its powers exercised, (2) defining the functions
14 and duties and prescribing the compensation of the officers
15 of the Authority, and (3) determining and prescribing the
16 manner in which obligations of the Authority shall be in-
17 curred and its expenditures allowed and paid. The Board
18 may require bonds of any officer of the Authority (other
19 than the Chairman) and fix the penalties thereof, and may
20 dismiss any officer or employee of the Authority (other than
21 the Chairman) at pleasure.

22 (d) The officers of the Authority shall consist of the
23 Chairman of the Board, not more than two vice presidents,
24 a treasurer, a secretary, and such special officers and represen-

1 tatives as the Board may prescribe. The officers (other than
2 the Chairman) shall be appointed by the Board.

3 CAPITAL OF AUTHORITY

4 SEC. 22. (a) The Authority shall have a capital stock of
5 \$500,000,000 subscribed by the United States. Payment
6 for such capital stock shall be made by the Secretary of the
7 Treasury at the call of the Board, and for this purpose the
8 Secretary of the Treasury is authorized to use as a public
9 debt transaction the proceeds of any securities hereafter
10 issued under the Second Liberty Bond Act, as amended, and
11 the purposes for which securities may be issued under that
12 Act are extended to include such purposes. Certificates
13 evidencing stock ownership of the United States shall be
14 issued by the Authority to the Secretary of the Treasury.

15 (b) The Authority is authorized to issue from time
16 to time for purchase by the Secretary of the Treasury non-
17 interest-bearing notes maturing not later than the date on
18 which the Authority ceases to have succession; but the aggre-
19 gate amount of such notes outstanding at any one time shall
20 not exceed — times the authorized capital stock of the
21 Authority. The Secretary of the Treasury is authorized and
22 directed to purchase any notes of the Authority issued here-
23 under and for such purpose the Secretary of the Treasury is
24 authorized to use as a public debt transaction the proceeds

1 of any securities hereafter issued under the Second Liberty
2 Bond Act, as amended, and the purposes for which securities
3 may be issued under that Act are extended to include such
4 purpose. There are authorized to be appropriated to the
5 Authority from time to time sums to enable the Authority
6 to retire notes issued by it hereunder.

7 (c) As of the 31st of December in each year and as
8 soon as possible thereafter, an appraisal of all the assets
9 and liabilities of the Authority shall be made by the Secre-
10 tary of the Treasury for the purpose of determining its net
11 worth. The value of assets shall, insofar as possible, be
12 determined on the basis of market value at the time of
13 appraisal, except that foreign currencies received in pay-
14 ment for commodities shall be assigned only a nominal value.
15 A report of any such appraisal shall be submitted to the
16 President as soon as possible after it has been made, and
17 by him submitted to Congress.

18 PAYMENT FOR COMMODITIES FURNISHED TO
19 FOREIGN COUNTRIES

20 SEC. 23. (a) The arrangements between the Authority
21 and any foreign country for furnishing commodities, articles,
22 machinery, and equipment described in section 20 (b) to
23 such country shall provide for payment of full consideration
24 therefor. The character of the consideration shall be that
25 which the Authority deems to be the best obtainable in the

1 light of the economic situation of the foreign country con-
2 cerned, the relationship of the goods being furnished to the
3 over-all plan of reconstruction and rehabilitation, and the
4 objectives set forth in section 10 of this Act.

5 (b) To the extent that the Authority determines that
6 securing consideration in United States currency, or in
7 obligations payable in United States currency, is not feasible
8 in the light of the factors set forth in subsection (a), the
9 Authority may accept (1) local currency of the foreign
10 country, (2) currencies of foreign countries other than the
11 recipient country, (3) other consideration that has or will
12 have a readily determinable market value, or (4) any com-
13 bination of the foregoing, but consideration in the form of
14 currencies of foreign countries other than the recipient coun-
15 try may not exceed 25 per centum of the value of the total
16 consideration received. The exchange value of any foreign
17 currency received shall be fixed in the arrangements con-
18 cluded, but if agreement cannot be reached in this respect
19 then the exchange value shall be that currently fixed by the
20 International Monetary Fund. So far as practicable, the
21 consideration to be received shall include the furnishing to
22 the United States, or agreeing to produce for the United
23 States, for stockpiling purposes, strategic minerals that are
24 produced, or whose production can be developed, in the
25 recipient country (including its colonies and possessions).

1 USE OF FOREIGN CURRENCIES RECEIVED

2 SEC. 24. (a) The foreign currencies of the respective
3 countries receiving aid from the Authority shall be used as
4 local reconstruction funds in those countries as hereinafter
5 provided.

6 (b) Each local reconstruction fund (which shall include
7 the initial principal sum, and any income therefrom and
8 increment therein) shall, subject to the provisions of this
9 section, be administered in such manner as may be prescribed
10 in the arrangements concluded by the Authority with the re-
11 cipient country in question. The expense of administering
12 the fund may be paid from the fund. In concluding arrange-
13 ments with the various recipient countries, the Authority
14 shall endeavor to secure the inclusion of provisions to the ef-
15 fect that all disputes in respect of the use or administration
16 of local reconstruction funds shall be submitted forthwith for
17 final determination to a designated international agency or
18 arbitral tribunal.

19 (c) Each local reconstruction fund shall be administered
20 and utilized for the purpose of contributing to the rapid re-
21 covery of economic stability in the foreign country concerned
22 and of developing new sources of wealth therein. To the
23 extent necessary to achieve this purpose each such fund may
24 be used—

25 (1) to purchase and sell securities, and otherwise

1 to invest in enterprises and projects which will con-
2 tribute to such recovery or develop new sources of
3 wealth;

4 (2) to purchase in such country, at the request of
5 the Secretary of National Defense, strategic and critical
6 materials for stockpiling in the United States, and to
7 develop natural resources for future stockpiling;

8 (3) to promote enterprises of mutual interest to
9 the United States and such foreign country; and

10 (4) To aid in furnishing technical assistance to such
11 foreign country to further its reconstruction efforts.

12 (d) The powers in respect of the administration and
13 use of any local reconstruction fund in any foreign country
14 shall be subject to the following limitations:

15 (1) Such powers shall be exercised so far as prac-
16 ticable to avoid exercising control over the management
17 or operation of any enterprise or project in which sums
18 in such fund may be invested.

19 (2) Such powers shall not be exercised so as to
20 permit, without the approval of the International Mone-
21 tary Fund, the exchange, directly or indirectly, of sums
22 in the fund for United States currency or the currency
23 of any other country that can be freely exchanged in
24 world markets.

25 (3) Such powers shall not be exercised in a manner

1 that will impair the monetary or fiscal policy of the
2 recipient country.

3 (e) The Authority may direct the sale for United States
4 currency, at the original value or at a discount, in the dis-
5 cretion of the Authority, of all or any part of any local re-
6 construction fund either to the government of the foreign
7 country in which it is being administered or to any person
8 approved by the government of such country; and any for-
9 eign country in which such a fund is being administered shall
10 at all times have the right to purchase all or any part of
11 such fund in United States currency at such original value.

12 PART III—AMENDMENTS TO EXISTING LAWS

13 AMENDMENT OF EXPORT-IMPORT BANK ACT OF 1945

14 SEC. 30. (a) Section 4 of the Export-Import Bank Act
15 of 1945 is amended—

16 (1) by striking out “\$1,000,000,000” and inserting
17 in lieu thereof “\$ ”; and

18 (2) by striking out “\$825,000,000”.

19 (b) The second sentence of section 2 (a) of the Ex-
20 port-Import Bank Act of 1945 is amended to read as follows:
21 “The objects and purposes of the bank shall be (1) to aid
22 in the financing and to facilitate exports and imports and the
23 exchange of commodities between the United States or any
24 of its Territories or insular possessions and any foreign coun-
25 try or the agencies or nationals thereof, and (2) to facilitate

1 United States programs of aid to foreign countries in con-
2 nection with the rehabilitation and reconstruction of their
3 war-devastated economies by aiding in financing purchases
4 by such countries of needed articles and commodities of a
5 character normally financed by short term or intermediate
6 credit.”

7 EXTENSION OF POWER OF ALLOCATION UNDER SECOND WAR

8 POWERS ACT, 1942

9 SEC. 31. Subsections (b) and (c) of section 1501 of
10 the Second War Powers Act, 1942, as amended, are
11 amended by striking out “February 29, 1948,” in each of
12 such subsections and inserting in lieu thereof “June 30,
13 1949”.

14 EXPORT CONTROLS AND ALLOCATIONS

15 SEC. 32. (a) Section 6 (d) of the Act of July 2, 1940,
16 entitled “An Act to expedite the strengthening of the na-
17 tional defense”, as amended, is amended by striking out
18 “February 29, 1948” and inserting in lieu thereof “June
19 30, 1949”.

20 (b) The powers, functions, and duties of the Secretary
21 of Commerce under section 6 of the Second Decontrol Act
22 of 1947 are hereby transferred to the Executive Director of
23 the Foreign Aid Council. Such transfer shall take effect
24 sixty days after the date on which the Chairman of the

1 Board of Directors of the Emergency Foreign Reconstruc-
2 tion Authority first appointed under this Act qualifies and
3 takes office.

A BILL

To provide means for financing United States programs of foreign aid and to create agencies to carry out such programs.

By Mr. HERTER

NOVEMBER 25, 1947

Referred to the Committee on Foreign Affairs

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued November 28, 1947
For actions of November 26, 1947
80th-1st, No. 153

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HIGHLIGHTS: Senate debated interim foreign-aid bill; discussed Knowland amendment to permit CCC to dispose of commodities for foreign aid at wheat-equivalent prices; rejected amendment to reduce authorization to \$400,000,000. Sen. Wherry opposed allocations-priorities and inserted Farrington's testimony on this. Sen. Williams criticized USDA's potato destruction.

SENATE

1. **FOREIGN AID.** Continued debate on S. 1774, the European interim-aid bill (pp. ~~11004-5~~, 11005-31). Discussed Sen. Knowland's (Calif.) amendment to permit CCC to dispose of commodities distributed under relief programs at wheat-equivalent prices (pp. 11028-31). Sen. Knowland inserted Secretary Anderson's letter favoring this amendment (p. 11030). Rejected (30-56) amendment sponsored by several Members to reduce the authorization for foreign aid from \$597,000,000 to \$400,000,000 (p. 11021). Agreed to Sen. Donnell's (Mo.) amendments with respect to repayment for commodities furnished foreign countries, distribution of supplies to Austria, and restriction on delegation of President's powers (pp. 11005-6). Rejected Sen. Donnell's (Mo.) amendment with respect to allocation of specific amounts to countries (pp. 11006-10). Rejected amendments sponsored by several Members to prohibit the granting of funds (restricting relief to commodities) to recipient governments and requiring that commodities be distributed by them without cost to their people (pp. 11010-21). Agreed to postpone the vote on Sen. Chavez' (N.Mex.) amendment to authorize aid in the form of commodities, industrial machinery, etc., in addition to funds (pp. 11021-8). During debate on this amendment Sen. Chavez discussed various points of the President's program.

Sen. Wherry, Nebr., spoke opposing allocations and priorities and inserted C.C. Farrington's testimony before the Joint Committee on the Economic Report (pp. 1102-3).

Sen. Butler, Nebr., favored the bill and quoted Secretary Anderson's testimony on the effect of the foreign-aid program on our economy (p. 11027).

~~Sen. Reed, Kans., inserted an Arkansas City (Kans.) First Presbyterian Church letter urging that Government condemned articles, such as blankets, sheets, etc., be placed on the Friendship Train (pp. 10995-6).~~

2. **MILK PRICES.** Sen. Canner, Kans., inserted National Cooperative Milk Producers Federation resolutions setting out a dairy policy for 1948 (pp. 10996-9).

3. FOOD DESTRUCTION; POTATOES. Sen. Williams, Del., claimed there was "inexcusable extravagance" by this Department in the destruction of potatoes (p. 11004).
4. PERSONNEL. Received from the Budget Bureau a report on the personnel ceilings for the quarter ended Sept. 30, 1947 (p. 10995).
5. RECESSED until Fri., Nov. 28 (p. 11031).

HOUSE

NOT IN SESSION. Next meeting Fri., Nov. 28.

BILLS INTRODUCED

6. TRANSPORTATION. S. 1812, by Sen. Capehart, Ind., to establish a Department of Transportation. To Interstate and Foreign Commerce Committee. (p. 10999.)
7. FOREIGN AID; POSTAGE. S. 1813, by Sen. Langer, N.Dak. (for himself and others), to reduce postage rates on parcels containing food, clothing, or medicines mailed to certain countries. To Civil Service Committee. Remarks of author. (p. 10999.)
8. FOREIGN AID. The Herter bill, H.R. 4579, proposed "Emergency Foreign Reconstruction Act, 1948" (see Digest 152), provides as follows: Creates a Foreign Aid Council (to consist of the Secretary of State as chairman, the Secretary of the Treasury, the Secretary of National Defense, the Secretary of Agriculture, the Secretary of Commerce, the directors of the Emergency Foreign Reconstruction Authority, and the Chairman of the Export-Import Bank Directors). Provides that the Council advise the President on policies and programs and consult with its executive director regarding execution of such programs and policies. Creates an Emergency Foreign Reconstruction Authority to carry out the foreign-aid program, and authorizes it to use the services, etc., of any departments, with their permission, and to reimburse such departments. Provides for \$500,000,000 capital stock for the Authority, authorizes it to issue U.S. obligations, and authorizes appropriations to retire such obligations. Provides for additional Export-Import Bank lending authority. Extends certain allocation and export-control powers until June 30, 1949.

ITEMS IN APPENDIX

9. RESEARCH. Sen. Thomas, Utah, inserted his recent address before the Special Libraries Assn. on the proposed National Science Foundation (pp. A4715-7).
10. COST OF LIVING. Sen. Baldwin, Conn., inserted a recent speech by Sen. Flanders (Vt.) on the "Future of the American Standard of Living" (pp. A4717-9).
11. EDUCATION. Sen. Wiley, Wis., inserted his recent statement on "The Relation of Colleges to Government" (pp. A4719-20).
12. FOREIGN AID. Sen. McMahon, Conn., inserted an Army Times article favoring the President's foreign and anti-inflation program (p. A4723).
 Sen. Cooper, Ky., inserted a Louisville (Ky.) Courier-Journal editorial proposing that foreign countries convert their assets into dollar credits to get U.S. assistance (p. 4723).
 Sen. Taylor, Idaho, inserted an address by the Assistant Secretary of Interior in which he stated that the foreign-aid program need not deplete U.S. natural resources (pp. A4724-5).

to the Constitution we are guaranteed such precious liberties as freedom of speech, freedom of religion, and freedom of the press. It is inscribed on parchment and is signed by Frederick Augustus Muhlenberg, Speaker of the House of Representatives, and John Adams, Vice President of the United States and President of the Senate. Here is the very keystone of our American heritage.

The story condensed for us with such crowded drama on the Freedom Train goes on and names appear: Alexander Hamilton, James Madison, Francis Scott Key, whose original manuscript of the Star-Spangled Banner is one of the exhibits. The country has its great internal struggle and we see the Emancipation Proclamation, the Lincoln Gettysburg Address. We see a letter later from Gen. Robert E. Lee, accepting the presidency of Washington College.

We emerge from the story of the War Between the States with a feeling of malice toward none, charity for all.

Slowly we see the growth of women's rights. There is the petition of the National Women's Suffrage Association to Congress in 1873. There is the petition of Matilda Hindman in 1874 asking Congress not to disenfranchise Utah women.

Then, finally, in 1919, we have the nineteenth amendment and its adoption on August 26, 1920. The few ladies present in the galleries who may be old enough to vote know the tremendous significance of that amendment. The train has the original amendment in the usual form of a joint resolution to Congress.

As the story chronicles itself in these documents, we see American freedom following the American flag. There is the story of the Philippine Islands which we saw win their independence in our own day under the Truman administration. We see documentary evidences of our attitude of fair play to Cuba. We see slavery and peonage abolished in Guam.

There are echoes from the far corners of the earth of the influence of American ideas of freedom.

The train has what amounts to a whole chapter on the history of the freedom of the press.

Liberty was something this country widened and amplified.

And finally we come to the present phase of American and world history.

There is the declaration by the United Nations and the United Nations Charter documents that tie the world into a single unit.

We have much documentary material of the war—World War II—that made this unity possible.

Again great names of our own time appear: Eisenhower, Leahy, Wainwright, Spruance, Halsey, Nimitz, Stilwell, Mark Clark, MacArthur, Marshall, and, of course, Franklin Delano Roosevelt.

There is a heart-warming touch among all these documents when we see the flags rich in blood and glory, the blood and the glory that kept this Nation alive and makes us today the greatest nation of all time.

There are, to be sure, the German and Japanese surrender documents—unconditional surrender. But there are also the flags of Iwo Jima, the flag of the

Supreme Headquarters of the Allied Expeditionary Forces, the flag flown from the U. S. S. *Missouri* when the Japs surrendered.

Mr. President, when you see the Freedom Train, you see the glory of your country and its grandeur.

INTERIM EUROPEAN AID PROGRAM

The Senate resumed the consideration of the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

Mr. VANDENBERG. Mr. President, I am very anxious that if possible we proceed to consider amendments so that we may perfect the bill, even though there is to be further general debate on the bill itself. Before doing so I wish to comment very briefly on the observations made a few moments ago by the distinguished Senator from Nebraska [Mr. WHERRY]. I think it is very important that warnings such as he has indicated should be very bluntly voiced, and I think it is highly essential that the exploration of our domestic economy should be as complete as possible in making any plans of the character that are either here pending or are subsequently contemplated. I certainly have no quarrel with the Senator when he demands that sort of attention from Congress and from the country.

I am sure he did not intend to infer, however, that there is anything in the pending bill which involves the necessity of controls or rationing under the testimony of any witness who has appeared. The fact is quite the contrary. I particularly call attention to the saving clause in section 4 which the committee deliberately wrote into the bill for the purpose of protecting its continuing administration against any of the crises of the character to which the able Senator referred. I am referring to the sentence which provides:

This act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

The latter part of that sentence is deliberately written into the bill in contemplation of the fact that substitutions may be necessary in connection with the regime even of this interim measure. So I think the spirit in which we present the interim measure is in no degree in conflict with the remarks submitted by the Senator from Nebraska.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. REVERCOMB. Will the Senator point out where the language appears in the bill?

Mr. VANDENBERG. It begins in line 4 on page 3.

Mr. REVERCOMB. I thank the Senator.

Mr. VANDENBERG. The able Senator from Missouri [Mr. DONNELL] submitted several amendments last night which have been studied in the interim, and we can find ourselves in substantial agreement at several points. I do not want to interfere with the Senator's con-

trol of his amendments, but if he has no objection I should like to have him first call up the amendment relating to the deposit in local currencies abroad.

Mr. DONNELL. Mr. President, I am willing to follow that course, if the Senator desired I do so. I had intended to call up amendment lettered "D" first.

Mr. VANDENBERG. Suppose we get rid of those upon which we are in agreement first.

Mr. DONNELL. Very well. I will call up first at this time therefore the amendment which is lettered A.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, it is proposed to strike out lines 11 through 23 to and including "(c)" and in lieu thereof to insert the following:

(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States.

Mr. VANDENBERG. Mr. President, if the Senator from Missouri will permit me I should like to make a brief statement.

Mr. DONNELL. I am glad to yield.

Mr. VANDENBERG. This amendment was discussed at considerable length on yesterday. It originates in its fundamental purpose with the chairman of the committee, and reflects what the chairman believes to have been the intent of the committee. The net result of it is to extend the requirement for the deposit of compensatory local currencies to all commodities which may be received by a beneficiary country instead of merely to commodities that are resold. It also broadens the field in which the beneficiary country and the Government of the United States are permitted to agree upon the disposition of the ultimate trust fund.

When the amendment was submitted yesterday the able Senator from Missouri suggested one or two clarifying changes to make the purpose specific. After consultation with the State Department, which is responsible for the administration of the act—and I felt it was particularly necessary to consult the Department at this point, because this is a rather technical operation—I find that the language proposed by the Senator from Missouri is entirely satisfactory.

In the course of the debate yesterday afternoon the able Senator from Georgia [Mr. GEORGE] raised the point that, except as a saving clause were added, the amendment would preclude payment by beneficiary countries for any of the commodities received. I have discussed the matter this morning with the Senator from Georgia. He, too, is in agreement with the text as now submitted. Therefore, I think we are all in agreement, and I hope the amendment may be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from Missouri [Mr. DONNELL].

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I now ask the Senator from Missouri to call up his amendment D.

Mr. DONNELL. Mr. President, I now offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri will be stated.

The LEGISLATIVE CLERK. On page 7, lines 6 and 7, it is proposed to strike out "or any other official or officials of the Government."

Mr. DONNELL. Mr. President, in compliance with the suggestion of the senior Senator from Michigan, and in full accord with my intention, I am pleased to offer amendment D at this time. May I inquire of the Senator from Michigan whether or not there is a disposition to agree to it?

Mr. VANDENBERG. There is no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Missouri if this leaves only two other amendments?

Mr. DONNELL. That is correct; amendment B and amendment C.

Mr. VANDENBERG. I suggest that the Senator offer amendment B.

Mr. DONNELL. I shall be glad to do so.

Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri will be stated.

The LEGISLATIVE CLERK. On page 7, it is proposed to strike out the last sentence and in lieu thereof to insert the following:

The provisions of subsection h of section 6 of this act shall not apply to distribution of supplies in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that supplies furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the purposes of this act.

Mr. VANDENBERG. Mr. President, this particular section of the bill is obviously highly technical in its application, inasmuch as we are dealing with the mixed condition which exists in Austria and not in the other beneficiary countries, the different condition being that while there is a unitary government over the entire area, there are also four zones of occupation, and it is necessary to integrate the operation of this act into the cold, hard, indisputable fact that we must deal through four zones of occupation.

The able Senator from Missouri was fearful that the language as drawn did not adequately subordinate the Austrian

formula to the objectives of the act. Inasmuch as this is a highly technical question in which the Department would have to be consulted to be sure that the formula was practical, I submitted the amended text, as suggested by the able Senator from Missouri, to the Department; and I am very glad to say to the Senator that there is no objection, and I should be very happy to have this amendment agreed to.

Mr. BARKLEY. Mr. President, before that is done, I should like to ask a question. Does this amendment properly take into consideration the fact that Austria is treated by the Government of the United States, and is supposed to be treated by the four occupying powers, on a different basis from that which applies to any other country which was engaged in the war against the allied nations? At the very outset all four of the governments agreed to treat Austria not as an enemy country, but as an occupied country, upon the same basis that Belgium, Denmark, and Holland were treated, because the integration of Austria into Germany was rather a forceful act on the part of the German Government. For that reason all these governments have taken the position—and it seems to me properly so—that Austria ought not to be in the same category as Germany or Japan, but that instead it should be treated as an occupied country. Does this amendment in any way impinge upon that conception of our relationship to the Austrian situation?

Mr. VANDENBERG. On the contrary, the amendment is written for the purpose of acknowledging and underscoring the precise status which the Senator describes.

Mr. BARKLEY. There is an Austrian Government in operation.

Mr. VANDENBERG. Yes.

Mr. BARKLEY. Of course, it is more or less handicapped by the occupation, and by the fact that there is no treaty delineating the rights of Austria. We hope that such a treaty may be brought about at an early date.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. DONNELL].

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, that leaves one amendment, which I should be glad to have the Senator offer at this time. Unfortunately it is an amendment with respect to which I cannot agree with him.

Mr. DONNELL. Mr. President, I greatly appreciate the courtesy with which the Senator from Michigan has patiently gone over with me these various subjects, and I am pleased to note that the views submitted in the amendments have received the treatment which they have thus far received today.

In order that I may be entirely clear in my own mind, in view of the rapidity with which we have acted today, let me inquire whether amendments A, B, and D have been agreed to?

The PRESIDING OFFICER. The Senator is correct.

Mr. DONNELL. That leaves only amendment C of those submitted by me, remaining to be acted upon.

The PRESIDING OFFICER. The Senator is correct.

Mr. DONNELL. Mr. President, I now offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri will be stated.

The LEGISLATIVE CLERK. It is proposed to amend the first sentence of section 4 (a) so as to read as follows:

There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this act: *Provided, however*, That of said sum there may be applied toward assistance to the people of Austria not to exceed \$42,000,000, toward assistance to the people of France not to exceed \$328,000,000, and toward assistance to the people of Italy not to exceed \$227,000,000, except that if the President shall determine that, because of changed conditions or for other reason deemed by him to be good and sufficient, the amount so to be applied respectively toward assistance to the people of any one or more of said countries should exceed the amount so respectively above specified, he is hereby authorized to increase the amount so to be applied, provided that the aggregate of the amounts to be applied toward assistance to the people of said three countries shall not exceed the total amount which shall be appropriated pursuant to the authority granted by this act.

Mr. VANDENBERG. Mr. President, would the Senator from Missouri like to have me state my objections, so that he can tear me limb from limb?

Mr. DONNELL. I assure the Senator that I shall not use that tactic. I am not able to do so. I am sure that the Senator will be very logical in his presentation, even though we disagree. I shall be very happy to have him adopt the course suggested.

Mr. VANDENBERG. Mr. President, the objection which I have, and which I think the entire committee has to this amendment, can be very simply stated.

It will be noted that under this proposal a definite dollar figure is assigned to France, to Italy, and to Austria, whereas in the general authorization as reported by the committee in the pending bill, there is an unidentified sum-total ceiling set, and nothing more.

Senators will remember that in the course of this debate we have repeatedly undertaken to establish the fundamental fact that the passage of this bill does not create, directly or indirectly, any sort of obligation on the part of the Government of the United States to any of the proposed beneficiaries. I again refer to the language on page 3, line 4, and I again read it, because I think it is fundamental to the philosophy upon which we are proceeding. The language reads as follows:

This act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

In other words, Mr. President, the committee recognizes the fact that we

are dealing more or less with imponderables in considering this situation; we are dealing with unforeseen contingencies. To the best of our ability, in the break-down of the total figure, allocations have been tentatively made to the three countries indicated; but nowhere in this proposed legislation is there anything which can be construed, directly or indirectly, as a contractual commitment of any sort to anyone on the part of the Government of the United States.

It seems to us that if we undertake in this authorization language to break down the over-all total ceiling figure into ceilings for the individual countries, no matter how much we undertake, by collateral language, to dissociate ourselves from such an intention, we have created by that action an identification of the given amount of money which is to be available for the indicated beneficiary country. We do not think that is wise; we do not think it is in keeping either with the spirit of the legislation or the necessities which we confront and which were underscored again this morning by the remarks of the Senator from Nebraska [Mr. WHERRY]—the necessities we confront to keep this bill constantly geared to our own available commodities, which may sharply change the situation and which may make it impossible at points for us to reach the indicated ceilings which the able Senator from Missouri would write into the language of the authorization.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CORDON. I should like to make the observation that not only does the amendment do the thing which the Senator has just pointed out, and that is to raise a hope in the minds of the people in the recipient countries that Congress is dedicating these several amounts to their relief, but the amendment also, by its own terms, denies that very thing by providing that the President, for any reason found by him to be good and sufficient, may increase the amount to any of the countries, or, of course, decrease it. The legal effect would be to leave the President with exactly the authority which he has under the bill. All he has to do is to satisfy himself that the amount should be changed. The amendment would gain nothing, so far as the legal effect is concerned, and it would have the vice of raising what might be a false hope in the recipient countries.

Mr. VANDENBERG. I thank the able Senator for his observation. I was coming to the point which he has now raised and which I think is totally valid. It seems to me that my able friend from Missouri, in seeking to remove the strait-jacket which his initial language undertakes to create, has nullified it and left us precisely where we were in the first place, so far as the actual net effect of the amendment is concerned, except, as indicated by the Senator from Oregon [Mr. CORDON], but he has nailed the target which inevitably has within it some semblance or factor of an obligation and a pledge, or at least constitutes a highly contingent hope which, if we fail to reach the figures, would probably result in a highly disgruntled feeling

that we had violated the obligation which the Congress undertook.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, one of the things thoroughly discussed in the committee was the desire to provide, as the bill does, that the enactment of this legislation does not create a legal obligation on the part of the Government of the United States, either by language or by any figures put into the bill. Even the over-all figure of \$597,000,000 does not create the implication of any obligation on the part of the Government of the United States to produce a definite sum for any country. To eliminate that and to set up a figure, even an advisory one, would inevitably create the impression that that is the precise amount a certain country is to get, and possibly more if the President found he could reduce the amount to some other country and give the difference to a particular country. It would create, it seems to me, the possibility of some rivalry among the recipient countries as to whether any particular commodity, intended for one country, should be reduced in amount so as to increase the amount for another country. We have tried to avoid that in the language of the bill, and I think we have done it. I thoroughly agree with the Senator from Michigan as to the unwisdom of adopting this amendment.

Mr. VANDENBERG. I thank the Senator for his observation.

Mr. President, I think I have said all I wished to say, except to submit a plea to my friend from Missouri. He can see that those of us who have been primarily responsible for this bill are very anxious to keep out of anything like a strait-jacket. He can see, regardless of his own good intention, which no one denies, and his own contrary interpretation upon the effect of his amendment, that there is a very substantial feeling that his amendment would do things which he does not anticipate nor desire to have done. I appeal to him on that basis, plus the fact that he now has a 750 percent batting average in connection with three out of his four amendments, that he subside in connection with this amendment and call it a day.

Mr. DONNELL. Mr. President, coming as I do from a State which has had such great success in the field of baseball, particularly with the Cardinals, which have again come to particular notice of the public by reason of the resignation of Mr. Hannegan and his acceptance of an office in connection with that organization, the suggestion of the Senator from Michigan comes with peculiar force. I should prefer, however, to present the views which I have in support of this amendment. I do not think that the amendment would have the effect which the distinguished Senators who have spoken in opposition to it have indicated. I approach this subject with considerable trepidation, realizing as I do that the chairman of the Foreign Relations Committee is opposed to my view, that the distinguished Senator from Kentucky, the minority leader, is likewise op-

posed to it, and the distinguished Senator from Oregon [Mr. CORDON] is opposed to the amendment. They are all my good friends.

But, regardless of what others may think, I feel that this amendment is sound and practical, and whether or not it be agreed to, I feel that inasmuch as it is my amendment I, in good conscience, should present my views, and, with all due deference to my friends who have spoken, I should like to present them.

In the first place, I think the statement that the amendment provides a definite dollar figure for these respective countries is not correct. I am sure that the gentlemen who have spoken, particularly the Senator from Michigan [Mr. VANDENBERG], who made in substance that statement, as I understood it, a few moments ago, will upon inspection observe that all that is done therein is to specify, just as the bill now does in that respect, a ceiling, but does so in respect to each specific country, rather than lumping it into a large sum of \$597,000,000 applicable indiscriminately, without limitation, to the three countries.

The sentence to which my amendment relates, as it now exists in the bill, reads as follows:

There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this act.

It is true, as the Senator from Michigan has said, that this sentence does nothing more than set forth a ceiling, an amount not in excess of which the appropriation is authorized. Let me call to the attention of the Senator the language of my amendment, which after using precisely the language which I have quoted from the bill as it now stands, says this:

Provided, however, That of said sum—

I pause to say that the words "of said sum" relate to the \$597,000,000—there may be applied—

I pause again to emphasize the fact that the word is "may" and not "shall"; it is permissive, not mandatory—

that of said sum there may be applied toward assistance to the people of Austria not to exceed \$42,000,000—

Obviously, Mr. President, that portion of my amendment is a mere ceiling, and is not, to quote the Senator from Michigan as well as I can do from memory, a definite dollar figure.

Then the amendment proceeds, relating to the amount to be applied—

toward assistance to the people of France not to exceed \$328,000,000 and toward assistance to the people of Italy not to exceed \$227,000,000.

So, Mr. President, let me point out that up to this point the amendment contains nothing in contradiction of the terms of the bill itself or the theory of the bill itself, for obviously the bill itself, which refers in its second section to the commodities urgently needed by the people of Austria, France, and Italy, contemplates that the sum of \$597,000,000, or not to exceed it, I should say, shall be made available for the peoples of those three countries.

Mr. President, reference was made to the fact that this amendment, which I have submitted, may raise some hopes in the minds of the people of these various countries, perhaps some feeling that the bill amounts to a definite obligation to pay such sums or to provide such commodities. But let me say that the very section of the bill which I propose to amend distinctly negatives any such conclusion. It reads so clearly that he who runs may understand. It says this—and it would follow immediately after my amendment:

This act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

Mr. President, the portion of the amendment which I have thus far read would add to the provision authorizing a ceiling of \$597,000,000, which follows a section or two after the section which refers to Austria, France, and Italy. The only effect of the amendment to the portion to which I have referred thus far is to break down the \$597,000,000 and to state the maximum therein contained which can be used for any one of these three countries.

I am unable to follow any of the Senators who have spoken in the view that any person who can read the English language can come to the conclusion that the language which I have used in the amendment in any sense involves or implies or even suggests an obligation on the part of the United States with respect to any of these several countries. If perchance any reader of those lines of my amendment should come to that conclusion, obviously he would immediately be confronted by the next sentence there, which already is in the bill, and which reads, as I have indicated:

This act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

Mr. President, I wish to pay attention in a moment to what is said in the succeeding portion of the amendment, the portion which was particularly referred to by the senior Senator from Oregon. But before I do so, let me say that the Senator from Michigan referred to what would happen if there were a breakdown, that is to say, if the amount of \$597,000,000 were broken down in this appropriation authorization so as to state the maximum amounts which would be applicable to or in any condition could be appropriated for these various countries. Mr. President, there has already been such a break-down. The break-down has been made both by the distinguished Senator from Michigan, the chairman of the Foreign Relations Committee of the Senate, and by the President of the United States. I call attention to the fact that day before yesterday the Senator from Michigan said this in the course of his address:

After making allowance for all their available resources—

And, Mr. President, he is referring, when he uses the word "their" to these three countries; in fact, the names of

all three of them are mentioned, I think. Certainly France and Italy are mentioned in the paragraph immediately preceding, and in the paragraph just before that, reference is made to Austria. The Senator from Michigan said at that time:

After making allowance for all their available resources, it is estimated that these three countries need a total of \$597,000,000—

But, Mr. President, the Senator from Michigan does not halt at that point. He says further—

for the period ending March 31, 1948, as follows:

Austria	\$42,000,000
France	328,000,000
Italy	227,000,000
Total	597,000,000

Mr. President, I submit that if there is any error or any mistake of judgment in the break-down, the break-down has already been made in the admirable and convincing address delivered by the Senator from Michigan, and I undertake to say that there was no error on his part in making the break-down. I undertake to say that it was proper that it should be made, and that the Senate should not be left in doubt, nor should the people of the United States be left in doubt, as to how much of this great sum, aggregating over half a billion dollars, is going to each country. There may be a difference of opinion as to whether Austria or Italy or France should have a certain amount, and it was proper and appropriate that the Senator from Michigan should, as he did in his address, break down the amount of \$597,000,000 into its component elements and respectively specify the amounts for these three countries.

However, not only has the distinguished chairman of the Foreign Relations Committee of the Senate broken down the sum of \$597,000,000 in a process which he now thinks would be inadvisable to include in the bill itself, but the President of the United States, likewise, on November 17, preceding by a week the opening of the debate on this subject, broke down this sum. I quote from the President's address:

Austria needs \$42,000,000, Italy needs \$227,000,000, and France needs \$328,000,000 to buy food, fuel, and other essential goods during the next 4½ months. Detailed information has been presented to your committees concerning these needs and the purposes for which funds to be appropriated by the Congress would be spent.

Mr. President, I shall have a little more to say in a few moments with respect to the care, which the Senator from Michigan commented upon, in the screening of the requests of these countries and the determination of the respective amounts which they should receive as maximum sums to be considered by this body of the Congress of the United States.

Mr. President, I come now to the further portion of the amendment which I have presented. It is the one which was referred to particularly by the distinguished senior Senator from Oregon, and his remarks thereon were approved by the distinguished senior Senator from Michigan.

Immediately following the portion I have read, namely, the portion which, after mentioning the \$597,000,000, specifies a ceiling, not a definite figure, but a ceiling, with respect to the sum to be applied toward assistance to the people of Austria, toward assistance to the people of France, and toward assistance to the people of Italy, respectively, the amendment proceeds as follows. I shall read it and state the reason for it, and, if I can, I shall undertake to answer the views so clearly presented by these Senators with respect to this portion of the amendment.

The amendment proceeds, after this recital:

Except—

That is to say, the ceilings to Austria, France, and Italy, and so forth, having been specified, there is then an exception, namely—

Except that if the President shall determine that, because of changed conditions or for other reason deemed by him to be good and sufficient, the amount so to be applied respectively toward assistance to the people of any one or more of said countries should exceed the amount so respectively above specified, he is hereby authorized to increase the amount so to be applied, provided that the aggregate of the amounts to be applied toward assistance to the people of said three countries shall not exceed the total amount which shall be appropriated pursuant to the authority granted by this act.

Mr. President, the reason for the insertion of the concluding portion of the amendment, that which begins with the word "except," which I have read, is that it was pointed out to me that if a ceiling were provided with respect to each of these countries separately, there might arise, indeed, that there may have already arisen, circumstances which would make it advisable to go somewhat beyond the ceiling. Indeed, the specific illustration used related, not to a necessary increase, but to a decrease, in regard to the amount of one of these three countries, and related to a certain crop, which, as I understood, had been given a greater appropriation than had been anticipated in that country. It was pointed out that the wisdom of man is not such as to amount to prophetic ability, and that therefore it might be that these countries, or any one or more of them, might need something more than the figures cited.

Mr. President, I think there is a point in that suggestion. I think it is easily possible that instead of Austria needing \$42,000,000, it might need \$44,000,000. I cite that, not because of any facts I have with relation to Austria, but merely as a hypothetical case. It might well be that France would need \$5,000,000 more than is granted, or that Italy would need \$5,000,000 more than is granted to Italy.

Bear in mind this point, which struck me as having considerable force. I added to the amendment this concluding part, which gives to the President of the United States the power of elasticity to the extent I have indicated.

It has been suggested that by the language which I have thus read as the concluding portion of the amendment I have wiped out a hope which would be raised

by the figures which earlier appeared in the amendment, or, to use the very picturesque language of the eloquent Senator from Michigan, that it would nullify the strait-jacket which I had intended to place upon the body of whatsoever person it is upon whom it is to be placed.

In that regard, let me say, in the first place, that I think the language of my amendment should not raise any hope whatsoever in the mind of any one of these nations as to the amount it will receive, first, because of the fact that there is a provision, as I have indicated, by which the amounts are only ceilings, respectively; second, because of the fact that there is this clause at the conclusion of section 4 (a) that the proposed act, "however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities."

If any such hope has been raised, it has been raised, I would say, by the observations which have thus far been made upon the floor of the Senate by the senior Senator from Michigan, and those made by the President of the United States.

Again, Mr. President, I wish to make it clear that in that observation I am not criticizing either the President or the chairman of the Committee on Foreign Relations, but rather I am praising both of them for their farsightedness in giving to the Senate, to the Congress, and to the people of the United States the information as to how much it is contemplated will probably be required for each of these respective countries.

Mr. President, what is the underlying reason for this amendment?—I think that every Member of the Senate when asked to vote for an authorization of an appropriation of over half a billion dollars is entitled to know how much he is voting for as a maximum for each of the three countries.

It may be stated that this matter can all be cured by the Committee on Appropriations, and I shall come to that in a very few moments. When I cast my vote I should like to know, if I could—I am not saying I will not vote for the bill if my amendment is not adopted—I should like to know, if I could, that when I have voted for the \$597,000,000, I have voted for a sum which, so far as human knowledge and prophetic vision can determine, is to be broken down in the respective amounts to which the Senator from Michigan has referred in his address, and to which the President of the United States likewise referred.

Mr. President, it should be remembered also that, while this matter will be reviewed, of course, by the Committee on Appropriations, it would be entirely possible for the Committee on Appropriations in its wisdom—and I know it will use the best wisdom and judgment of which it is capable, and I have the highest admiration for it—I realize it is entirely possible that the Committee on Appropriations might come in with a recommendation of \$100,000,000 more for one of these countries and \$100,000,000 less for another. I, as a Senator who had voted for a blanket authorization of an appropriation of \$597,000,000, would

be in a somewhat embarrassing and awkward position if I rose and said, "When I voted for it I expected that these countries would receive as a maximum the figures designated by the chairman of the Committee on Foreign Relations and by the President of the United States."

Mr. President, when in the pending bill I vote for an authorization of \$597,000,000, I am voting for a proposition under which it is possible, so far as the terms of the bill are concerned, that any amount within \$597,000,000 can be voted to the relief of the people of any one or more of these countries.

Regardless of the fact that we would have another chance upon the matter on the floor, bearing in mind the embarrassing position in which one is placed after having voted for unlimited authority, then coming in and taking the position that, after all, that was not what he wanted or what he favored, and bearing in mind that the President of the United States and the distinguished chairman of the Committee on Foreign Relations have given us their best estimate as to the amounts which should be granted to each country, I undertake to say that the course of wisdom, of precedent, of legislative policy, is to specify in the bill, just as I have done, the maximum for each of the countries, with the elasticity I have provided with respect to conditions which the President might find, in his judgment, make it advisable that some of the countries should receive an appropriation somewhat larger than the maximum contemplated in the figures.

All the arguments I have made may be immediately confronted by the proposition that we cannot tell anything about it, that we cannot tell what Austria needs, what France needs, what Italy needs. If that were true, I undertake to say we would be making a mistake in passing a bill providing an authorization of \$597,000,000 as an over-all maximum figure. But I am pleased to say that the testimony upon this proposition is so clear that we cannot doubt that there has been a careful screening, an accurate estimate, one under which we are justified in not leaving in the bill blanket authority, but should specify for each country the maximum to which I have referred, with the elasticity which I have included.

Mr. President, I quote now from a statement of the distinguished Senator from Michigan as found on page 10811 of the RECORD of Monday:

I have already referred to the amazing documentation which is available on every point involved. I now refer to the scrupulous screening which has been given the cost estimates. We have not simply invited these three hard-pressed countries to ask us what they want and to come and get whatever they please—as seems to be the suspicion in some quarters. On the contrary, their requests have been carefully studied by every available device. The final figures are not theirs. The final figures are ours. They are cut to the bone. They represent a minimum basis of rock-bottom subsistence and survival in the kind of a world we want to save for our own sakes. France asked for \$459,000,000. She was cut \$131,000,000. Italy asked for \$575,000,000. She was cut \$348,000,000. Austria asked for \$85,000,000. She was cut \$43,000,000. Such ultimate figures are not the work of star gazers. They are the work of realists. They will still be subject to

further review when the actual appropriation is submitted.

Mr. President, I quote also very briefly from the hearings before the Committee on Foreign Relations, on November 11, 1947, at page 57. The chairman, the distinguished Senator from Michigan, was presiding. The witness on the stand at that time was Undersecretary of State Robert A. Lovett. I quote:

The CHAIRMAN. I think that is very important because there is a somewhat general impression that all you have done is to virtually accept petitions and pass them along to us. It is my understanding quite to the contrary, that you have screened to the last degree of care that you can exercise. I would be glad to have you demonstrate that point.

*Secretary LOVETT. Very well, sir. I can assure you very positively, Mr. Chairman, that I know of no situation in which there has been more honest effort to develop an accurate statement of the situation than in this particular one which is presented. The figures currently included in this presentation show a very wide discrepancy from those indicating the requests of the recipient countries.

We are doing our best to meet their needs, but we are trying to do it in a realistic manner and within the reasonable limits which we feel should be imposed on this program.

Mr. President, this is not a statement made a year ago or 6 months ago. The hearings were held on November 10, 11, 12, 13, and 14. Mr. Lovett testified within a very few days prior to the rendition by the President of his notable address on the 17th of this month.

I respectfully submit that when the Congress of the United States legislates upon a proposed authorization of an appropriation, the Members of the Senate should not have before them merely a blanket figure; certainly, when the figures, as is the case in this instance, have been so closely ascertained, so well estimated so clearly demonstrated to be reasonable and proper and not the figures of star-gazers. With the bill in its present form, carrying the amount of \$597,000,000, I am not at all saying I shall vote against it, if in the wisdom of the Senate it shall reject my amendment. If we pass it, however, and it goes to the House of Representatives, what basis will the House of Representatives have for knowing, unless it studies the debates and the speech of the President of the United States, as to how the \$597,000,000 is determined, which figure as a maximum ceiling is contained in the bill which we shall have passed?

I think that, in fairness to Members of the Senate, in fairness to the people of the United States, in fairness to the other body of the Congress, we are entitled to have, when it can be had so completely and so nearly and so accurately, and when safeguards against the possibility of making any mistake are so clearly provided in my amendment, I submit that the only proper course is for us to specify in the bill, as I have in this amendment, the maximum beyond which the appropriations for Austria shall not go, the maximum beyond which the appropriations for France shall not go, the maximum beyond which the appropriations for Italy shall not go; provided that if the President finds, for the

good and sufficient reasons mentioned in the amendment, that more is needed, he in his wisdom may give authorization for such additional amount.

Mr. President, I greatly appreciate the courtesy of the Senate in listening to me upon this amendment. I feel it is an important amendment. I think it is important not only from the standpoint of this particular legislation but from the standpoint of precedent.

I realize, as does every other Member of the Senate, that when action is taken by the Senate upon any particular bill, the action so taken may rise up 20 years—yes, a century from now—as a precedent justifying other action. That has been eloquently testified to in numerous cases. I remember, upon the floor of the Senate, within the last 3 years, an instance in which a previous action was submitted, as I recall, as a precedent, when, at the very time the action was taken, it was distinctly stated on the floor of the Senate that it was not to be considered as a precedent. So, Mr. President, with the full knowledge that we have at this time, with the testimony of Mr. Lovett, with the explanation of the Senator from Michigan, with the explanation of the President of the United States with reference to the three countries mentioned in the bill, with the maximum ceiling applicable to the three combined, I see no reason why we cannot break it down into the maximum for each of the countries, with the elasticity to which I have referred in my amendment.

I shall not trespass longer upon the time of the Senate, unless some question shall be addressed to me. I thank the Presiding Officer and other Members of the Senate for their courtesy in listening to this presentation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

Mr. VANDENBERG. Mr. President, I do not wish to prolong the debate. I am very anxious to have a vote. I simply wish to make a further brief observation in response to the eloquent remarks of my able friend. I reiterate all that I have previously said about the scrupulous care that has been taken in making the estimates and in figuring the tentative amounts. I have never seen greater care taken, and I have never seen more authentic figures resulting. The figures are specifically identified in the committee report. As indicated by the Senator from Missouri, they are specifically identified in the address by the chairman of the Foreign Relations Committee and in the presentation by the President of the United States. There is nothing blind about the prospectus. We simply suggest to the Senate that it can rely upon that breakdown in the report and in the presentation of the bill, that being a standard and traditional reliance, and that under all the circumstances, since we are seeking to avoid anything like a straitjacket, it would be inadvisable, in the opening commitment of this legislation, to undertake classifications. I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from Missouri [Mr. DONNELL].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. VANDENBERG. Mr. President, I think those are all the amendments that are on the clerk's desk. Am I correct?

The PRESIDING OFFICER. That is all there are.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. Does the Senator wish to address the Senate?

Mr. MALONE. I do.

Mr. VANDENBERG. I yield.

Mr. MALONE. Mr. President, I wish to offer an amendment on behalf of myself, the Senator from Ohio [Mr. BRICKER], the Senator from Missouri [Mr. KEM], the Senator from Delaware [Mr. WILLIAMS], the Senator from Iowa [Mr. WILSON], the Senator from Montana [Mr. ECTON], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Indiana [Mr. JENNER].

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, lines 7 and 8, it is proposed to strike out "or by making funds available to the government of a recipient country."

The PRESIDING OFFICER. Does the Senator desire that all the amendments be read en bloc?

Mr. MALONE. I desire to explain the amendments. Whether or not they are read is immaterial.

The PRESIDING OFFICER. The Chair thinks it is advisable that the clerk read the amendments.

The LEGISLATIVE CLERK. On page 2, lines 7 and 8, it is proposed to strike out "or by making funds available to the government of a recipient country,"; on page 3, line 2, to strike out "\$597,000,000" and insert in lieu thereof "\$400,000,000"; on page 3, line 25, to strike out "or funds"; on page 4, beginning with line 11, to strike out through and including line 3, on page 5, and insert in lieu thereof the following: "(b) to make available to its people without cost the commodities made available under this act"; on page 5, beginning with line 12, to strike out through and including line 15; on page 5, line 16, to strike out "(f)" and insert in lieu thereof "(e)"; on page 5, line 23, to strike out "(g)" and insert in lieu thereof "(f)"; on page 5, line 24, to strike out "while the need therefor continues,"; on page 6, line 1, after the word "or" to insert a comma and the words, "while the need therefor continues,"; and on page 6, line 4, to strike out "(h)" and insert in lieu thereof "(g)."

Mr. WHITE. Mr. President, a number of amendments were just read at the desk. I wonder whether the Senator from Nevada is agreeable to having the amendments considered en bloc, or does he want separate consideration for each amendment?

Mr. MALONE. I should like to make an explanation of the amendments, Mr. President.

Mr. WATKINS. Mr. President, will the Senator yield to me?

Mr. MALONE. I yield.

Mr. WATKINS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Hickenlooper	O'Mahoney
Baldwin	Hill	Overton
Ball	Hoey	Pepper
Barkley	Holland	Reed
Bricker	Ives	Revercomb
Bridges	Jenner	Robertson, Va.
Brooks	Johnson, Colo.	Russell
Buck	Johnston, S. C.	Saltonstall
Bushfield	Kem	Smith
Butler	Kilgore	Sparkman
Byrd	Knowland	Stennis
Cain	Langer	Stewart
Capehart	Lodge	Taft
Capper	Lucas	Taylor
Chavez	McClellan	Thomas, Okla.
Connally	McFarland	Thomas, Utah
Cooper	McGrath	Thye
Cordon	McKellar	Tobey
Donnell	McMahon	Tydings
Dworshak	Magnuson	Umstead
Eaton	Malone	Vandenberg
Ellender	Martin	Watkins
Ferguson	Maybank	Wherry
Flanders	Millikin	White
Fulbright	Moore	Wiley
George	Morse	Williams
Gurney	Murray	Wilson
Hatch	Myers	Young
Hawkes	O'Connor	
Hayden	O'Daniel	

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, attending the Geneva Conference.

The Senator from Wyoming [Mr. ROBERTSON] is absent because of illness in his family.

The Senator from Wisconsin [Mr. McCARTHY] is absent because of official committee business.

Mr. LUCAS. I announce that the Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness in his family.

The Senator from Rhode Island [Mr. GREEN] is detained on public business.

The Senator from Nevada [Mr. McCARRAN] is absent on official business.

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. MALONE. Mr. President, Senate bill 1774, now before the Senate, provides, in the main, as did other relief measures such as the UNRRA Act, that goods and other materials shall be given to recipient governments, and that those governments may sell the goods and receive money for them, the money presumably going into a revolving fund, but actually utilized for the benefit of the governments or groups currently in power, with such goods going direct into the market only available to such people who have the funds to purchase them.

We have all observed revolving funds among foreign governments. For example, Tito, of Yugoslavia, financed an army through his revolving fund by selling goods furnished by UNRRA; and we now know where Tito stands. The Senators joining me in presenting this amendment think we should close at least the obvious loopholes in the bill which now allow governments to continue to abuse the privileges gained through relief from the United States. When the recipient governments are allowed to sell the goods, they immediately

go on the market and are available only to people having the money to purchase such goods. They are not given to the hungry people who need them which should be the objective of any such legislation. In Greece I picked up an armful of canned fruit, meats, and vegetables, made in California, Illinois, Pennsylvania, and other sections of this country. Those goods were on the open market. In the Athens market, for example, the merchants are selling the goods over an area 8 or 10 blocks long. The prices are not exorbitant in terms of our wages but they are exorbitant in terms of the wages paid in those countries. Wages in Greece ran between 8,000 and 10,000 or 12,000 drachmas a day. Eighty-five hundred drachmas is equivalent to approximately 80 cents. Those who are supporting families on that amount of money are not buying canned goods. In Greece if one has plenty of money he can live well; the goods are there. If he has no money he has nothing to eat, since nothing is given away—it is sold.

This is not the time or place to criticize any prior legislation or methods of distribution, but it is the time and place to profit by past errors and mistakes.

Our amendment provides, first, that the recipient governments may not sell the goods; also that they may not sell and export goods of the same character from their own country while the shortage or need exists. Also under our amendment we would not furnish money or credit, but would furnish the goods themselves. We would purchase the goods, either in our own country or in other countries when they are available, and place them in the hands of the recipient governments so that they could be distributed free of charge to the people, in order that hungry people might actually receive food.

That would be done, of course, under the supervision of the existing machinery. There is a Mr. Allen over there now undertaking such supervisory work. The senior Senator from Michigan [Mr. VANDENBERG] seems to believe that he is very efficient. I do not have the necessary information about him. He has only a skeleton organization, but that is all he would need if none of the goods were permitted to be sold. If they were encountered in the market place we would know that the black market was in operation, and for that reason the supervision would be very much simplified.

In former years the railroads of this country gave away second-hand ties. Then they began to miss new ties, so they discontinued selling or giving away any kind of ties, and as a result of the new policy when a tie was found in someone's backyard, it was evidence that it had been stolen. We must use a little common sense and psychology, and chink up some of the holes in the distribution of relief goods in the same manner.

I should like to explain the proposed changes embodied in the amendment: On page 2, lines 7 and 8, we propose to strike out "or by making funds available to the government of a recipient country." That would simply prohibit making any funds available as such to any

country. We would purchase the goods wherever they might be available. Under the terms of this amendment, instead of furnishing funds, we would simply make the goods available.

The next amendment is on page 3, in section 4. In line 2, on page 3, we propose to strike out "\$97,000,000" and insert in lieu thereof "\$400,000,000." Many of our people, including, apparently, Members of the House of Representatives, believe that \$597,000,000 does not represent the emergency need.

My associates in offering the amendment are the Senator from Ohio [Mr. BRICKER], the Senator from Missouri [Mr. KEM], the Senator from Delaware [Mr. WILLIAMS], the Senator from Iowa [Mr. WILSON], the Senator from Montana [Mr. ECTON], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Indiana [Mr. JENNER]. Our conclusion is that inasmuch as we are to return here on the 2d or 3d of January, the appropriation of a lesser amount might be an additional check on the use of the funds. The amount proposed to be appropriated is supposed to last until March. We shall return here on the 2d or 3d of January. If it then appears that the \$400,000,000 is being properly utilized, and that it is insufficient, in a very few minutes we can increase the appropriation. If it is not being properly used, or if \$400,000,000 proves to be enough, it will not be necessary to increase the amount.

On page 3, line 25, we proposed to strike out the words "or funds." The language would then read:

Before any commodities are made available to any recipient country under the authority of section 3 of this act, an agreement shall be entered into—

And so forth. By including the words "or funds" we indicate that we might furnish the money direct, to be expended by the recipient countries, which under our amendment is to be avoided.

On page 4, beginning with line 11, we propose to strike out through and including line 3 on page 5. I wish to read the paragraph which we propose to strike out, because it is really the heart of the bill which we wish to change. Subsection (b), which we propose to strike out, reads as follows:

(b) to the extent that supplies procured with funds authorized under this act are not furnished on terms of repayment in dollars, they shall be furnished only upon condition that the government of the receiving country agree that when it sells such supplies for local currency (a) the amounts of such local currency will be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, until June 30, 1948, only for such purposes as may be agreed to between such country and the Government of the United States, for relief and work relief purposes, including local currency expenses of the United States incident to the furnishing of assistance; and (c) any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may be agreed between such country and the Government of the United States subject to approval by act or joint resolution of the Congress.

Many of us believe that we are not in the business of setting up a WPA in any of the countries of Europe for work-relief purposes. We believe the United States should give the goods outright and let the countries know that the contribution is in fact an outright contribution to hungry people and not in support of any government or group of persons.

I have just concluded a trip through those countries, as have many other Members of the Senate and of the House, and I think that we are agreed that there is a shortage of food and that they need an additional increment of food, together with some fuel, in order to get through the winter comfortably.

Those who have joined me in offering this amendment believe that we should give direct aid to those countries as a gesture of pure relief, just as was done in connection with the Galveston flood and the San Francisco earthquake, eliminating unworkable conditions and conditions which would permit them to go into the business of running a WPA with our backing; in other words putting this Nation in the light of supporting specific governments and certain groups of men instead of confining it to actual relief of the hungry and cold people.

It is my personal opinion, speaking only for myself, that the Socialist-inclined governments of those countries are as responsible for the hungry and cold people as any emergency. But this is no time to debate that subject. I think the time to debate it is when the so-called Marshall plan comes before the Senate. We shall have plenty to say about that subject at the proper time.

I was in the Ruhr and went into the coal mines and steel mills there. In one coal mine and more than a mile back from the shaft 2,000 feet deep, I crawled on my belly more than an eighth of a mile to inspect the face of a new 3-foot vein where they were setting up a coal cutter. They were using pneumatic picks to break it down and a shaker conveyer down the 5 percent dip of the vein to the regular web conveyer where it was conveyed to the loading chutes and there put into 3½-ton cars in strings of as many as 30 cars to be run to the shaft. The methods were very efficient. I said, "Why do you not get more coal cutters?" The answer was, "Our firm intention was to get more coal cutters, but there is only one factory in Germany manufacturing them, and that factory is on the reparations list and will be removed to Russia or France."

That is just an example. I shall not go further into it at this time, but shall confine my remarks entirely to direct food and fuel relief.

In this proposed amendment we propose to tie it down so that the needy people are given the commodities. We do not intend to permit them to build up a fund with which to operate a WPA or any kind of a trick government, and we do not intend that the relief goods be utilized to hold existing governments in power and to do as Tito did in Yugoslavia, sell such goods to finance an army or other government operation. Let the people be free to vote for any

government they want in their elections. As a matter of fact, it is current knowledge in those countries that some of the election results were influenced by some of the leaders coming to the United States before such elections and then returning to their respective countries and representing to them that if they were elected that they could get the necessary money from the Congress of the United States. It is generally believed that many were elected by reason of that fact. It was somewhat similar to the situation when we had the WPA and the PWA. When some rival candidates were up for election and one could prove that he could get more projects from Congress for his State than could his opponent, he got the votes. We think we ought to stay out of such situations and not be used or allow funds voted for relief to be used, to elect persons to office in the recipient countries or to hold certain governments in power.

Beginning on line 12, page 5, it is proposed to strike out to and including line 15. That is subparagraph (e) of section 6, which reads as follows:

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this act.

We simply strike that subparagraph out in accordance with the language adopted in the beginning, simply deleting any reference to the recipient countries selling any commodities furnished for the relief of hungry people.

On page 5, line 16, strike out subparagraph (f) and insert in lieu thereof "(e)."

On page 5, line 24, strike out "while the need therefor continues."

On page 6, line 1, after the word "or", insert a comma and the following: "while the need therefor continues."

In these last two amendments we simply prohibit any exporting of any commodities furnished the recipient countries by us and also prohibit the export of any goods produced by them of a like nature while the need for such commodities continues, under penalty of stopping the relief.

Mr. President, I believe that the Senators who have joined with me in offering and supporting this amendment believe that, regardless of the cause of the hunger and cold, which is not the subject of discussion here, the goods should reach the hungry and cold people free of charge in the same manner as we furnish such goods to the recipient countries. The senior Senator from Michigan says that we are not committing ourselves with respect to the main plan in voting for this bill. I agree with that statement, and wish to emphasize it at this time.

We believe that the thing to do is to stop all loopholes which would permit those governments to sell the goods delivered to them, which is in effect putting them direct into the black market, the white market, or the free market, whatever it may be termed. Such a course simply means that the man with money can eat and the man without money cannot eat. The purpose of this

bill is to feed those who cannot otherwise afford to eat, and the substance of the amendment simply furnish an additional guaranty that the objectives of the legislation will be reached.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. MALONE. I have not concluded.

Mr. LODGE. I wanted to ask a question with reference to the funds.

Mr. MALONE. I shall be glad to have the Senator ask the question.

Mr. LODGE. I have listened to the address of the able Senator from Nevada with great interest, and I congratulate him on the energy and enterprise which he has shown in visiting the different countries to which he has referred.

I was in Athens a little while after the Senator was there, and I saw American canned food being sold in the streets. I believe it had reached there as a result of UNRRA several years previously. But it proves that any system is bad, whether it be sending food or sending funds, if it is not well thought out and well organized and well controlled. There is not anything wrong in itself in sending funds. The thing that is bad is the lack of control.

I asked a question of Secretary Lovett on this very point, and because it is pertinent to this amendment I should like to read it, with the Senator's permission. It is very short. It reads as follows:

Senator LODGE. Will any of the dollars which will be appropriated under this interim-aid plan go into the hands directly, of any foreign officials, or is all of the purchasing to be done here and deliveries made in goods?

Secretary LOVETT. The answer to your question is, It will be done both ways, but there will be funds delivered to the foreign recipients to be expended through the normal channels of trade only after they have obtained their allocation from the Department of Commerce, or from the Department of Agriculture. Having done this and paid for the goods, they are expected to come to us for reimbursement with the necessary documents showing that the transactions were within the terms or conditions laid down. In such cases they would actually buy the merchandise through private channels. We feel it is worth while to keep those channels open.

Then we reimburse them, provided the amounts and commodities were within the provisions of the agreements.

Senator LODGE. You think the dollars are pretty well safeguarded so far as improper use is concerned?

Secretary LOVETT. You see, sir, we do not pay until they have already purchased the commodities, so that the vouchers and supporting documents, are available. We are satisfied on that point.

I present that quotation because I think it is pertinent to the matter of conditions.

Mr. MALONE. I thank the distinguished Senator from Massachusetts. But that is exactly what we are trying to prevent. We are trying to prevent giving money to countries which then will use it to purchase and distribute the goods, just as England did during the war, without credit to this Nation. Experience shows that when purchases are made in this manner no one knows where the goods come from.

Then under the pending bill we further complicate the matter by having a re-

volving fund, and then regardless of past experience we seem to hope that if some of the funds are left over that we would have a voice in the disposition of them. Under such a complicated set of conditions the hungry man would not know who is giving him the food.

Therefore it is our considered opinion that we should safeguard this arrangement by chinking up some of the cracks we have found through experience; and we believe that in this manner some of the most flagrant abuses can be stopped.

I had intended to add to the amendment a provision that the Red Cross or some similar organization should be made the distributing agency for the food. I was, however, persuaded by some of my colleagues who joined with me not to offer such an amendment, because they were not sure that it would be entirely practicable to build up the Red Cross again.

We can at least give the food to the recipient countries, and make every effort to guarantee its delivery to the hungry people in the same manner that the recipient governments receive it. As a matter of fact, England now has an index of recovery of 113 percent as compared to 1938, France has a 95 percent recovery, and Italy is fast recovering. But this is not the place to discuss that subject.

So if we are going to give the money, either \$597,000,000 or \$400,000,000, let us make the gesture, just as I have said, as in the case of a San Francisco earthquake or the Galveston flood. Then we can say, "The food is yours. Now get it to the people who need it."

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. KEM. I understood the Senator to say that the military operations of Tito in Yugoslavia were financed by a revolving fund similar to the one set up in this bill. Is that correct?

Mr. MALONE. I do not think it was a revolving fund. He was allowed to take the food and sell it, and the supposition was that he used the money to pay his troops, since he had no money otherwise. The hungry people largely did not get the food.

Mr. KEM. I have also heard it said by persons who have recently returned from Europe, after visiting there during the past summer, that there was evidence that operations on both sides of the line in Greece were being financed with American money; that is to say, that the insurgents had American supplies and were operating with American money, and that the government of Greece was also being supplied by us. Is that correct?

Mr. MALONE. I had no chance to investigate that condition personally. There is a rumor to the effect that American supplies find their way into the hands of the guerillas. That also is another subject. I think I debated it at the time that the loan to the Greek Government came up in the Senate last spring. Today there is a government in Greece that was left there by the British. The Greeks have a king and a queen, although they are not Greeks; they were im-

ported. They also have a premier, whose name is Themistocles Sophoulis. I visited with him 3 hours in his home. He is 87 years old. He is the Clemenceau of Greece; I believe him to be just that. He is honest; he is earnest; but he is not in control of the government of Greece, and as a result is very unhappy. Many of the so-called insurrectos, according to the premier, are loyal Greek people who do not like being ruled by the present government and who say that the government does not represent the real Greek people.

If we continue to provide the commodities to be sold, and the money continues to go into the hands of the government, it will be just like the WPA; it will simply tend to keep the government in the hands of whoever is allowed to get the money through the sale of the relief goods furnished by the United States and I am not in favor of doing business that way.

Mr. LODGE. Mr. President, I am sure the Senator will agree with me that this bill does not apply to Greece in any way, shape, or manner.

Mr. MALONE. Yes. I was using Greece as an example, and I think it is a very good one.

Mr. VANDENBERG. Mr. President, the Senator from Maine suggested that the amendments might be handled en bloc. I should think that would be quite impossible, and I imagine the Senator from Nevada would wish to have the amendments submitted one by one, would he not?

Mr. MALONE. I have no objection to submitting the amendments en bloc, just as they were introduced, because they all, with the exception of the amount of the appropriation, point to the same objective.

Mr. VANDENBERG. That will be quite agreeable to me.

Mr. MALONE. The reasons for the amendment are clear. There are two things we wish to do: First, prevent the goods from being turned into money by the recipient countries and used for the support of the governments and persons currently in power, and second, we wish to prevent the goods from going immediately into the black markets, white markets, or free markets, or whatever they may be called, with the result that hungry people who are working for the current wage rates cannot purchase them, and certainly the unemployed cannot secure them. We provide for a reduction of the \$597,000,000 appropriations to \$400,000,000. We believe the \$400,000,000 to be sufficient. In any case we will return on January 2, and at that time if the plan is working satisfactorily, as we hope it will be and more funds are needed, it will be simply a matter of form to provide such additional funds. But if at that time the program is not working satisfactorily or if the \$400,000,000 proves to be a sufficient sum, no further appropriations need be made.

All the amendments except the reduced appropriation point to the same objective, and I believe it is proper that they be considered together.

The PRESIDING OFFICER. Does the Chair correctly understand that the Sen-

ator from Nevada wishes to have these amendments considered en bloc?

Mr. MALONE. I agree that they be considered en bloc, for the reasons I have just given.

Mr. VANDENBERG. Mr. President, I have no objection to having these amendments considered en bloc. I simply wished to discover what the Senator from Nevada wished.

Mr. MALONE. The Senator from Michigan has had no trouble discovering it.

Mr. VANDENBERG. Then I suggest that that arrangement be made.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

Mr. VANDENBERG. Now, Mr. President, let us see what we are to vote upon en bloc. I think I can say without reservation that the adoption of these amendments, which are being considered en bloc, would completely destroy not only the entire theory upon which this bill is written but the entire basis upon which the post-UNRRA relief organization has been set up and the entire basis upon which it is contemplated to operate in respect to this undertaking. I shall be specific about it. I do not wish to detain the Senate very long, however, in connection with this matter, because it seems to me that it is obvious that a vote in favor of these amendments en bloc would be a vote against anything remotely adequate, remotely safe in its protections, or remotely consistent with our American purpose; and I shall try to make that plain.

The first amendment would undertake to strike out the language "making funds available to the government of a recipient country."

I could quite share the feeling of my able friend, the able Senator from Nevada, if that language were to apply to the general distribution which is contemplated under the bill. That language is necessary for one specific purpose and one purpose only, and it is in connection with the procurement of supplies which have to be procured by the beneficiary government.

For instance, when offshore purchases are made under the terms of the relief bill the process is very clear. It was outlined in great detail in our hearings. The process is as follows: The Government of the United States passes upon the original requisition of, let us say, the Italian Government. It authorizes the Italian Government to enter the market and undertake to procure the goods. When the Italian Government has procured its offers in response to the specifications they are submitted for approval to the American authorities. When the transaction is completed all the papers are delivered to the American authorities to be checked in every aspect required by the bill, which is a very complete check, and only when the final credit has been approved in all these respects is there any transfer of credit. It is in effect a transfer of credit and not a transfer of funds.

Dealing with this point, at the request of the Senator from Minnesota I had a memorandum prepared categorically set-

ting forth this routine, and I can merely say to the Senate that if this routine cannot be followed, particularly with respect to the purchase of offshore goods, the practical workings of this entire program are pretty well nullified.

It is very easy to offer an amendment in complete good faith—I assure the Senator from Nevada that I am not questioning his good faith for an instant—it is a perfectly simple matter to offer what seems to be on its face a useful amendment, yet one which, when it fails to gear into the extensive machinery that has been provided for this undertaking, becomes a very serious matter which might not have been in the contemplation of the author of the amendment at all. So I am saying at this point, in connection with the first of the amendments which have to be voted on en bloc, that I think it would throw a monkey wrench into the entire procurement system, which is deemed not only to be essential, but to be wise and safe in connection with the administration of the bill.

I desire to add one or two things at this point, because the Senator from Nevada has constantly said, "We do not want to furnish this money to these countries to do as they please with it." No one is getting anything to do as he pleases with, under the bill. Most of the difficult situations to which the able Senator from Nevada has referred in the course of his interesting remarks are mistakes and errors and even outrages which occurred under UNRRA, things which caused us to withdraw from UNRRA, and to insist that processes of that nature should no longer be followed.

The things to which he points are the things which have been substantially corrected in subsequent relief administrations, and if the Senator is not willing to testify that the post-UNRRA relief administration in Europe is an infinite improvement on the UNRRA administration, if he is not willing to testify that it has largely caught up with the mistakes and errors, if he is not willing to testify that we have learned by experience and are profiting by experience, I can only say his testimony disagrees with that of every other of his colleagues whom I have heard testify, who went abroad during the past summer to view the situation at first hand.

Mr. MALONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nevada?

Mr. VANDENBERG. I yield.

Mr. MALONE. I believe, as does the Senator, that many corrections have been made. I believe that we now have in Europe a man who, if he had authority to move, as he apparently does not, would do a good job. I refer to Dwight Griswold.

Mr. VANDENBERG. Governor Griswold is not involved in the consideration of the pending bill or the pending amendment.

Mr. MALONE. I merely wished to tell the Senator that I thought that if he were allowed to act, he could accomplish results.

In regard to "messing up" the bill, which has been so carefully prepared, the amendment, it appears to me, goes right to the root of the whole matter, that is, that the European countries will be allowed to buy goods wherever they see fit, and when they have done so and the invoices are received here, under the bill they will be paid, and as in the case of past relief measures, including UNRRA, get the credit for furnishing the goods to their people instead of the United States, which furnishes the money in sweat dollars collected from 49,000,000 taxpayers.

My colleagues who are sponsoring the amendment and I believe, generally, that the United States should get credit for this relief and that it should go direct to the people who are involved, who are hungry and cold. This is a complicated bill, a point on which I agree with the Senator from Michigan, and we believe it could be simplified with great benefit not only to the people who are to be fed, that is, the individuals, not the particular governments, in whom I still insist we are not interested, but also to our great benefit, making this gesture to the people of Europe so that they know who is giving them the food, and that we do not expect a return of any kind.

Mr. VANDENBERG. Mr. President, the Senator has submitted a series of 8 or 10 amendments, and at his own initiative he asks that they be voted on en bloc. The only thing I can do is to take each amendment as I come to it, and I suggest that we confine our debate, all of us being as brief as possible, to the particular amendment under discussion, so that we can make orderly headway in the consideration of the amendments.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MALONE. The Senator from Michigan said this one amendment he was discussing would affect the entire bill, and I agree that it does affect the entire bill, and in the opinion of the sponsors of the amendment, it simplifies the legislation and clarifies the objective.

Mr. VANDENBERG. I understand that is the viewpoint of the sponsors of the amendment.

Mr. PEPPER. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield to the Senator from Florida.

Mr. PEPPER. The able chairman of our Committee on Foreign Relations has made several references to the administration of the UNRRA program. I know the Senator would also be fair enough to say, since he has spoken of the recent relief program being an improvement in efficiency and in methods over UNRRA, that UNRRA had the disadvantage of being the first program, that it was set up rapidly, covered a large area, had to operate in a short period of time, and that it too, no doubt, would have improved its own administrative technique had it had opportunity to gain the experience which was subsequently acquired.

I say that, Mr. President, because I feel very strongly that, on the whole, UNRRA did a good job, that while there may have been defects in its program, the prin-

ciple of the administration of aid through the international organization was the right principle. I think we have erred in departing from that policy. I would rather lose a little money and retain more good will than the contrary.

While UNRRA will stand before history upon the record it actually made, and it certainly does not need my feeble voice in its defense, I merely rose to ask the able chairman if he did not believe UNRRA did a great deal of good, and that it, too, would have profited by experience if its life had not been ended.

Mr. VANDENBERG. I am glad the Senator interrupted me in this fashion, because I think that otherwise the RECORD might have conveyed a wrong impression.

Everything I have said about UNRRA is true, in my opinion. I think that inherently UNRRA could not operate effectively because it was under a multilateral international administration, which made a successful type of administration highly difficult. I think there are many pretty bad spots in the UNRRA record as a result. But I would not for an instant deny that there was a splendid devotion to an ideal in its management. I would not deny for an instant that, in spite of all its handicaps and errors, it served an utterly indispensable purpose at the time it was in operation.

Mr. RUSSELL. Mr. President, I desire to propound a parliamentary inquiry. As I understand the amendment that is pending, it deals with several sections of the bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. RUSSELL. Is it not possible for any Senator to request a division of the question?

The PRESIDING OFFICER. The Chair would point out that the Senator offering the amendments requested that they all be considered en bloc, and by unanimous consent the Senate agreed to do so. The request was put and there was no objection. So the Senate is bound to consider the amendments accordingly.

Mr. RUSSELL. I was not in the Chamber at the time, having been called from the floor temporarily, but I regret very much that that condition obtains. I for one would like to vote for that portion of the amendment which undertakes to reduce the authorization from \$597,000,000 to \$400,000,000, but I am not prepared to vote for the rest of the amendments.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Nevada.

Mr. MALONE. I would say to the distinguished Senator from Georgia that I have no objection whatever, and I do not believe that the Senators who joined with me in offering the amendments have, to voting on them separately. We also have no objection to voting on them collectively. If it is possible to change the rule, the Senators have our permission to proceed in that way.

Mr. RUSSELL. Mr. President, I ask unanimous consent that that portion of the amendment which relates to the total

authorization of appropriations be voted upon separately.

The PRESIDING OFFICER. The Senate can always undo what it has done. The request has been made that that particular portion of the amendment be voted on separately. That merely applies to the total amount of the appropriation, the Chair understands.

Mr. RUSSELL. That is correct.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield, while the Senator from Kentucky raises a point of order?

Mr. BARKLEY. No; I am not raising a point of order. I am merely reserving the right to object, because it can only be done by unanimous consent.

The PRESIDING OFFICER. That is the Chair's understanding.

Mr. BARKLEY. Inasmuch as a separate amendment can be offered, if the group of amendments en bloc is voted down, affecting the total amount, it seems to me that nothing much is to be accomplished by setting aside the rule which was adopted a while ago.

Mr. RUSSELL. It seems to me we might have some time in arriving at a vote on the bill. That is the only purpose I had in mind.

Mr. BARKLEY. I do not know whether that result would be accomplished.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from Georgia?

Mr. DONNELL. Mr. President, will the Chair please state the request?

The PRESIDING OFFICER. The request is that that section which is being amended, which contains the appropriation, be voted on separately. Is there objection? The Chair hears none, and it is so ordered.

Mr. VANDENBERG. I understand, Mr. President, that we are first voting en bloc on all the remaining amendments, and not upon the proposal to reduce the sum?

The PRESIDING OFFICER. The Senator from Michigan is correct.

Mr. VANDENBERG. Therefore I continue to address myself to the motion that is pending, and under those circumstances I skip for the time being a discussion of the amount. The third amendment deals with the question of sums, which I have already discussed, and simply is supplemental to the previous amendment on the same subject.

We now come to the amendment, which I take it from the observations of my able friend from Nevada really goes to the heart and core of his objection, namely, to require that everything under the terms of the bill shall be given away free gratis for nothing. Well, that involves a highly laudable and human point of view, which I would be the last to criticize, but it seems to me it confesses a total failure to understand the nature and character of this operation, because, for instance, when we are relieving hunger and cold and distress in Italy, let us say, during the ensuing three winter months, we are not simply relieving the distress of the indigent; we are relieving the distress of the entire population, be-

cause the food and fuel deficit is a total deficit in the economy of the whole country. The only reason we have to furnish the food and fuel is because there are not dollars available to balance the deficit by direct purchases abroad. Therefore, there is no way that it is possible to separate the indigent in the recipient country as the ones who are to be the beneficiaries of our attention. We are serving all the people of Italy, and it is just as important that the middle class in Italy should not starve or freeze as it is that the indigent should not starve and freeze. Yet when we come to the contemplation that we are furnishing food and fuel to the middle class and the upper class as well as the indigent, it seems to me perfectly fantastic to say that we should make a free, unlimited, gratis gift of food and fuel to this total population. I submit that under the correct concept of the bill, it becomes indefensible to talk about requiring that this shall operate on the basis of a total gift.

That is not the only thing involved. We all know that if there is any hope for the economies of Europe, it is on the basis of internal recuperation in the direction of reorganized domestic economy; and that means an attention to sound finances and sound budgets. If all the aid is put upon a charity basis, all burden is eliminated from the local budgets to provide against responsibilities that are inherent in the obligation of any government on earth. A situation is produced in which the gift, the charity, becomes a budgetary windfall to the beneficiary country, and that is one of the precise things which we are seeking to guard against by requiring this deposit of local currency.

I submit, Mr. President, that from whatever standpoint we contemplate the matter, and with the greatest respect for the high motive which I know inspired my friend from Nevada and his associates in making this proposal, I think it is not only completely at variance with the theory of the legislation, but I think it completely collides with basic economic common sense.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MALONE. It seems to me that if we are furnishing fuel and food, we are only furnishing it because the country needs the fuel and food. We do not go particularly into the reasons why they need it.

Mr. VANDENBERG. The Senator is wrong about that, in my opinion.

Mr. MALONE. If the Senator will allow me to finish—

Mr. VANDENBERG. I beg the Senator's pardon.

Mr. MALONE. If an effort were made to trace this fuel to see where it would be used, I presume we would find that it would be used in the furnaces to create electric power, in furnaces to heat cities, and in individual stoves to provide heat for citizens who are cold and hungry. We get no return from the city, only the recipient government itself gets a return, not the United States; if there could be some return to the

United States in their own money, that would be helpful, but there is no return to us whatever. So why would it not be practical to allow the fuel to be used in furnaces producing electric power and furnishing other necessities to the cities, and then to have a reduction in rates to the poor people needing the food and fuel so badly?

Mr. VANDENBERG. Mr. President, I think I have covered all the questions submitted to me by my able friend. When he gets around to the central heating plants that are going to get the fuel, it seems to me he presents an exhibit which simply fortifies the point I have made, that where there is economic capacity to pay for fuel, that capacity should be tapped. I know of no reason why the American people should be asked to make up deficits that are needlessly created in this fashion. So I can only end where I began, that I think the amendment ignores the entire concept upon which this undertaking is set up.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MALONE. It seems to me that the Senator has at last gotten to the real heart of the problem, which is that in the winter time it certainly is cold in France, and that some people will not be able to pay electric bills and fuel bills and the various bills that will come to them as the result of expenditures necessary to heat a city or a hotel. That is why I believe there could be a reduction in rates as a result of our gift of fuel. So it all comes back to one thing, as we should find if we had the time and the patience to follow through in respect to all the fuel and the food we furnish. Either the indigent, hungry, and cold people should be allowed benefits by way of reduction by the French Government in the rates charged those people for the heat, and so forth, which is created by the fuel we furnished the French Government, or the whole thing falls flat. No money comes into the United States Government in return. The money goes to the French Government, if it seeks to get what it can from some of its indigent citizens, instead of lowering its rates.

If the recipient governments are allowed to sell the food and fuel given them by this Government, the money in their currency should be paid to the United States. Then we could subsequently use such currency of the respective government to purchase such manufactured goods as may be produced by them, needed in this country.

Mr. VANDENBERG. Mr. President, I simply want to add a word and then I shall move on. I think the Senator again misconceives the theory and concept of the legislation. The reason food and fuel have to be furnished is not because the people are too poor by and large to pay for it. It is not because the municipality does not have the resources with which to pay for the fuel to run the lighting plant. It is because they do not have the international exchange with which to make the imports that are indispensable to do the particular thing that may be involved. So that it is not a situation where we can apply a needs

test. It is a situation where we apply the test of availability in respect to the payment for indispensable imports, which is, it seems to me, a concept that is a thousand miles removed from a plea on a charity basis.

Mr. BARKLEY. Mr. President, will the Senator yield to me at that point?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. With respect to the theory of the Senator from Nevada, in the case of a central heating plant in any city in Italy or France where coal furnished by us had gone into the furnaces that produced heat, the ultimate conclusion of that theory would lead the United States into the necessity of paying the individual heating bills of citizens of a community that were afforded heat, by reason of the fact that coal was being furnished by us to the community or city. Certainly we are not seeking in the proposed legislation to go anything like that distance.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CHAVEZ. I believe it would be well if the Senator from Michigan would clarify the purpose of section 2 of the bill. Of course, it does not refer only to economic retrogression or to the economic situation, but it does definitely say:

It is the purpose of this act to provide immediate assistance in the form of food, fuel, and other commodities urgently needed by the peoples of Austria, France, and Italy, hereinafter referred to as the recipient countries—

To what?—

to alleviate conditions of intolerable hunger and cold.

So of necessity, if that is the purpose of the bill, we can say that it does not refer only to the economic situation in the country. I think if the Senator from Michigan would clear that feature up possibly we would not be confused.

Mr. VANDENBERG. I would think there was no possible confusion about it. The point is that this intolerable hunger and cold is not due 85 percent of the time to a lack of domestic resources to pay for food and fuel. It is due to a lack of sufficient food and fuel and a lack of sufficient kind of money with which they can be imported. The net of it, however, arrives at exactly the language indicated in the bill, "intolerable hunger and cold," not only for the indigent but for everybody.

Mr. CHAVEZ. That is correct. But what is going to be done if the indigent cannot buy the food?

Mr. VANDENBERG. The indigent will be served precisely as the indigent in the Senator's home town would be served. The indigent are not required to pay for the food. But those who can pay for it are required to pay for it.

Mr. CHAVEZ. I admire the Senator's confidence in that respect.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WHERRY. A moment ago there was some confusion in the Chamber and I did not hear all of the statement made by the distinguished minority

leader. I should like to ask either the distinguished Senator from Michigan or the minority leader a question. If the charity proposed by the Senator from Nevada in the way of a reduction of light bills were to be extended, would that cost the American taxpayer anything?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. I merely observe that if the theory of the Senator from Nevada were carried out to its ultimate conclusion, and I understood him to indicate that he wished we would deal with these people on an individual basis and not deal on the level with the government, then in cases where indigent people were unable to pay their heating bills for heat which came through a central heating system we would be required, if we were to follow up that line of thought, to reimburse individually those who had enjoyed the benefit of the coal which went into a heating plant, if they could not themselves pay for it.

Mr. WHERRY. Mr. President, will the Senator yield for a further inquiry?

Mr. VANDENBERG. I yield.

Mr. WHERRY. After the certifications have been made and the American dollars furnished, the French Government buys grain from us which is processed and sold to the people and the French currency paid by them for the flour is turned over by the millers to the Government, and the Government deposits it in the revolving fund. Is that correct?

Mr. VANDENBERG. Substantially.

Mr. WHERRY. Substantially?

Mr. VANDENBERG. I mean there are various other steps involved. But I say that substantially the Senator is correct.

Mr. WHERRY. At that point let me ask, what is the difference whether France gives that food away through its regular distribution channels as supplemental food to the French people or whether France charges for it. Is there any difference?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. That is a matter which pertains to the internal policies of the French Government.

Mr. WHERRY. The food in question is supplemental food. It is not going to be set aside, and the statement made that, "this man is going to get it," or "that woman is going to get it." This is supplemental food, or supplemental coal or steel. Once France gets into possession of it, I ask again, what is the difference, so far as distribution is concerned, whether it is paid for by the individual or whether it is not?

Mr. BARKLEY. That is still, as I say, a question of the internal policy of the French Government. I do not know what the Senator means exactly by "supplemental food." Let us take bread, for instance. The French have reduced their rationing of bread to 200 grams a day, as compared to 600 grams a day prior to the war. The same thing has happened in Italy. So long as they retain that rationing, that maximum of 200 grams, I

suppose the food they would be able to buy under this bill would still be limited to that sort of a rationing system in France. If they did not have enough food to make up the 200 grams, the difference would be furnished through this legislation, and to that extent it would be supplemental to what they themselves had.

Mr. WHERRY. That is correct.

Mr. BARKLEY. If the entire 200 grams of bread a day were furnished from these funds, it would not be supplemental food, but total food.

Mr. WHERRY. I understand the Senator. That is exactly my viewpoint.

Mr. BARKLEY. The bill provides that we shall deal on a governmental level. All the safeguards, all the certifications, and all the facts must be brought to the attention of our Government prior to the actual commitment of the French or Italian Government.

Mr. WHERRY. I understand that.

If the Senator from Michigan will further yield, I should like to make one observation in reply to the minority leader, with whom I agree.

Mr. VANDENBERG. I yield.

Mr. WHERRY. I agree that the question of what becomes of the money will be resolved in the agreement which is made between our country and France as to what is to be done with the currency in the revolving fund. In that fund might be the allocation suggested by the distinguished Senator from Illinois [Mr. Lucas], who suggested that part of the currency might be used for publicity purposes, possibly for the Voice of America program. Whatever is contained in such an agreement, it must be executed as between the governments so far as concerns the use of the funds. I agree to that.

The other day I asked the question as to what was to be done with the money. The distinguished Senator from Michigan may remember that I raised the point that it was my feeling that the money would be used to help sustain the governments. In other words, we would be subsidizing the governments. I referred to the personnel on the police force in Paris, 34,000 policemen. I quoted a figure which had been furnished me as to the personnel in the French Government. We ought to look into that question.

Coming back to the original question, I am seeking light. I did not hear the amendments read. I am trying to find out what the sponsors of the amendments have in mind. It seems to me that it makes no difference, so far as the American taxpayer is concerned, what France does with the food after it is paid for, if it is paid for, or after it is received as a gift. As the distinguished Senator from Kentucky [Mr. BARKLEY] has suggested, the food will be placed in the normal channels, whether it is paid for or not. It will be furnished as supplemental rations to the one who eats the bread; and the other materials will be furnished in like manner. They will be furnished to the one who gets the heat, the cotton, or the petroleum. I hope I am correct. It seems to me that it makes no difference, so far as

we are concerned. The money is not an important thing. When I was in France the lowliest person could get all the money he wanted. It was a question of getting food. The ration system is in operation there. It will continue in operation.

I am not sure what the distinguished Senator from Nevada [Mr. MALONE] has in mind, but it seems to me that if the food is sent over as charity, or as a loan, the distribution method is there. The food will be distributed in the same way, regardless of whether or not it is paid for by money which goes into the revolving fund. However, there is this difference: The provision that the people shall pay for it will result in placing in the revolving fund the currency with which those governments can maintain themselves. I think that is true.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. VANDENBERG. Mr. President, I was taking leave of absence temporarily. [Laughter.]

Mr. BARKLEY. I do not want to take the Senator's time.

Mr. WHERRY. Mr. President, I am sorry if I have encroached upon the time of the distinguished Senator.

Mr. VANDENBERG. Not at all.

Mr. WHERRY. The Senator has been most patient. Possibly some of these questions are so far afield that they should not even be answered.

Mr. VANDENBERG. Mr. President, I should like to comment on the last sentence of the Senator, because I do not think he meant it.

Mr. WHERRY. If I did not mean it, I should like to have the distinguished Senator from Michigan tell the Senate what he feels the State Department has in mind as to what will be done with the money which goes into the revolving fund.

Mr. VANDENBERG. I have answered that question several times, but I shall be glad to do so again.

First, let me say that I disagree with the implication of the Senator when he says that the proceeds from the sales are to be used in some fashion by the domestic government.

Mr. WHERRY. I referred to the proceeds in the revolving fund.

Mr. VANDENBERG. Yes. The implication was that some sort of governmental subsidy was involved. I disagree. I disagree at least to the extent that I shall have lost all confidence in my own Government if it ever consents to any such arrangement. It must consent to anything that is done with the revolving fund.

Now let me come to the rest of the question. What is to be done with the revolving fund? That depends upon the contract which is written.

Mr. WHERRY. I agree.

Mr. VANDENBERG. Under the present relief law, Public Law 84, which is already in operation, the revolving fund can be used for relief and work relief as a supplement to the original relief. In other words, we get two or three times

the relief utility of our money as a result of turning it into a revolving fund under our constant veto in respect to its use.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WHERRY. There would be no relief from that money unless additional rations were made available, would there?

Mr. VANDENBERG. It might take the form of work relief.

Mr. WHERRY. But the worker on work relief would be entitled to rations. It is not a question of money. It is a question of food.

Mr. VANDENBERG. Certainly it is a question of food. But it is also a question of the resources with which to obtain food which is in deficit.

Mr. President, there are many other things which I do not think I need to take the time of the Senate to repeat, for which the revolving fund could be used. So far as I am concerned, I am ready to vote on the pending amendments.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MALONE. What the Senator says is true if the people have the money; which I doubt. I have just returned from France. For the past month I have been in France and other countries. Most of the people are receiving very low wages in their own currency. The Senator stated that 85 percent of the people had money. I should say that 15 percent of the people have money, and not 85 percent. That is a matter of academic disagreement, unless there is some way of checking quickly. I hope the Senator can do so.

Mr. VANDENBERG. We should also have to agree on a definition of what we mean by having the money.

Mr. MALONE. The Senator stated that the people had the money and could pay. If they have the money, why not turn over the money received for the food, in francs, or the money used by the respective recipient government to the American Government in the manner I have already suggested so that we can buy the commodities which we need, and which are made by such recipient government, instead of going through the complicated routine provided for in the proposed legislation, which is to be agreed upon by three or four governments? If 85 percent of the people have the money, as the distinguished Senator from Michigan suggests, it is a very simple matter to transfer it to the Treasury of the United States in their own currency after such sales have been made by the recipient governments.

Mr. VANDENBERG. Let us get back to the 85 percent. I did not say that they had the money.

Mr. MALONE. The Senator stated that he thought that 85 percent of the people of those governments had the money.

Mr. VANDENBERG. Let us be reasonable. If I said that 85 percent had the money, I meant that 85 percent were not on relief, and therefore were in a position to purchase their own supplies with local currency.

Mr. MALONE. Does the Senator have any figures on that question?

Mr. VANDENBERG. No; but I should be glad to have the Senator change the percentage if I am in error.

Mr. MALONE. I think it would be more nearly correct to say that 15 percent have the money and that 85 percent of the people of the recipient countries would not have the funds with which to purchase the food and fuel needed.

Mr. VANDENBERG. Does the Senator mean that 85 percent of the people of France are on the poor-house list?

Mr. MALONE. No; they are not. However, they cannot buy canned goods such as I bought in Greece, and which can be bought in the black market in France as well. The ordinary people cannot buy such goods because of the low wages received when they work—and many of them are not working.

Another factor is the rate of exchange. The present official rate in France, for example, is 117 francs to the dollar. When I checked out of the Crillon Hotel in Paris last week I was charged \$25 for a one-night stay including a dinner, because of the rate of exchange. One could go around the corner and get 400 francs to the dollar, which would have reduced my bill to approximately \$8, which would have been reasonable, but by using the official rate of exchange of 117 francs to a dollar the rate was practically trebled. That is one of the reasons why the people are in such terrible circumstances. People working for low wages do not have sufficient money to buy the goods. Therefore they cannot pay. Also by holding rigidly to the false value of 117 francs to a dollar, exports are discouraged, since no one can afford to buy their goods—therefore it is only natural that they run out of dollar balance.

I should say that that statement applies to 80 or 85 percent of them. The Senator is correct in reverse.

Mr. VANDENBERG. Mr. President, let us have a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Nevada [Mr. MALONE] for himself and other Senators. By unanimous consent the amendments are being considered en bloc, with one exception.

Mr. PEPPER. Mr. President, I should like to ask the Senator from Michigan a question.

Is it on page 4 of the bill that the provisions are to be found with respect to the revolving fund which has been under discussion?

Mr. VANDENBERG. Yes. The language has been amended.

Mr. PEPPER. I have not seen the amendment. It may be that the language has already been satisfactorily amended. Subparagraph (b) on page 4 seems to leave open the question as to whether the Government receiving the supplies shall sell them or give them away, upon a proper finding. Is that the intention of the language?

Mr. VANDENBERG. Yes. It all depends upon the agreement which is made between our Government and the recipient government with respect to the operation of the fund.

Mr. PEPPER. I am referring to the language beginning in line 11, reading as follows:

(b) to the extent that supplies procured with funds authorized under this act are not furnished on terms of repayment in dollars, they shall be furnished only upon condition that the government of the receiving country agree that when it sells such supplies for local currency.

Does that mean in case it sells them? Does it by implication allow the recipient government to give supplies to the indigent if the government should see fit to do so?

Mr. VANDENBERG. First, let me say that that language has been changed and it now applies to all commodities except those which may be the subject of direct repayment to our Government.

Mr. PEPPER. Very well. That is taken care of in the text.

Has the language beginning in line 16 been altered? I am referring to the words:

(a) the amounts of such local currency will be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, until June 30, 1948, only for such purposes as may be agreed to between such country and the Government of the United States, for relief and work relief purposes.

Mr. VANDENBERG. That is out. The entire section which the Senator has read is condensed into a single sentence which I shall read, as follows:

(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States.

That is followed by subparagraph (c) which gives the Congress a veto upon the distribution of the ultimate unencumbered balance.

Mr. PEPPER. I am glad to hear that. That is a great improvement over the language in the original bill.

Mr. VANDENBERG. I think so.

Mr. PEPPER. The existence of our foreign services in the countries which are the recipients of these dollars involves a considerable sum of money which we have to pay regularly. If we can let them have dollars and they can pay them back in supplies and in other contributions they may be enabled to make, it would cost us no more.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MAGNUSON. The Senator will recall that on Monday I suggested that I might offer an amendment to the bill, in view of the insertion of section 5.

Mr. VANDENBERG. Yes. But will not the Senator permit us to wind up this amendment?

The PRESIDING OFFICER. There is a unanimous agreement to vote en bloc on the amendments offered by the Senator from Nevada and other Senators, with the exception of the amendment

regarding the appropriation of \$597,000,000.

The question is on agreeing to the amendments, with the exception of the one indicated.

The amendments offered by Mr. MALONE for himself and other Senators were rejected.

Mr. VANDENBERG. Mr. President, this leaves one amendment in the list of amendments offered by the able Senator from Nevada and his associate, the purpose of which is to strike out the figures "\$597,000,000" and to insert in lieu thereof the figures "\$400,000,000."

It was suggested in connection with the presentation of this bill that it is said to represent the viewpoint of the House committee. I am not clear about that. The only information I have is, as Will Rogers said, from the newspapers. It is my understanding that if there was any such action it was by a majority of one with a number of the committee members absent. But be that as it may, I know of no probity that that particular statement has in our consideration of the matter. If the House wishes to make a reduction we shall certainly confront it in conference and it will receive any attention it proves to deserve at that time.

So far as our original consideration is concerned, Mr. President, I simply want to say this about the figure. I can fully understand the anxiety of many of my colleagues to hold the figure to the utter minimum. I would want to join in any possible effort to hold it to a minimum which does not go below the essentials of doing the job. I know of no advantage in throwing a 15-foot rope to a man who is drowning 20 feet from shore. I would rather keep my 15 feet of rope.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. VANDENBERG. Will the Senator permit me to conclude a very brief statement?

Mr. RUSSELL. Certainly.

Mr. VANDENBERG. The evidence before our committee indicated to us—and I think this is a unanimous verdict on the part of my colleagues on the committee—that the figures had been screened to a degree and in a fashion, this time, which is infinitely more—shall I say scrupulous?—than heretofore in connection with some previous bills. At any rate, it was done on a basis which it seemed to us challenged at least a right to our prima facie belief in the validity of the job that had been done.

I want to indicate how that job was done.

In the first instance, estimates were made in the countries involved, by their own authorities, as to what they thought their deficit balance necessity would be—

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Texas.

Mr. CONNALLY. I suggest that the Appropriations Committee can consider these matters, if it be found later on that the amount is too large. But the figures will not be found to be too large. There is danger that they may be found to be

too small, in spite of the careful estimating. But it would still remain within the control of the Congress as to whether the full amount should be appropriated.

Mr. VANDENBERG. I was coming to the point which the Senator indicates.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I should like to complete my statement as to how these figures were arrived at, if the Senator will permit.

I have said that original estimates were submitted upon the responsibility of the local authorities overseas. A preliminary check on the figures was first made by American economists and technicians in our missions abroad. A series of committees was then established made up of specialists from various United States agencies in Washington. These committees screened the needs in terms of commodities and the financial condition of the requesting country in respect to its dollar balances and resources. A second similar check was then made by economic and technical personnel in our foreign missions. This included inquiries to see whether the needs could be met elsewhere than in the United States.

The balance sheets then began to indicate the necessary expenditures and known resources. Efforts were made to see whether the most urgent needs in deficit could be met in other ways and by other funds. This search was fruitless, except for small sums in the case of France.

Now, listen:

These screenings reduced the original Italian requests for raw materials from \$250,000,000 to \$150,000,000. This checking further eliminated \$150,000,000 for pipe-line deficiencies, \$50,000,000 for working balances of funds, and \$30,000,000 in payments to other countries on clearing balances, as not essential for this "hold the line" program.

So the original Italian request of \$575,000,000 thus, through this process, came down to \$227,000,000. Without reiterating the details of the process, let me say that the original French request of \$459,000,000 came down by \$131,000,000, as a result of this process. The original request from Austria for January 1 to March 31, 1948, was \$85,000,000. That was reduced to \$58,000,000, of which \$16,000,000 is relief previously provided through the United States foreign-relief program.

What I am trying to say to my colleagues is that in justifying an original over-all appropriation ceiling, we felt that the evidence submitted to us not only completely justified the figure as provided in the bill, but would not justify any figure less than the figure in the bill, except in the light of subsequent contingencies which might change the situation to be served.

We had furthermore in mind the fact that after the authorization is approved, the appropriation itself must go to the Appropriations Committee, where in turn, it is to be carefully screened, and where there is available information of even later date than that which was available to our committee. So far as the

Senator from Michigan is concerned, he would hope that the Senate Appropriations Committee would put a very hot microscope on the figures, because so far as this Senator is concerned, he wants this thing to be on a bedrock basis, provided it is adequate to meet a minimum challenge to keep people fed and free, people whom it is to our distinct necessity and advantage to keep free, this winter.

Now I yield to the Senator from Georgia.

Mr. RUSSELL. Mr. President, before I ask a question, I wish to observe that I have heard this argument about the Appropriations Committee used both ways. When an authorization is presented, it is always said, of course, that it all depends upon what the Appropriations Committee recommends. In numerous instances I have also heard Senators rise on the floor of the Senate and say that the authorization was a certain amount, and then belabor the Appropriations Committee because it had not voted the full amount of the authorization.

Mr. VANDENBERG. The Senator from Georgia is quite correct about that.

Mr. RUSSELL. So we realize that that situation may be handled in either of those ways.

I was very much interested in the report to which the Senator from Michigan adverted in his very able address in opening the debate on this measure. I refer to the report in regard to how these various requests were screened. I should like to ask the Senator from Michigan whether the committee, in arriving at these tentative amounts for these various countries, received any evidence as to the large amount of gold that is in the hands of various French nationals. In France you hear the figure estimated at anywhere from \$2,000,000,000 to \$5,000,000,000. I hold in my hand a report from the Bank of International Settlement, the annual report for the period ending March 31, 1947, which I may say was quoted approvingly in the bulletin of the Federal Reserve banks for October 1947, and which estimates the private gold holdings in France at 3,000 tons of gold of the value of \$3,400,000,000, all in the hands of French nationals.

It seems to me that is a very significant matter to be considered in arriving at whether we have in fact seen that all the means of these various nations are exhausted, before the United States Government is called upon to contribute to the welfare of their citizens.

I concede that we have a very direct stake in preserving the freedom of France; but it would seem to me that French nationals who own gold, as estimated by this report appearing in the Federal Reserve Bulletin, amounting to \$3,400,000,000, would certainly have as much interest in preserving the freedom of France as does an American citizen who is a taxpayer of the United States. I should like to know what consideration the committee gave to these reports on these rather extensive gold holdings in the hands of French nationals.

Mr. VANDENBERG. Mr. President, the Senator from Wisconsin [Mr. WILEY]

persistently brought to the attention of the committee and its official witnesses the precise subject to which the able Senator from Georgia adverts. We were advised that insofar as our Government can have any contractual control over a current situation, it can deal, of course, only with the gold that is under the control of the French Government. That gold was in the neighborhood of \$700,000,000, I think, on June 30; and my recollection is that it is down to approximately \$325,000,000 now, which of course is close to the point of red flag hazard in respect to the currency of a country.

As respects gold that may be hoarded, we had available to us no information of an official nature, because apparently none seems to be available. But there is no doubt in the mind of the Senator from Michigan that there is a substantial hoarding of gold—and probably of American currency, too, as a result of expenditures made by our troops abroad. There seemed to be no way by which we could reach that subject in connection with this particular bill; but we have urged the exhaustion of every possible effort to inquire into that phase of the matter, so that that information may be available, insofar as it can be made available, in connection with the long-range bill, when it comes before us. That is the only answer I can make to the Senator.

Mr. RUSSELL. Mr. President, I should like to read into the RECORD an extract from the report of the Bank of International Settlement, from page 94 of that report, and I state that it was quoted verbatim in the Federal Reserve Bulletin for October, 1947. It deals with supplies of gold in the world. I shall read only one short paragraph:

Much of the gold from Switzerland and from other sales found its way to France, where considerable amounts had been purchased by the public in recent years. It is estimated that at the beginning of 1947 private gold holdings in France reached the high figure of 3,000 tons, equivalent to about United States dollars \$3,400,000,000, or nearly five times as much as the gold reserves of the Bank of France.

Mr. President, I would help all these nations, but I think we shall fail, and fail utterly, unless we confine our help to those who are willing to help themselves; and \$3,400,000,000 of gold in the hands of the nationals of France, who have a stake in the Government of that country, means, I think, that we could afford to reduce somewhat the amount of this requested appropriation, insofar as it applies, at least, to French needs.

Mr. President, the French people are very intelligent. They have been dealing with conflicting philosophies of government at much closer range than we have, over a long period of years; and they have had a great deal of experience in operating governments. There can be no doubt in the mind of any Member of this body or in the mind of any Frenchman that if communism were to prevail in France, the state would find ways and means to nationalize this gold. We know that when the French people have been appealed to, in times past, when their national integrity was involved, they re-

sponded, despite their propensity for hoarding. In 1870 they raised a tremendous sum of money, I think a billion dollars, to the amazement of the civilized world, to get the Prussian armies off their soil, and I am sure they would be willing to contribute at least 7 or 8 percent of the gold they have hoarded in order to make up this modest reduction in appropriation sought by the amendment. For that reason, and that reason alone, I shall support the amendment offered by the Senator from Nevada.

Mr. KEM. Mr. President, will the Senator from Michigan yield to me to ask a question of the Senator from Georgia?

The PRESIDING OFFICER (Mr. LODGE in the chair). Does the Senator from Michigan yield to the Senator from Missouri?

Mr. VANDENBERG. I yield.

Mr. KEM. I have been very much interested in the figures the Senator from Georgia has cited as to hoarding of gold by French nationals. I have been interested to know whether he has any figures as to the investments of French nationals in American companies, stocks and bonds of enterprises.

Mr. RUSSELL. I have just read a report from the Treasury Department in which they estimate the investments amount to something like half a billion dollars, but I do not think that is nearly so significant as the hoardings of gold by French nationals in France.

Mr. KEM. Does the Senator agree that some method should be devised, if possible, so as to tap the holdings of French nationals in this country?

Mr. RUSSELL. It is my opinion that the resources of every one of these nations, insofar as they are available, without stopping all recovery within the country, should be devoted to the purposes intended in the proposed legislation, before the American taxpayer is called upon to foot the bill.

Mr. KEM. Mr. President, will the Senator from Michigan permit me to ask him a question?

Mr. VANDENBERG. I yield.

Mr. KEM. I should like to ask the Senator whether any steps have been taken by his committee to tap the gold holdings of the French nationals or the investments of French nationals in this country?

Mr. VANDENBERG. I have made a request for a complete investigation of the matter, so far as it can be done and a report made in time for consideration in connection with the long-range program.

Mr. KEM. Has the Senator any information as to the extent of the holdings?

Mr. VANDENBERG. No, I have not, except what I have read in the papers, the same information to which the Senator refers.

Mr. KEM. Does the Senator agree that some method should be devised to tap these holdings before further largesse goes out to these countries?

Mr. VANDENBERG. I think every effort should be made in that direction. But at the moment we are asked arbitrarily to make a shotgun reduction in the figure provided in the bill, and it does

not seem to me that is supported by reason and logic, under the circumstances.

Mr. BARKLEY. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield the floor.

Mr. BARKLEY. In regard to the suggested amount of gold that is being hoarded by French nationals, from time to time over a long period of years various estimates, which, so far as any official accuracy could go, are mere guesses, have been promulgated as to the amount of gold held by the nationals of different countries, how much is in secretion in their socks or stockings, or under their beds, or in some secret hiding place. It is a matter of pure guesswork. There are no official figures, and it would be impossible to obtain such figures unless the French Government, for instance, in this case, should institute a completely totalitarian search of every home and every possible place of secretion of gold in order to obtain the exact figures, or figures as nearly exact as could be obtained.

If any government in France or any other country that was teetering on the tight-rope were to indulge in any such activity at this time it would bring about a chaotic situation which would defeat the very purpose or purposes of the pending bill, if it were inaugurated in connection with it.

One of the reasons why there is hoarding, if there is any, is lack of confidence in the currency of the country, and one of the reasons for lack of confidence in the currency of the country is the lack of confidence in the stability in the government of the country, no matter what government it is. That would be true in this country if we had chaotic governmental conditions and people did not have faith in our dollar.

Fortunately, not only the people of our country have faith in the dollar, but the people of all nations have faith in our dollar, and the dollar is now the universally recognized standard or value all over the world. Even Russia, which pretends to despise our capitalistic system, has required payment in dollars for some wheat she has shipped some of her neighbors, so that even in Russia the dollar is recognized as the world standard of value.

The thing which will restore the confidence of the French people or the Italian people or the Greek people, or any other people in Europe, in their own currency, will be the stabilization of their own government, and stabilization of government is just as intimately connected with stabilization of economic conditions as day and night are hooked together. We cannot separate politics and economics in the consideration of all these questions, whether internal or international. The economic condition of people determines frequently their politics, the political complexion of their government, and, on the contrary, the political conditions of the country, the type of government the people have, and also may determine the economic conditions of the people. So that the two things go along together.

We need not deny our interest in political stability in these countries. Political stability cannot be brought about unless there is a very marked degree of increase in the economic stability of the country.

As much as I sympathize with the Senator from Georgia in the effort to bring out of hiding all the money that is available in these countries, gold or American dollars, I believe that the institution of any effort on the part of the governments in those countries to send an army of occupation into every home and every place in the country where money might be hoarded would bring about a situation which would defeat the whole purpose of the proposed legislation.

Mr. MALONE. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I had yielded the floor. If I still theoretically am in possession of the floor, I yield to the Senator from Nevada.

Mr. MALONE. In connection with the remarks of the distinguished Senator from Kentucky, I should like to ask him if he thinks we had a totalitarian form of government when we impounded gold in this country, and made it illegal for anyone to possess gold. It had to be turned over to the Government.

Mr. BARKLEY. No; I do not think so. We did not institute any search and seizure program, going into every home and every office and every man's sock and pocket, every bed tick in the United States. It would have been useless to attempt to search out gold being held illegally.

Mr. MALONE. We merely made it against the law.

Mr. BARKLEY. We trusted our citizens, and I think that, by and large, they obeyed the law.

Mr. MALONE. Could France do the same thing now, in the judgment of the Senator, or does the Senator think these tick governments would go that far?

Mr. BARKLEY. The situation in France is entirely different from what it was in this country when we devalued our currency, when gold was kept as a background for our currency.

Mr. MALONE. I understood the Senator to say that we did away with that background.

Mr. BARKLEY. No; we still have a great deal of gold stored away as a background for our currency.

Mr. MALONE. It is a long way back.

Mr. BARKLEY. Yes. It is in a safe place, however because it is in Kentucky. [Laughter.]

Mr. MALONE. Could not the French Government do the same?

Mr. BARKLEY. I suppose theoretically it could, but I think that practically it could not, under the present conditions.

Mr. MALONE. They could not do it under their socialistic government.

Mr. WHERRY. Mr. President, I should like to ask a question of the distinguished Senator from Kentucky. I know he has observed conditions in France, and I should like to ask him what the situation in France is now, from his own personal knowledge, regardless of any testimony, as to the Government being able to collect wheat or

fruit from French farmers. Is the situation improved over what it was let us say a year ago or 2 years ago? Is there still a good deal of difficulty in getting food from the farmers?

Mr. BARKLEY. There has been great difficulty. Of course, the drought which took place this year intensified the difficulty, because all over Europe this year—and it was particularly true of France and Italy—there has been the greatest drought since the French Revolution. Everyone concedes that. That cut down the production of wheat to about one-third the normal production prior to the war. It cut down the production of wheat in Italy until there was a 3,000,000-ton deficiency in the Italian supply of wheat. In the early part of September they had only 3 months' supply of wheat in France, based upon their own production, and that meant that they had to obtain 9 months' supply from elsewhere in the world in order to carry out the 200-gram rationing that is in effect in France and Italy.

There is undoubtedly a black market in France. It has been a very serious thing with which to cope. We had it in this country, even have it now, because I have been informed that certain great corporations which desired a certain amount of pipe for a pipe line were required to pay a \$2,000,000 premium in order to get it, which is only another form of black market.

Due to the black market, farmers could obtain more money for their crops than by selling them and accepting French currency, in which there has been a lack of confidence, because the official rate is now 120 francs to the dollar, and one can go out on the street and get 400 francs to the dollar.

That is not only true in France; in Finland it is true. The group with which I was associated went into a store in Helsinki to buy a few little articles to bring back to our families. I think the official rate was 150 Finn marks to the dollar, and we were paying for articles at that rate. Somebody came along and said, "If you will go out on the streets and wave an American dollar, you can get 500 Finn marks for that American dollar." Of course, we did not indulge in any such practice as that, but the black market is not limited to France or to any other country.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. I should like to ask the Senator, based on his personal observation or upon information which he gathered abroad, what provision the Government makes to collect wheat? Can the Senator tell us that briefly?

Mr. BARKLEY. I cannot state the details of it. The Government does not seize the wheat and buy it as a government, in order that it may distribute it. It has until now depended upon the voluntary good faith of the French peasant or French farmer. We in America do not like to use the term "peasant," because it indicates some sort of discrimination, but in Europe the word "peasant" applies to the small farmers all over the country. They are subject to the same emotions and the same sentiments and

the same practices as farmers in any other part of the world would be expected to have. But with the Government of France, it has been particularly necessary to deal with them on a voluntary basis, because, as the Senator knows, a terrific drive is now on in France to overthrow the present Government and to overthrow any government that does not recognize the insidious propaganda and the insidious ideology which we ourselves are more or less confronting in this country and in the world. If it had not been for the drought in France, and in all Europe, I am confident there would have been, under the voluntary system, an adequate distribution of wheat and other grain to the cities where men work and have to buy their bread. That is particularly important in countries like France and Italy, because they are bread-eating countries. In Italy, for instance, 65 percent of the calories that go into the consumption of human food is made up of bread. When the bread ration is reduced, the staff of life of the ordinary Italian has been reduced to almost the same degree as in the case of the ordinary Frenchman.

Replying to the Senator's question, the French Government has been unable or unwilling—and I think wisely unwilling—to undertake any forcible seizure of the grain grown upon the farms of France, in order that it might bring about a distribution which might under our standard be regarded as adequate and fair.

Mr. WHERRY. Mr. President, I want to thank the distinguished Senator for his observation. It confirms the information I have received. I have been told even very recently by those who have returned, that about the only way they can get the wheat is, of course, on a voluntary basis, but there are currency difficulties involved. Payment is made in gold or in an exchange of commodities, or something of that kind.

Mr. BARKLEY. If the Senator will permit me, I ought to say that taking all the wheat there was in France on the farms, if it were voluntarily taken and dumped in the cities for the benefit of the people who live in the cities and work in them, there was not enough wheat in France early in September for more than a 3 months' supply of bread for the French people.

Mr. MALONE. Mr. President, will the Senator yield at this point?

Mr. WHERRY. I yield.

Mr. MALONE. I should like to ask the distinguished Senator from Kentucky if he heard that there had been a considerable reduction in the acreage planted to wheat by the farmers of France, the assumption being that they put it into better-paying crops. In other words, there is not the acreage planted to wheat in France at this time that there had been previous to this year.

Mr. BARKLEY. I did not receive the information that there had been any reduction in the acreage of wheat.

Mr. MALONE. There has been a considerable reduction.

Mr. BARKLEY. I received reports, which I was not able to confirm, that a good many farmers were not increasing their acreage for grain, because they

could obtain a larger return by the sale of cattle which they had permitted to graze on the farms which otherwise would have produced grain.

Mr. MALONE. So they decreased the acreage of wheat?

Mr. BARKLEY. That would illustrate the saying by Mr. Artemus Ward, that I have quoted here a time or two, that "One man has as much human nature in him as another; in fact, more." That applies as much to the French farmers as to anyone else.

Mr. WHERRY. Mr. President, the point I want to make is the one I raised the other day, with respect to the investigation which I think should be made by those who will go from America to take charge of the investigations. The point should be driven home, because certainly if the proposals of Mr. Farrington prevail, that the authority shall be given now, to be applied if necessary, to buy up the entire crop in this country, certainly the administrators of the relief organization should take cognizance of the fact that it is essential in connection with the contribution that the farmers, not only of France but of any other country that produces, should do their fair share in producing grain and permitting it to be used to feed the people of their respective countries.

I do not know how it can be written into an appropriation bill. I must accept the explanation of the distinguished Senator from Michigan that, under the bill, we can do this or that, but, on the other hand, it seems to me that if controls are to be used here, if it becomes necessary, we should see to it that farmers who produce grain, in the recipient countries, in some way bring their production into the whole outlay, so that they may do their share in feeding their own people.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. WHERRY. I yield the floor.

Mr. MALONE. I merely wanted to make the observation that apparently it seems to the distinguished Senator from Kentucky that it takes a totalitarian form of government to count the gold and to buy the wheat.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada, to reduce the figure of \$597,000,000 to \$400,000,000.

Mr. LANGER. I ask for the yeas and nays.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Capper	Gurney
Baldwin	Chavez	Hatch
Ball	Connally	Hawkes
Barkley	Cooper	Hayden
Bricker	Cordon	Hickenlooper
Bridges	Donnell	Hill
Brooks	Dworshak	Hoey
Buck	Eaton	Holland
Bushfield	Ellender	Ives
Butler	Ferguson	Jenner
Byrd	Flanders	Johnson, Colo.
Cain	Fulbright	Johnston, S. C.
Capehart	George	Kem

Kilgore	Morse	Taft
Knowland	Murray	Taylor
Langer	Myers	Thomas, Okla.
Lodge	O'Connor	Thomas, Utah
Lucas	O'Mahoney	Thye
McClellan	Overton	Tobey
McFarland	Pepper	Tydings
McGrath	Reed	Umstead
McKellar	Revercomb	Vandenberg
McMahon	Robertson, Va.	Watkins
Magnuson	Russell	Wherry
Malone	Saltonstall	White
Martin	Smith	Wiley
Maybank	Sparkman	Williams
Millikin	Stennis	Wilson
Moore	Stewart	Young

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

The question is on the amendment offered by the Senator from Nevada [Mr. MALONE] on behalf of himself and other Senators, on page 3, line 2, to strike out "\$597,000,000," and insert in lieu thereof "\$400,000,000." On this question the yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. REED. I have a general pair with the Senator from New York [Mr. WAGNER]. I am informed that, if present and voting, he would vote as I intend to vote. Therefore, I am at liberty to vote. I vote "nay."

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business attending the Geneva Conference.

The Senator from Wisconsin [Mr. McCARTHY] is absent because of official committee business.

The Senator from Wyoming [Mr. ROBERTSON] is absent because of illness in his family.

The Senator from New Hampshire [Mr. BRIDGES] is detained on official committee business.

Mr. LUCAS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness in his family.

The Senator from Rhode Island [Mr. GREEN] is detained on public business.

The Senator from Nevada [Mr. McCARRAN] is absent on official business.

If present and voting, each of the Senators whose absence I have announced would vote "nay."

I announce further that the Senator from Texas [Mr. O'DANIEL], who is absent on official business at one of the Government departments, would vote "yea" on this amendment, if present.

The Senator from New York [Mr. WAGNER], who is necessarily absent, has a general pair with the Senator from Kansas [Mr. REED]. If present and voting, the Senator from New York would vote "nay."

The result was announced—yeas 30, nays 56, as follows:

YEAS—30		
Ball	Hawkes	Maybank
Bricker	Jenner	Millikin
Brooks	Johnson, Colo.	Moore
Buck	Johnston, S. C.	Revercomb
Bushfield	Kem	Russell
Butler	Langer	Taft
Byrd	McClellan	Taylor
Chavez	McFarland	Wherry
Dworshak	McKellar	Williams
Eaton	Malone	Wilson

NAYS—56

Aiken	Hill	Reed
Baldwin	Hoey	Robertson, Va.
Barkley	Holland	Saltonstall
Cain	Ives	Smith
Capehart	Kilgore	Sparkman
Capper	Knowland	Stennis
Connally	Lodge	Stewart
Cooper	Lucas	Thomas, Okla.
Cordon	McGrath	Thomas, Utah
Donnell	McMahon	Thye
Ellender	Magnuson	Tobey
Ferguson	Martin	Tydings
Flanders	Morse	Umstead
Fulbright	Murray	Vandenberg
George	Myers	Watkins
Gurney	O'Connor	White
Hatch	O'Mahoney	Wiley
Hayden	Overton	Young
Hickenlooper	Pepper	

NOT VOTING—10

Brewster	Green	Robertson, Wyo.
Bridges	McCarran	Wagner
Downey	McCarthy	
Eastland	O'Daniel	

So the amendment offered by Mr. MALONE for himself and other Senators was rejected.

Mr. CHAVEZ. Mr. President, I offer the following amendment: On page 2, line 12, after the word "funds," insert "or commodities, including manufacturing plants, industrial machinery, highway equipment, and transportation facilities and equipment."

Mr. DONNELL. Mr. President, owing to confusion in the Chamber it was impossible for some of us to hear the amendment read. May it be stated by the clerk?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 12, after the word "funds" it is proposed to insert "or commodities, including manufacturing plants, industrial machinery, highway equipment, and transportation facilities and equipment."

Mr. CHAVEZ. Mr. President, before I proceed to make a statement with reference to the amendment which I have offered, I wish to state to the Senate that I share with the Senator from Michigan [Mr. VANDENBERG], who has handled this bill in a most wonderful manner, the hope that we may be able to complete consideration of the bill this evening. Tomorrow is Thanksgiving. Of course, we all want the recipient nations to be thankful at least for the liberality of the American Congress in helping other nations with the tax money of the American people, with the hope that when they are giving thanks they will show a little appreciation.

Mr. President, I think the Senator from Michigan deserves a great deal of credit because of the fact that he has handled this legislation in a patriotic way. He has not let politics interfere with the execution of his duties as chairman of the committee which should handle this class of legislation.

It is my hope to show the Senate that I am actuated by a patriotic purpose, and by the idea of trying to cooperate and carry out the noble purposes of the legislation in a way in which American interests will also be considered. This afternoon I should like not only to give the recipient nations cause to be thankful tomorrow, but I should like to give the American taxpayer something to be

thankful for in the action of the United States Senate.

On November 17, 1947, the President of the United States delivered to a joint session of Congress a message in person. Since then individual Members of Congress have had an opportunity to analyze and digest the message, which we all recognized was of extreme importance not only to the people of the United States but to people throughout the world. The first part of the message dealt with the dire necessity of aiding France, Italy, and Austria in the immediate future. This afternoon we are discussing that particular feature of the message. We are considering the bill reported by the Committee on Foreign Relations, which bill has been so ably handled by the Senator from Michigan in an impartial and nonpolitical way, for which I compliment him.

The President also discussed what was contemplated in the future to carry out the Marshall plan. Without analyzing the merits of that plan, I believe that the country can recognize that it is necessary in the interest of our own country and in the interest of the world for the United States to contribute aid to western Europe, and possibly elsewhere in the world.

As I have stated, we have heard, read, analyzed, and digested the President's statement, including his 10 proposals properly to administer aid to western Europe. While the 10 proposals are not important in connection with the legislation which we are now considering, nevertheless the debate has brought out the fact that Senators and the American people are concerned with the future and with the contemplated plan.

From a reading of 10 proposals, it is gathered, I believe, by the people of the country that it is the intent of the plan, as offered by the administration, to aid Europe, and perhaps the rest of the world, with as little unfavorable effect as possible on our domestic economy and welfare. Of course, we are charitable. Of course, we want to get along with the world. Of course, we want the economic situation throughout the world to be good, because if it is not good there will be chaos.

The only reason I am discussing the 10 proposals at this time is not that they have any particular significance so far as what we are about to vote upon is concerned, but that we should be thinking about them. It is all very well for some of us to say, "We must think of international matters." That is true. We should. However, the average American now is not thinking about international matters. The average housewife is thinking about the price of groceries. When we are thinking about international matters we should give some consideration to the feelings of the American people.

The wording of the 10 proposals of the President implies that Congress should pass legislation to provide many controls of our domestic economy, notwithstanding the fact that the 10 proposals do not suggest any definite method of bringing about such controls, thereby leaving it to the Congress to draft the

necessary legislation. Anyone who has read the message or listened to it knows that while noble purposes were outlined and laudable suggestions were made there was no indication of a definite program. So it is up to the Congress to pass the necessary legislation.

Admitting, for the sake of discussion, that the results contemplated by the President's proposals should be brought about, the question in my mind is, How are the results to be brought about and what should the Congress do about it? It is my feeling that if the Congress were to make a thorough study of the world economic situation, the conclusion would be reached that the results sought by the proposals could well be accomplished by natural means within our power instead of by legislative methods.

I am offering for the consideration of this body a plan, basically a plan developed in international barter, that can be successfully carried out and which will accomplish the purposes for which the administration and the country strive. It is offered in the best of faith. . . is entirely nonpolitical. It is with the idea of carrying out the program of aid to Europe and at the same time paying some attention to the needs and welfare of the American people.

I am offering for the consideration of this body a plan basically developed along international lines. While that may not appeal to some persons who probably think there is only one way to do it, and who think they know it all, it can be successfully carried out, and it will accomplish the purpose for which the administration has requested legislation.

For instance, let us study for the moment the 10 points for action as outlined in the President's message, and apply my contemplated plan to the accomplishment of each of those 10 points.

I know that the 10 points have nothing to do with this matter, but we are thinking about them every day of the week, and the American people are thinking about them.

The first point is the restoration of consumer credit controls and restraint on the creation of inflationary bank credit.

Of course, we do not want inflation to get out of bounds. No one wants that. But it appears to me that by allowing American industry, which certainly needs to produce more and to expand if we are to keep labor employed, to contract in Latin-American countries for commodities necessary to the operation of the aid program for western Europe, we can accomplish the objective.

What is the Senator from Nebraska [Mr. WHERRY] worried about? Why does the Senator from Michigan [Mr. VANDENBERG] agree with the Senator from Nebraska that the Senator from Nebraska should be concerned? It is because of our own resources. The difficulty has been that we wanted to make relief payments with American dollars and American commodities. It can be done without America itself suffering. If we barter with Latin-America for products which we say should go to

Europe it would relieve the scarcity of those commodities in the United States, and by so doing we would increase the value of the dollar.

The difficulty, as I see it now, is that we want to give them dollars no matter where the commodities are bought. They do not need dollars, and we should not use dollars, because it can be done in a sound way, at the same time protecting American labor, American industry, American dollars, and American institutions.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. STEWART. Is it the Senator's idea that we should exchange with the country which is to furnish foodstuffs? Is it the Senator's thought that we should exchange on an even basis for commodities which that country might itself process and—

Mr. CHAVEZ. This is my proposition, and it is very simple. Supposing we are short of grain. Why is there such activity on the grain exchange in Chicago that we are trying to impose controls upon it? For the simple reason that it knows that up to now, in order to carry out this program, we have had to use American commodities produced in this country. It is my idea to let American industry, American business, sell to Argentina, for example. She has wheat, oats, barley, cheese, butter, meats, and practically everything else. She does not need dollars. We could permit an American enterprise to trade with Argentina and get paid in products needed for France or Austria, letting the American company take title and paying the American enterprise in American dollars, thereby keeping American dollars within the United States.

Mr. STEWART. If the Senator will further yield, would it not require some price fixing before such a thing could be done? There would have to be a stabilization of dollars and an international value placed on all goods that are exchanged.

Mr. CHAVEZ. I think this Government could deal directly not only with Argentina but with all countries throughout Latin America which can furnish articles we want to send to Europe.

Mr. STEWART. Suppose Latin America should charge twice as much for wheat as our price might be?

Mr. CHAVEZ. I do not think Argentina would do that.

Mr. STEWART. I am merely citing that as an example.

Mr. CHAVEZ. I do not think she would do that. Argentina is charging a high price for wheat now, for two or three reasons. In the first place, she is doing what the exchange in Chicago is doing—getting as much as the market will bear. But through an understanding of the kind I suggest the United States would deal directly with Argentina. We could say, "You have wheat. We have promised to send wheat to France, Austria, and other countries. We have machinery. Let us come to an agreement and we will trade at world prices in American dollars."

That could be done, and we would not have to worry about the grain exchange in Chicago.

The reason that the exchanges in Chicago charge as they do for wheat or cotton is that they are figuring that Uncle Sam needs these commodities and that Uncle Sam is going to pay, and, naturally, they are holding back.

Let me proceed, Mr. President: By trading in commodities in that way, we automatically increase the value of the dollar, and thereby increase the cash purchasing power of the people of the United States, which will automatically reduce the amount of consumer credit necessary. Likewise, we are at the same time increasing the pay check of the average worker, through additional work; and in this way we shall also increase the cash purchasing power of the workers, thereby doing away with his necessity for credits. Let me tell you, Mr. President, that it is very nice to read in the newspapers that we have 52,000,000 persons employed, but the newspapers do not tell us that perhaps those employees are working, on the average, only 24 or 30 hours a week, and that the pay they take home at the end of the week is much less than what it formerly was. It is true that many of our citizens are employed and are on the pay rolls, but they are not working the hours that they should work or could work if we simply use a little common sense and are sincere about our so-called good will, good-neighbor policy.

The second point made is for regulation of speculative trading in the commodity exchanges. We are referring to the exchanges at Chicago, Kansas City, and perhaps Omaha and Atlanta, and to speculative trading in either cotton or other commodities. Let us ask ourselves this question, in all sincerity: Why is it necessary to control the exchanges? Mr. President, it is necessary because in making our plans for aid to Europe and the rest of the world we have proceeded on the assumption that it is necessary, at all costs, to use our own commodities. Human nature being what it is, those in control of the exchanges know that if the Government of the United States is to continue to send those commodities throughout the world from our own domestic resources, naturally there will be speculative trading. It is my idea, and the idea of many who have made a deep study not only of our aid to the world but also of our own interests and domestic welfare, that by using Latin-American commodities to aid Europe and the world, we shall reduce the demand for domestic commodities for foreign fields, thereby increasing the volume of domestic commodities for domestic consumption. This will immediately reduce the speculative factor in trading on commodity exchanges, which, as stated before, is so dependent on the United States' aid to Europe from domestic stocks. Authentic reports by Federal agencies and the producers of domestic commodities—and concern was manifested by the Senator from Nebraska and also by the Senator from Michigan—indicate that even now we are short of those commodities and that we shall be shorter still in 1948.

All of that can be relieved by the suggested plan, which will be further outlined.

EXTENSION AND STRENGTHENING OF EXPORT CONTROLS

By the application of the plan I have in mind, wherein the Federal agency supervising the aid program enters into the four-cornered negotiation for the supplying of needed equipment for Latin America, in return for commodities to be supplied to western Europe, the suggested control can be maintained to insure that the items exported are proper and necessary to carrying out our air program, and do not in any way jeopardize our domestic situation. We know what is needed in Europe. Many persons in Europe are hungry and need food—cereals, such as corn and wheat, flour, and similar commodities.

Under the suggested plan there will be four different groups that will be directly interested: First, the United States Government, which has determined on a definite program for aid to western Europe; second, Latin America, which is in a position to furnish some of the commodities that our policy says should go to Europe; third, American business enterprise and labor, that are willing to cooperate to the utmost in bringing to a successful conclusion the contemplated policy of the United States; and fourth, the recipient nations in western Europe and the rest of the world who so badly need the commodities which we and Latin America are willing to have them obtain.

The fourth proposal was as follows:

EXTENSION OF AUTHORITY TO ALLOCATE TRANSPORTATION FACILITIES AND EQUIPMENT

In reading the proposals, I have come to the following conclusion: If the President is referring to the reinstatement of priority control domestically for the use of the present and existing rolling stock for transportation purposes in this country, I believe that by securing from Latin America all commodities necessary for the aid program, we automatically eliminate the necessity for the use of domestic rolling stock for transportation purposes, so far as aid to Europe is concerned. If the President was also referring to the exportation of transportation facilities in conjunction with the carrying out of the aid program to western Europe, it is my belief, from investigation, contact, and observation, that there are sufficient facilities in this country to produce the necessary transportation equipment for export to western Europe, without impairing the production necessary for the rehabilitation of our own domestic transportation system, because, through the operation of the proposed plan, additional raw materials will be available to our basic mills in this country, thus enabling them to increase their production of basic materials for the construction of transportation facilities. The key under our proposed plan is additional work on the part of the workingman, and I feel that he is anxious to perform. During the late war our mills and manufacturing plants operated around the clock, on a three-shift basis. We know that at the present time the majority of our mills

and manufacturing plants are not using more than two shifts, at best, and the major portion of them are using only one shift—8 hours a day. The necessary labor capacity is available, providing the raw materials can be supplied. In many instances American employees are doing not even 6 days of work a week or even 5 whole days a week. A visit to Pittsburgh, Gary, Chicago, or Philadelphia will verify that statement.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. LANGER. I suggest that Senators go to the west coast and observe conditions there.

Mr. CHAVEZ. That is correct.

Mr. LANGER. Above all places, those who are interested should go to the west coast and see what the situation there is.

Mr. CHAVEZ. Yes.

The point I am trying to make is that I think this program to help the world is noble, and we should think all the more about it now that Thanksgiving is at hand. It is a beautiful thought and a spiritual consolation to anyone who is animated by feelings of brotherly love. This matter is not political. What I propose is not for the benefit alone of either party. I admit that I am extremely partisan when it comes to the question of electing a Democrat; but let me say to Senators that if they keep on thinking only about Europe and the rest of the world, and forget Joe Doakes, they may have to contemplate a change in the complexion of the Senate of the United States.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. WHERRY. I wish to call attention to the testimony adduced today before the Appropriations Committee by those who come from the soil and by those who are selling food, such as wheat, on the markets of the Middle West, and by those who produce it. The statement was made, in unequivocal terms, that the reason for the upward spiral of food prices there is the exportation of food from this country across the ocean.

I should like to say to some of those who are in favor of voting for all the proposed benefits and relief and who are attempting to harmonize their position with the present domestic situation, and take the view that the extension of such relief will not have any effect on the cost of living in the United States, that if they will read the testimony given today before the Appropriations Committee, they will find that such exports and proposed exports constitute the chief factor that is contributing to the rising prices of foodstuffs in the United States.

Mr. CHAVEZ. Mr. President, I do not wish to have the Senator from Nebraska misinterpret my idea. I wish to have the program of aid to the rest of the world carried out, but I think it can be done without jeopardizing the domestic economy of the United States if we actually mean what we say and wish to go along with our neighbors.

As I have said, we know that at the present time the majority of our mills and manufacturing plants are not oper-

sting more than two shifts a day, at best, and the major portion of them are operating only one shift. The necessary labor capacity is available, provided the raw materials can be supplied.

The American people are interested in this question. I know they are charitable. I saw a woman's magazine the other day; I do not recall whether it was McCall's magazine or not, in which the question was asked, "What are the American people thinking about?" What is the lady who cleans her house and sends her children to school in the morning, and the one who has to worry about the pay of her husband, thinking about? Not a word about Europe, not a word about China, not a word about Russia. They are thinking of groceries, the price of groceries, the cost of living, and it is about time we give some attention to those questions.

Mr. President, that might be isolationism, but I prefer to think, without any politics in my mind, that I can fulfill my oath of office if I pay some attention not only to the people who elected me, but to all the people of the United States. I am charitable, and I am against Communists.

It is a known fact that in the centers of heavy industry, notwithstanding our having more workers on pay rolls than ever before in our history, the actual take-home pay of the average worker is much less at the present time than at any period during the last 6 years, and it is also known that this fact is a result of shorter hours worked by each worker than he worked in the last 6 years.

Mr. LANGER. Mr. President, will the Senator from New Mexico yield?

Mr. CHAVEZ. I yield.

Mr. LANGER. That is a fact among our 2,000,000 Government employees. Is it not true that the Senator, as ranking member of the Committee on Civil Service, found that when the last pay increase of \$400 took place, as a matter of fact, after the overtime pay was taken away by executive order, and the income tax was increased, the average take-home pay of those 2,000,000 was less than before the pay increase?

Mr. CHAVEZ. I think that can be said for anyone who is employed; and it can be said as to little business, also.

At the same time, the worker's reduced income does not purchase the commodities he could have bought with the same amount of money some years ago.

AUTHORIZATION OF MEASURES TO PERSUADE GROWERS TO MARKET LIVESTOCK AND POULTRY AT WEIGHTS APPROVED BY THE GOVERNMENT

Personally, I do not see any reason for this proposal. It appears to me that if we are to carry that proposal into effect we will need more personnel than we ever had in OPA to look after the chicken yards and the livestock places of the country. But let us say that we make an honest attempt to carry out the proposal. The necessity for this point will be automatically eliminated if we supply the largest part of the necessary commodities for aid to western Europe from countries outside the United States, because having been relieved from the demand, it will make little difference, or

rather, it will be to our advantage to market livestock and poultry at the best weight the grower can produce.

EXPANSION OF GOVERNMENT-FOSTERED AGRICULTURAL CONSERVATION PRACTICES AT HOME, AND MEASURES TO INDUCE INCREASED FOOD PRODUCTION ABROAD

The country as a whole would be in agreement with this point, and I believe that the application of our plan to trade agricultural equipment for surplus foodstuffs in Latin America would go far to promoting the second part of this point. By the barter suggested we would save in dollars, which is actually what is needed in order to carry out a program of conservation, but, if with our dollars saved we would have to buy produce elsewhere and other commodities, then that many dollars spent for that purpose cannot be applied for conservation in the United States.

ALLOCATION AND INVENTORY CONTROL OF SCARCE BASIC COMMODITIES

Why do we have a scarcity of basic commodities? For the simple reason that in all our plans heretofore made for aid to western Europe we have depended upon using nothing but our own domestic commodities.

So long as the Latin-American countries are willing to cooperate with us, so long as they have the flour, the wheat, the cheese, the butter, and everything else which we say should be sent to Europe, why can we not enlist their help in carrying out our program? I want Senators to believe that I am for the program.

Under the suggested plan there would be comparatively little demand on our domestic production of these basic commodities, thereby relieving the scarce condition, and I believe that when the demand for export of these basic commodities is removed from our domestic market the condition of scarcity will be entirely eliminated.

EXTENSION AND STRENGTHENING OF RENT CONTROL

This is a touchy subject. Everyone knows that rents are too high, and that something should be done about it. Now the question is asked, What are the reasons why rents are too high? The main reason is that we are short of housing, and naturally those who rent are demanding the last pound of flesh. It is not a happy situation. But I wonder how much help rent controls will be in the long run if we extend and strengthen them. Would it not be better that point No. 1 be done away with completely if we are to in any way be successful by adopting point No. 8—rent control?

Point 1 is the point which deals with credits. Rents are high, and they need attention. But why are they high? They are high because the Senator from Ohio [Mr. TAFT] and the Senator from Louisiana [Mr. ELLENDER] have not been able to get their housing bill enacted. They are high because people are short of houses. How do people build homes? They get contractors to erect homes for them. But the contractors have to be paid. How in the name of goodness can we expect a serviceman to build a home, or the average worker to build a home, if

he has not credit? Where is the \$5,000 or \$10,000 in cash to come from? We are trying to encourage the building of homes, and I think the building of homes is one of the greatest things possible for democracy. When we have a home owner, we have a good citizen. When a man has something to shelter his family in the evening, he will be a good citizen, and that will counteract communistic tendencies.

It is a known fact that we are short of housing by millions of homes. It is also a known fact that most people would like to own their homes. Who would not? I ask any Senator. What ex-serviceman or citizen in his own State would not like to own his own home? Well, how are they going to build, unless they have credit? Very few have five, ten, fifteen, or twenty thousand dollars in cash with which to build homes, and until we do build homes and have home owners we are always going to have the problem of high rents. I would respectfully suggest that by the application of the plan I have in mind, the cost of commodities will be reduced and the take-home pay increased through additional work. Also by the same plan we will be able to import into this country from Latin America or western Europe scarce building materials when necessary, thereby allowing us to have more home owners, which will make rent control unnecessary except in a very limited and temporary way. This, as stated, is a very touchy proposition, and in my opinion deserves the most serious consideration by the Congress.

Why do I say that? Lumber is scarce. Mexico is the first country to the south of us. There is only an artificial boundary line. It is possible to go from Washington to Mexico City within a few hours. In that country there are thousands and thousands of acres of fine timberland. The lumber supply in this country is short. Why could not Mexico, under the plan I am suggesting, turn over some of her lumber to the United States, thereby relieving the shortage of lumber in this country for domestic purposes? Is there anything wrong about that?

AUTHORIZATION OF CONSUMER RATIONING ON BASIC PRODUCTS IN SHORT SUPPLY

By the application of our proposed plan we not only eliminate the drain on our own stock piles for relief to Europe but we can also arrange to replenish and increase our own stock piles by the importation of some of these basic products of which we are short. It is the drain that creates short supplies—not domestic consumption, but the drain on commodities that go elsewhere throughout the world.

AUTHORIZATION OF PRICE CEILINGS AND WAGE CEILINGS

In the first place, by actual trial over the past 7 years, it has been proved that any attempt to control price ceilings and wage ceilings by legislation, or in an unnatural way, has only resulted in black markets and dissatisfied labor. I do not want to place a ceiling on wages until something is done in the way of prices.

I believe that through the application of the proposed plan of using available relief commodities and supplies from Latin America prices and wages will naturally become stabilized.

Mr. President, I have just finished an analysis of the contemplated aid to western Europe and have discussed the 10 proposals made by the President which he deems necessary in order to carry out the aid to western Europe.

In discussing the proposals, in several instances, I have been telling this body that there was a certain plan of action which, in my opinion, would carry out the noble purposes of the aid to western Europe and at the same time adequately protect our domestic interest, our domestic economy, our industry and our labor. The plan I am going to suggest is in keeping with our policy of being good neighbors with Latin America and will forever prove to the world that when we say we are "Good neighbors" we mean it. The plan will do more to cement actual friendship, bring about better understanding and carry out the idea of cooperation among the different countries of the world than any political discussion that we might have either in this city, Rio de Janeiro, or Havana. It is well known that there are nations of the world that will try to make trouble for us in Latin America and every time we make a false step it gives those countries an opportunity to slander us, to misinterpret our intentions and desires, and actually carry out their purposes.

The plan to which I refer—and I hope the Senator from Michigan will read about it tomorrow morning—and which I propose, was not originally thought of by me, but it was called to my attention by persons in whom I have confidence and who I know have made a complete and detailed investigation of its possibilities.

It is known that practically all the Latin-American countries are at the present time engaged in large programs of industrialization; that they need and require our industrial and agricultural machinery and equipment. Therefore, it is proposed that the Latin governments, still having confidence in my Government:

First. Let the United States Government, through whatever agency is set up to administer the plan for aid to western Europe, allow American private engineering and industrial concerns in the United States to contract to furnish industrial and agricultural machinery and equipment and plants to Latin America, and to western European countries, in exchange for surplus commodities and basic raw materials.

Second. Let the United States Government take title to these commodities and raw materials by reimbursing private industry in dollars in this country as private industry is paid by the purchaser at ascertained world prices in dollars.

What would that do? We would trade something, for instance, to Argentina. We might sell a piece of goods or a piece of machinery. Argentina in turn would deliver to the American firm wheat, flour, and so forth. In turn, the United States would take that flour and ship it to Eu-

rope; and in turn, the United States would pay the American industrialist in this country in American dollars. The commodities we wanted would be obtained. Not a single dollar would be spent outside the country. The money would be kept here. Thereby, the worker would have a little greater purchasing power.

The United States Government would allow private industry to exchange commodities for commodities which we need to send to Europe and which are short in this country. The Government would take the commodities and reimburse, let us say, the one who sent the piece of machinery.

Third. Then, let the United States Government ship the commodities and raw materials so obtained direct from the supplying country to the country in western Europe to which they have been allotted and at the same time ship any required amount of basic raw materials needed in the United States to replenish our scarce items to the United States for sale and distribution to American industry for production and consumption, or to the United States Government.

In other words, western Europe has certain raw materials and basic, strategic, essential material of which we are short. The United States Government will get that and ship it here. What will be done with it? It will probably be turned over to an industry, to be used in manufacturing the thing that a veteran needs in order to build a home. In other words, "live and let live."

By the application of this plan, we shall be able immediately to secure the necessary foodstuffs for the relief of western Europe, without to any appreciable extent damaging our own domestic supplies. That is the point. The debates on the pending bill have indicated that Senators are worried about our domestic supplies. If we can get those supplies elsewhere without having to spend our dollars, what is wrong with that?

By the application of this plan we will be able to secure immediately the necessary foodstuffs for the relief of western Europe without to any appreciable extent damaging our own domestic supply, thereby relieving the strain on our own markets and automatically bringing about reduction in prices. We will be taking critical raw materials in exchange, increase our stock piles of critical raw materials, and thereby be able to create immediately a sound business boom in this country and automatically increase employment, thereby eliminating any fear of depression. We will be able to keep our dollars in this country while helping other countries to produce their necessities and also to produce surpluses of manufactured goods, to develop favorable trade credits, and become economically sound, which, according to the statement of the Senator from Michigan, in charge of the bill, represents the philosophy behind the bill—to help Italy and other countries.

It would be the only thing that would carry out the proposals of point No. 6, which provides for the "Expansion of Government-fostered agricultural conservation practices at home, and meas-

ures to induce increased food production abroad."

By the increased work given to industry in this country through the application of this plan the profits of industry would be considerably increased. Furthermore, the take-home pay of labor would be considerably increased. Moreover, the full-time employment of our workers would be considerably increased, and as a result of this situation the United States Government, through its system of income tax would be able to recover approximately 25 percent of the amount expended on aid to western Europe. That is something to think about, Mr. President.

I am informed that the Argentine Government, through its accredited representative in Washington—and the information came reliably through a third party—has notified our Department of State that they will be willing to supply the required commodities if purchased under this plan at world prices in American dollars, without our losing a single American dollar.

Mr. President, the Argentine produces a considerable amount of grain. We are short of grain. It is true we have sufficient grain for domestic consumption, but not enough to supply the needs of the world. We hear considerable discussion in the press and on the radio and on the public platform respecting communism and our opposition to it. Argentine is a country opposed to communism.

Let me say in passing that 2 years ago more than 800,000 tons of wheat were burned for the purpose of operating public utilities and for other purposes. Public utilities in Buenos Aires and in the large cities of Argentina burned God-given corn and wheat at a time when people in Europe were starving. Most of the cereals, barley, rice, wheat, and corn are produced in the interior. Transportation facilities in Argentina are not of the best. It is nothing but the exercise of common sense to urge that something be done to relieve the pressure, of which the Senator from Nebraska [Mr. WHERRY] speaks, and with which we are all concerned, on grains and other foodstuffs which are forcing prices up. Let any Senator go to his home city and he will find that all the people are talking about the high cost of living. The reason for the high cost of living is that we are trying to feed the world with food produced in our own country. It is not the farmer who is the beneficiary of this increased price of foodstuffs. It is the man who deals on the exchange, or the one who is not obliged immediately to sell, but who is holding on to his grain, waiting for Uncle Sam to buy at the highest price possible.

Mr. President; I was very proud of the statements made by the Senator from Michigan [Mr. VANDENBERG] and the Senator from Texas [Mr. CONNALLY] on the question of communism. I glory in what they said, and I join with them in the stand they take with respect to communism. But when viewing the overall picture of our program I at times wonder whether our sincerity of purpose might not be open to question. Argen-

tina for years and years has opposed anything that savors of communism. The program presented by the Senator from Michigan and the Senator from Texas is in part an effort to fight communism. If so, then why do we not try to cooperate with countries who have actually been fighting communism in years past? Why do we not join with them in that fight, irrespective of what the form of their government may be?

I call attention to another country which has fought communism, the country of Spain. If we mean what we say with respect to communism, why can we not cooperate with her in that fight?

Mr. VANDENBERG. Mr. President, will the Senator yield to me for a moment?

The PRESIDING OFFICER (Mr. IVES in the chair). Does the Senator from New Mexico yield to the Senator from Michigan?

Mr. CHAVEZ. Yes.

Mr. VANDENBERG. I have asked the Senator to yield because Senators are anxious to know what the plan for the remainder of the debate is. As indicated heretofore, we had hoped to reach a final vote on the bill this evening. It is now half past four. Apparently there are two or three other addresses which Senators wish to make, and certainly are entitled to make. There are four or five amendments which must still be considered. So, after consultation with my friends on the minority side, I am going to say that it will be impossible for us to finish the bill this afternoon. I would think that perhaps around 5 o'clock we will have to recess until Friday.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. THYE. In line with the remarks made by the senior Senator from Michigan, I wish to say that quite a number of Senators had been informed that no legislation would be considered on Friday, and specific arrangements have been made by some Senators to be absent from the city on Friday. If that plan is now changed, some of us will find it difficult—and I speak particularly for myself—to return to the city on Friday. I should like to be present to cast my vote on the passage of the measure.

Mr. CHAVEZ. Mr. President, I do not know whether the Senator from Michigan listened to the early part of my statement. I stated that I shared with the Senator from Michigan the hope that the pending legislation would be passed this afternoon so that the three recipient countries in Europe would have something to be thankful for on tomorrow, Thursday, Thanksgiving Day. I added that I hoped they would be appreciative of the aid we expected to give them before Thanksgiving Day. I also said that it was my purpose to try to contribute something, though perhaps in a small way, to the debate, to the end that when the legislation was passed the American taxpayer, the American citizen, would also have something for which to be thankful.

Mr. President, I hope the committee handling the legislation for relief to western Europe will give an opportunity

to take part in carrying out the plan to American businessmen, who are interested in it, and who feel confident that if given such opportunity they can prove conclusively the soundness of the plan, and not only carry out the noble purposes of our international policy but also take care of American interests domestically.

Mr. President, at this point of my remarks, I ask unanimous consent to insert in the RECORD a list of commodities that can be obtained from countries in Latin America under the proposed plan for aid to western Europe.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

COMMODITIES WHICH CAN BE FURNISHED FROM LATIN AMERICA UNDER MY PROPOSED PLAN, EITHER TO AID EUROPE UNDER THE ADMINISTRATION'S PLAN, OR TO REPLENISH OUR STOCK IN THE UNITED STATES

ARGENTINA

Production of grain, 1945-1946—production in metric tons:

Wheat.....	3,907,000
Linseed.....	964,100
Maize.....	3,574,000
Oats.....	797,000
Barley.....	836,000
Rye.....	293,000

Argentina also produces large quantities of potatoes, rice, peanuts, vegetable oils; large quantities of fresh fruits, of citrus fruits, pomaceous and stone variety. It also produces in large quantities cattle, sheep, hogs, poultry. It has a large dairy industry—milk, cream, cheese, butter.

BOLIVIA

If we confine program's interest to Bolivia's minerals only—tin, copper, lead, bismuth, antimony and wolfram, zinc, petroleum.

BRAZIL

Has coffee, rubber, cotton, sugar, Yerba mate or Brazilian tea, timber, vegetable oils, fruits, cereals and grains, meats, and many other items which Brazil can contribute under our sound plan.

CHILE

Chile produces wheat, barley, oats, fruits in abundance. But suppose we say that her contribution under our sound plan is confined to her mineral wealth—her nitrates, her copper, her iron, her molybdenum, and sulfur. Chile also has lead, aluminum, manganese, bismuth, cobalt, potassic salts, mercury, mica, zinc, and many other minerals of which we depleted the United States during the war.

COLOMBIA

Coffee, bananas, rubber, cacao, drugs, fibers, and petroleum.

COSTA RICA

Has coffee, bananas, cacao, and possibilities for the development in a large scale of other resources. The country has not been touched industrially.

CUBA

Tobacco, that England needs so badly, fruits and vegetables, honey, timber, copper, manganese, iron.

DUTCH GUIANA

Timber is abundant, including mora wood, possum, cedar, greenheart and hardheart (which are cabinet woods). It also has bauxite or aluminum ores.

ECUADOR

While having great possibilities of producing large quantities of foodstuffs, it will take time. However, she can contribute minerals, including crude oils, silver, copper, lead, and zinc.

GUATEMALA

Has coffee and bananas in large quantities. Can also supply coconuts and rubber.

HONDURAS

Has bananas, coconuts, coffee, hardwoods, silver, and exports some copra.

MEXICO

Rich in resources that have not been tapped and only await industrialization. Produces a lot of livestock—millions of sheep, millions of goats, millions of poultry, millions of cattle and hogs. Has tremendous areas of timber. It has fibers, such as henequen; it also has ixtle hemp. Has mineral oil, vanadium, tin, copper, iron.

NICARAGUA

Coffee, bananas, sugar, cacao, mahogany wood.

PANAMA

Bananas, coconuts, cacao, high-grade coffee, manganese ores, hardwoods.

PARAGUAY

Has vegetable oils; essential oils, such as the petit grain, distilled from the leaves of bitter orange, used as a basis for perfumes and flavors. That should go good with the French. Citrus fruits, timber—unlimited quantities, thousands of miles of forest remain untouched. Many rare and valuable woods are still largely unknown in foreign markets. Cattle and meat packing. Rich iron ores in many parts of the country.

PERU

Cotton, sugar, rice, in the increase, fruits, cocoa, coffee, olives, quinine bark, castor oil, flax, forest products, petroleum, copper, silver, lead, zinc, vanadium, bismuth, coal.

EL SALVADOR

Coffee—at low cost of production. It has 140,000,000 coffee trees. Henequen, balsam. According to late estimates, there are some 646,000 head of cattle—only 75,000 consumed annually.

URUGUAY

The last agricultural census shows the following figures:

Cattle.....	8,226,890
Sheep.....	17,931,327
Hogs.....	346,329

In 1945 alone, Uruguay's exports of meats, mainly to Great Britain, were as follows (in kilograms):

Frozen beef.....	29,917,999
Frozen lambs and weathers.....	7,240,359
Frozen pork.....	744,420
Frozen turkeys.....	355,789
C. C. beef.....	50,759,437

Besides extracts of meats, ox tongue, salted beef, jerked beef, tallow and grease. Also produces skins and hides; wheat, corn, barley, oats.

VENEZUELA

Coffee, cacao, sugar, oil, asphalt, coal, and many other items.

Mr. CHAVEZ. Mr. President, my amendment is extremely simple. Section 2 of the bill sets forth the purposes of the legislation. Section 3 authorizes the President to do certain things. Among other things, in line 12 of subsection (a) he is authorized to procure or provide funds. That means dollars. My amendment would carry out the same program. It would allow him to procure and provide funds, but also would authorize him to provide other commodities, including manufacturing plants, industrial machinery, highway equipment, and transportation facilities and equipment, which means a question of bargaining, pure and simple.

Whether I have made an impression or not I do not know. I know how tolerant

the American people can be, how they can "take it on the chin." It may be that they can stand the expenditure of American dollars. Perhaps they will be willing to pay 90 cents a pound for butter, 85 cents a pound for steak, and other prices in proportion for other necessities, in order to carry out this noble plan. However, in order to relieve our acute shortages, I think consideration should be given to my proposed plan. I submit it to the Senate in all sincerity.

Mr. BUTLER. Mr. President, I do not intend to speak at length on the subject under consideration, the so-called European interim aid bill, S. 1774. I realize that the distinguished chairman of the Committee on Foreign Affairs is anxious to have the Senate reach a decision on this measure just as soon as possible, and I do not want to delay the vote. I simply want to place on record my own stand on this question, together with my reasons for taking this position. I intend to vote for the bill.

In doing so, however, I want to make it clear that I consider this measure to be a purely temporary emergency bill designed to deal with emergency conditions of hardship and near starvation in the three countries concerned—France, Italy, and Austria. I consider it purely a relief proposition. It is intended to supply food, coal, medicine, and a few other commodities of that type to people who would suffer severely if the bill were not passed. Charitable giving to those in need is an American tradition and this bill is in support of that tradition. Whatever the causes of the terrible conditions in those countries, whether the shortages of vital necessities are due to the accidents of weather or the weaknesses and unsound policies of their governments, I believe we should answer their cries for help in their present extremity and give them some measure of assistance, for the time being, at least.

It is worth emphasizing that this interim aid bill has no direct relationship to the program of ceiling prices, rationing, and other controls advocated by the President, according to the testimony we have heard from high administration officials. Secretary of Agriculture Anderson has testified that the effect of this relief bill on our economy will be relatively slight. I quote from the testimony of Secretary Anderson on this point:

I would say that they (Members of Congress) are not voting themselves into controls except as it relates to allocations and set-asides. It seems to me that this interim aid program is not, on the food front, so greatly in excess of what we had normally planned to ship, and would ship, to these countries. The most it would do would be to require us to use some allocation powers, and maybe some set-aside powers, in those fields where grain became somewhat scarce next spring as a possible result of the publication of an unfavorable crop report.

Evidently the President's extraordinary proposals to restore a system of regimentation of our economy do not relate to this type of temporary program. Rather, in his opinion, such controls are desirable only if the Marshall plan is adopted by the Congress. In my judgment, the President's program of restor-

ing wartime controls during peacetime would be extremely ill-advised, and I believe his recommendation of such controls will militate very seriously against adoption of the Marshall plan in any form. However, that subject is not yet before us for consideration.

It has also been made very clear in the Senate debate and elsewhere that support of this interim program involves no commitment whatever to support subsequently the Marshall plan or other proposals for relief and reconstruction, which we are told will be presented to us over the next few months. This particular bill is being enacted to provide emergency relief for an emergency situation. We are asked, in effect, to accept this emergency bill more or less on faith in the hope that a better, sounder approach can be worked out over the long period.

Frankly, I have my doubts that any such superior program will be devised, if the trend of thinking of the present framers of our foreign policy is continued. We have been told the same story many times by administration officials. At least, that is the history of such proposals as UNRRA, post-UNRRA relief, the Bretton Woods plans for the International Bank and Fund, and the British loan. In each case we were given to believe that the measure under consideration would be the final cure for the particular problem with which we were dealing. In each case our hopes were destroyed. I have very little faith in the new proposals which are being presented to us.

Nor do I believe we should commit ourselves to unlimited charity for unlimited periods of time. Our own resources are not unlimited. We have been exceedingly fortunate with our wheat crops to date. Production of wheat during 1947 has been almost double what we used to consider a normal wheat crop. Judging by weather reports from the western plains during the past 2 months, our good luck has about run out. American wheat production in 1948 is almost certain to slump badly, perhaps very badly. This may be the last year in which we can seriously consider shipping four or five hundred million bushels of wheat overseas. In any case, I believe it is almost time for some other section of the world—Europe or Europe's colonies or perhaps other nations—to take on a larger part of the burden of finding greatly increased quantities of food.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question with regard to wheat?

Mr. BUTLER. I yield.

Mr. SALTONSTALL. For the past 2 days the Appropriations Committee has been listening to testimony as to the probable size of next year's wheat crop. In the opinion of the Senator from Nebraska, in whose State much wheat is grown, would it not be wise for the Appropriations Committee, in considering the appropriations, to place a definite limitation on the amount of wheat that can be sent abroad, so as to make sure of the proper carry-over of wheat for next year's crop?

Mr. BUTLER. I thank the Senator from Massachusetts for the suggestion and for the indication of what the Appropriations Committee intends to do. I hope it will do so. All day today it has been listening to testimony from men who know more about the crop possibilities than any other group of individuals who could possibly have appeared before the committee.

One other point about this bill deserves some comment. By the terms of this proposal, we are handling relief needs, as we have in the past, through governmental channels. I am lending my support to such a proposal only with the greatest regret, and only because there is no feasible alternative. Private charity on an individual basis or through charitable organizations would, in my judgment, be infinitely preferable. I am informed that such private charity from this country to foreign countries is already running at a rate of better than half a billion dollars a year. The Friendship Train is one striking example of that type of charity, but it is not the only example or even the most important part of the food and clothing our people are voluntarily sending the needy. I wish that such individual charity could be officially encouraged and expanded.

Along that line, I have recently introduced a bill in cooperation with the Senator from Minnesota [Mr. THYE] and the Senator from North Dakota [Mr. LANGER], providing for free postage on any packages of food or clothing which may be sent to countries needing relief by private individuals or organizations. I have hopes that if such a bill be enacted, private shipments will be tremendously increased. Relief through private gifts is a much sounder way of meeting this need.

In other words, I am supporting the pending bill to a certain extent against my better judgment because there is no other program in sight to meet this need. I have great hopes, however, that soon it will be possible to put an end to this type of Government charity and return to the type of private charity which has contributed in making this a great nation.

The PRESIDING OFFICER (Mr. IVES in the chair). The question is on the amendment offered by the Senator from New Mexico [Mr. CHAVEZ].

Mr. VANDENBERG. Mr. President, I should like to make one further announcement regarding procedure. We are in an exceedingly unfortunate position because of the situation of many Members of the Senate. Due to the fact that the Thanksgiving holiday intervenes, many Senators are anxious to be home for Thanksgiving, which is an understandable and justifiable aspiration which I wish I could share. Many other Senators are anxious to conclude their week end without a return to Washington. In every instance I must say that they would be quite willing to subordinate these personal accommodations to the necessities of the occasion if there were any serious point involved, but I am persuaded that since this legislation must go to conference with the House

before it can be completed, and since there is no possibility of conclusive action by the House this week, not a moment of time shall have been lost if we plan for a completion of the debate on Friday and on a final vote by Monday noon.

I am advised that it would be quite futile for me to ask for a formal unanimous-consent agreement to that effect. I have no interest in futilities. Therefore, I resist the inclination to make the suggestion. So far as my purpose is concerned, I think I can best accommodate my colleagues without any hazard to the legislation which I feel like prophesying will pass with a minimum of final opposition on the roll call, and I think I am justified in suggesting that we meet on Friday and complete the bill for amendment. I hope at that time we can go over until Monday noon and vote upon final passage of the bill. I hope we may have the full membership of the Senate present for that purpose.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from New Mexico.

Mr. CHAVEZ. As to the pending amendment, several Senators have suggested that they would like to look it over and be ready to vote on it on Friday. Would that be satisfactory to the Senator from Michigan?

Mr. VANDENBERG. The Senator from Michigan would like very much to vote on the Senator's amendment at this time. The Senator from New Mexico has spoken for an hour in explanation of the amendment. I am afraid that if we let it go over until Friday it might become necessary to state the proposition all over again. Does not the Senator think we might vote on his amendment now?

Mr. CHAVEZ. I do not want the Senator from Michigan, even by implication, to castigate me for the time consumed in explanation of my amendment. I have been extremely patient in listening to other Senators.

Mr. VANDENBERG. I am sure the Senator did not misunderstand me.

Mr. CHAVEZ. I am sure I did. There were other Senators who said they would like to look over the amendment. Some Senators did me the honor to say they would like to study it. I thought it was a very fair and reasonable request to make, that the amendment be voted upon on Friday. If the Senator from Michigan has other plans, of course—

The PRESIDING OFFICER. Does the Senator withdraw his amendment?

Mr. CHAVEZ. No; I do not.

Mr. BARKLEY. If we vote on the Senator's amendment without further debate, would that be agreeable?

Mr. CHAVEZ. Yes.

Mr. VANDENBERG. The Senator from New Mexico is quite willing to have a vote upon his amendment on Friday without a consent agreement?

Mr. CHAVEZ. Yes.

Mr. VANDENBERG. Therefore, I suggest that the Senator temporarily withdraw his amendment, because the Senator from California [Mr. Knowland] has an amendment to present

which he cannot present on Friday, but which is entirely agreeable and can be debated now before we recess.

Mr. CHAVEZ. If I may have an understanding with the Senator from Michigan that if I withdraw my amendment now there will be unanimous consent that I can present my amendment on Friday and have it voted on without further debate, I shall agree.

Mr. VANDENBERG. I can only give the Senator my personal assurances that we will try to proceed in that way.

Mr. CHAVEZ. May I withdraw my amendment and let it lie on the table and be printed?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will read the amendment offered by the Senator from California.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section as follows:

SEC. 14. Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by the Commodity Credit Corporation under any price-support program may be disposed of by the Corporation, for use in carrying out this or any other act providing for assistance and relief to foreign countries, at such price as may be determined by the Corporation, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of.

Mr. LANGER. Mr. President, does the amendment use the word "may"?

The PRESIDING OFFICER. The Chair understands it uses the word "may."

Mr. KNOWLAND. Mr. President, this is an amendment which was prepared by the Secretary of Agriculture, Mr. Clinton Anderson, following his testimony before the Senate Committee on Appropriations. I hold in my hand a letter from the Secretary of Agriculture, addressed to the chairman of the Senate Appropriations Committee, the Senator from New Hampshire [Mr. BRIDGES], in which he outlines the necessity for this legislation if the commodities held by the Commodity Credit Corporation are to be disposed of for the relief program.

It was estimated from the testimony given by the Secretary of Agriculture before the Committee on Appropriations yesterday that by the use of substitute foods approximately 100,000,000 bushels of wheat could be saved, and it was the feeling of the committee which heard the testimony that the committee should endorse this amendment unanimously. It was the opinion of the committee that anything which could be done to relieve the pressure on wheat would have a beneficial effect upon the whole increasing price spiral, because the price of wheat and grains has an effect, as it spirals upward, on livestock and poultry and other commodities.

Therefore this amendment will, in the opinion of the Secretary of Agriculture, help to relieve that pressure, and will enable the use of substitute foods.

Mr. President, I ask for the adoption of the amendment.

Mr. ROBERTSON of Virginia. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. ROBERTSON of Virginia. I wish to express my approval of the amendment and to state that it presents the type of program that I have been advancing ever since it was stated that we had to have an emergency relief program. I think the amendment presents a very sound proposition.

Mr. KNOWLAND. I thank the Senator.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. SALTONSTALL. I wish to say that as one who comes from a deficit area, where wheat and corn are needed for poultry and cattle, I believe the amendment is a good one, and I hope it will be adopted. I may add that I trust the Appropriations Committee will include a limitation as to the amount which can be spent for sending wheat abroad, so that there will remain in this country a safe carry-over for the year 1948.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. PEPPER. For my colleague and myself, I wish to commend the Senator from California for the presentation of this amendment. Certainly it is a very desirable one, and it establishes a very helpful policy. As the Senator from California knows, we in the citrus industry have been suffering. In many instances the producers have not realized the cost of production, and yet citrus fruits constitute some of the most necessary items of food in a healthful diet. I am very happy to have the amendment offered, and I trust that it will be approved.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MORSE. I wish to make a very brief statement in support of the amendment offered by the Senator from California. I think this is as appropriate a time as any to report on a conference which a group of eight Republican Senators had this fall with administration officials in regard to the food conservation program. We conferred with the Secretary of Agriculture and with Mr. Luckman, who then was in charge of the food-conservation program. I see now present in the Chamber several Senators who were present at that conference. In the course of the conference we pointed out to the Secretary of Agriculture and Mr. Luckman that what we termed the administration's one-commodity export program was working tremendous hardships on various segments of American agriculture.

At that particular time the poultry industry was being unfairly penalized by the Luckman program. We pointed out that on the very day when Mr. Luckman announced his so-called poultryless-Thursdays schedule—apparently in the absence of any calendar at the White House—some officials of the United States Department of Agriculture were busily engaged in trying to work out a program for a Nation-wide appeal to the people of the United States to eat more

poultry, because of the tremendous surpluses of poultry which then were bulging the cold-storage plants in the United States. As of that date, approximately 225,000,000 pounds of poultry were in cold storage, and we were informed that in 90 days from then we would have an additional 6,000,000 pounds of turkeys alone, plus 100,000,000 pounds of other poultry. Those of us who conferred with Mr. Luckman took the position that we should not adopt a so-called one-commodity export program of shipping grain alone for relieving hunger in Europe, but that we should do something to see to it that other types of food in surplus supply were sent to Europe.

We were told that we would have to convince the State Department of the desirability of our program, because the State Department had been adamant in its opposition to such program. It was pointed out to us what we did not deny, namely, that, pound for pound, there were more calories in a pound of wheat than in a pound of most other food. Further, our attention was called to the fact that transportation costs insofar as grain is concerned are less in the case of wheat than in the case of other food supplies. Also we were told that the foreign governments who seek relief aid from us prefer grain to other forms of American foodstuffs, such as our surplus supply of dried fruit and great quantities of canned goods and dehydrated vegetables that apparently cannot be consumed in this country, if we were correctly informed, as well as great surpluses of poultry, powdered eggs, and other food products.

We pointed out to Mr. Anderson and Mr. Luckman that when they talked to us in terms of cost, they should talk to us not only in terms of the actual transportation costs of foodstuffs to Europe, but also in terms of the costs of the administration's food program to our entire agricultural economy and the effects on it as a result of the one-commodity grain export program. I think we made very clear to Mr. Anderson and Mr. Luckman that we did not intend to stand by and see the tremendous damage being done to various segments of our agricultural program by Mr. Luckman's ill-advised and ill-thought-out food conservation program, which Mr. Luckman by personal decree foisted upon the people and the economy of this Nation.

I wish to say, with that conference as a background, I am very happy to support the amendment offered by the Senator from California, because I think it is time, in the interest of a bipartisan foreign policy, for us to make very clear to the State Department that when it adopts a policy such as its one-commodity export program, it is the job of this Congress to see to it that unnecessary damage is not done by the State Department to our economy as a whole. I am convinced that the State Department's export program combined with Mr. Luckman's program, did great damage, and unnecessarily so, to various segments of our agricultural economy as well as to the best interest of American consumers.

In regard to another point that was made at the conference, namely, that

these foreign governments do not want anything but grain, that they do not want to pay for anything but grain, I wish to repeat what I said to the Secretary of Agriculture and Mr. Luckman on that day: I am not going to be fooled about the matter of who is paying for what is being sent to Europe. The American taxpayers are paying for it. I am going along with this program for two primary reasons, as advanced the other day by the Senator from Michigan, namely, that it is in our national self-interest to support it and also humanitarianism dictates it. Further, international justice requires it. I am going along with it because I think it is perfectly clear that if we are going to stem the tidal wave of communism, both in Europe and Asia, we must think both in terms of national self-interest and in terms of humanitarianism.

But I am not going to say to the American people that we are doing anything else in the long run than making gifts of these supplies, because that is what it will amount to. You can use revolving funds and you can use all the ink you want to use in a plausible paper case showing this to be a business transaction, but I think we should make very clear to the American people that this is a relief program pure and simple. I also think it important that our State Department make clear to the people of Europe the source of these supplies and the fact that they are relief supplies coming out of the hearts of 140,000,000 generous American people.

At the same time, I think we must think in terms of our domestic economy, too, Mr. President. I think the amendment offered by the Senator from California takes into consideration something that the State Department has been long overdue in taking into consideration, namely, that the State Department should not enter into what amount to tacit commitments and understandings in regard to exports to Europe, to the great detriment of our domestic economy without first taking up the problems with congressional leaders. We have in this country tremendous tonnages—in fact, thousands upon thousands of tons—of surplus food supplies, which I think should be shipped to Europe to be used as part of this relief program in place of so much grain.

I have one other point to make, Mr. President—and I wish to thank the Senator from California for yielding for so long. My other point is a point which I made last Monday: I think the American people have an interest in a bipartisan foreign policy in fact, as well as in name. A bipartisan foreign policy in fact means that the State Department, in dealing with such matters as the export program which I have discussed here this afternoon should give clearer demonstration to this Senate that it really believes in a bipartisan foreign policy. It should take us into its negotiations before it decides upon a program that has serious effects upon our national economy. It means that the Republicans and the Democrats who are members of the Foreign Relations Committee should be brought into much closer consultation on the facts available

to the State Department before it evolves and develops a proposed foreign policy on any issue.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Michigan?

Mr. KNOWLAND. I yield.

Mr. VANDENBERG. I am forced to leave the floor in connection with an official engagement. I merely wish to make it plain, in connection with the amendment submitted by the Senator from California, that we have carefully cleared it through the authorities of the State Department who are in touch with the techniques involved in this aspect of the problem, and there is no objection on their part, and so far as the chairman of the committee is concerned, he will welcome the adoption of the amendment.

Let me merely say to the majority leader that after the adoption of the amendment I hope the Senate will take a recess until Friday at 12 o'clock.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND].

Mr. WILLIAMS. Mr. President, I merely wish to voice my approval of the amendment offered by the Senator from California. It will go a long way toward correcting the situation I pointed out this morning, under which one government agency is destroying food while another is competing for scarce commodities.

Mr. KNOWLAND. I agree with the Senator, because while to one particular agency there may be and will be an increase in the cost over what the caloric cost of wheat might be, in my opinion the holding down of the inflationary spiral in grain will in the long run save to the American economy as a whole far more than the increased cost to the particular agency involved.

Mr. BRIDGES. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. BRIDGES. The amendment proposed by the Senator from California has my wholehearted approval as chairman of the Committee on Appropriations. I think it is a sound procedure, and one of the most intelligent steps we can take in amending the bill.

Mr. FERGUSON. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. FERGUSON. As a member of the Committee on Appropriations, where this matter came up a few days ago, I may say I approved it then, and I wish to add my approval on the floor of the Senate, because I look upon it as one of the steps which can help stem the inflationary tendency. I am not satisfied that the administration is doing all it can to stop inflation, and I think that by this step Congress is taking an advanced step in stopping inflation, particularly in the matter of wheat and other grains. I know it will have a great bearing.

Mr. BRIDGES. Mr. President, I should also have said what I thought had been stated before, but in case it has not been, when the matter was brought before the Committee on Appropriations it had the unanimous approval of those present.

Mr. KNOWLAND. Mr. President, I stated in my remarks that it had the unanimous approval and support of the Committee on Appropriations. All the Members have expressed great interest in and support of the amendment. I also wish to say that the senior Senator from Arizona [Mr. HAYDEN] took a very active part in the preparation of the amendment, and in working out some of the problems.

Mr. BUTLER. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. BUTLER. I have read the letter the Senator from California has received from the Secretary of Agriculture in support of the proposed amendment, and I suggest that it be inserted in the RECORD.

Mr. KNOWLAND. I intend to do that. I ask unanimous consent to have inserted in the RECORD the letter from Mr. Anderson, the Secretary of Agriculture, dealing with the amendment.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington.

HON. STYLES BRIDGES

Chairman, Senate Appropriations
Committee, United States Senate.

DEAR SENATOR BRIDGES: This letter is submitted in response to questions raised by your committee at the hearings held on November 24, 1947, as to the Commodity Credit Corporation's authority to acquire commodities for possible disposition to other Government agencies, in advance of appropriations to such other Government agencies for making the purchases, also as to the existing restrictions on Commodity Credit Corporation with respect to the prices at which it may sell commodities acquired by it.

The Corporation's authority to carry out its operations is contained in its charter, which is set forth in full in the CONGRESSIONAL RECORD, Volume 79, page 1532, and Volume 91, page 1967. This charter has been ratified by congressional enactments continuing the Corporation as an agency of the United States. Section 7 of the act of January 31, 1935, as amended (15 U. S. C. sec. 713). The charter powers of the Corporation, which include authority to engage in buying and selling operations with respect to agricultural commodities, and products thereof, are used in carrying out budget programs which are submitted to, and approved by, the Congress annually in accordance with the Government Corporation Control Act (Public Law 248, 79th Congress).

The Corporation is authorized to utilize all of its resources to carry out its budget program.¹ These resources consist of \$100,000,000 capitalization and an authorized borrowing power of \$4,750,000,000.²

One of the programs provided for in the budget³ approved for the current fiscal year¹ is a supply program under which the purchases in question are made. Under the supply program, as described in the budget, the Corporation procures foods, agricultural commodities, and products thereof, for the purpose of supplying the requirements of United States Government agencies, foreign governments, American Red Cross, and similar relief organizations, and for the purpose of facilitating distribution, and meeting anticipated requirements during periods

of short supply. The supply program, as authorized by the budget, enables the Corporation to acquire supplies during periods of peak production in order to have such supplies on hand to meet anticipated requirements. It also makes possible the centralized procurement of commodities in short supply and thus eliminates the inflationary effect of competitive buying by various foreign governments and Government agencies.

The Corporation's supply program is conducted, as explained in the budget, in accordance with procedures and policies which so far as possible protect the Corporation from loss. In this connection, the Corporation is required by section 4 of the act of July 16, 1943 (15 U. S. C., secs. 713a-9), to be fully reimbursed for costs incurred by it in supplying to other Government agencies commodities which it has acquired for that purpose.

In addition to the supply program, the budget approved by the Congress for the current fiscal year includes a price-support program under which commodities are acquired for the purpose of supporting prices, and a foreign-purchase program under which purchases are made abroad of commodities needed to meet emergent requirements—e. g., sugar and fats and oils.

With reference to the second question, a number of statutes have been enacted relating to the prices at which Commodity Credit Corporation can sell commodities. These statutes deal with two general situations. The first of these concerns the sale by Commodity Credit Corporation of commodities acquired by it to fill the needs of other agencies of the Government. These commodities are acquired by the Corporation under the supply and foreign-purchase programs referred to above. As we have already indicated, Commodity Credit Corporation is required by section 4 of the act of July 16, 1943 (57 Stat. 566), to obtain full reimbursement for its costs in supplying to other Government agencies commodities which it has acquired for such purpose. While this statute does not specifically cover procurement for foreign governments, Commodity Credit Corporation, in line with the policy which it indicated it intended to follow in the hearings in the Senate on Public Law 130, Eightieth Congress, continuing Commodity Credit Corporation as an agency of the United States, has required full reimbursement for commodities acquired by it for the purpose of supplying the needs of foreign governments. Accordingly, when Commodity Credit Corporation purchases commodities for the purpose of supplying the needs of other Government agencies or of foreign governments, either on requisition or in advance of orders by such Government agencies or foreign governments, it sells the commodity at a price which will fully reimburse it for its costs.

A different situation faces Commodity Credit Corporation in the sale of commodities which are not acquired by it for the purpose of meeting the needs of other Government agencies. These are, primarily, commodities acquired in the administration of its price-support program. The act of July 16, 1943, supra, does not apply to the sales of these commodities, since these commodities were acquired not to supply the needs of those agencies but to provide price support for farmers, and the statute in question clearly did not contemplate requiring other governmental agencies to pay prices considerably in excess of the price at which the commodities could be obtained on the open market.

Section 2 of the act of April 12, 1945 (59 Stat. 50), prohibits Commodity Credit Corporation from making sales of farm commodities owned or controlled by it at prices lower than the parity or comparable price therefor, except (1) sales for new or by-product uses; (2) sales of peanuts for the

extraction of oil; (3) sales for export; (4) sales for feed or seed; (5) sales of commodities which have substantially deteriorated in quality, or nonbasic perishable commodities, where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. This statute is effective until January 1, 1949.

In making sales of commodities for export, Commodity Credit Corporation would not be required to charge a price for these commodities equal to the parity or comparable price because the sale would fall within the third exception noted above. It would, however, be subject to section 21 (c) of the Surplus Property Act of 1944 (58 Stat. 775), which authorizes the Commodity Credit Corporation to "dispose of or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices, any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any laws. * * *". Accordingly, while Commodity Credit Corporation, in making sales for export, is not required to sell the commodities acquired under its price-support program at prices equal to parity or the comparable price, or at prices which will fully reimburse it for its costs, yet it may not make sales of these commodities below the competitive world price therefor.

In addition to the statutory restrictions discussed above, there also obtains the general rule that dispositions of corporate property should be made at the best obtainable price, taking into account, of course, the Corporation's agricultural and other responsibilities as an agency of the United States.

If, as has been suggested by certain Members of Congress, it is desired that Commodity Credit Corporation make sales of surplus agricultural commodities at prices equivalent to the price of wheat of equal caloric value, irrespective of the competitive world price of such commodities, additional legislation would be required.

There is enclosed a draft of language which would permit Commodity Credit Corporation to make sales of commodities acquired under price support programs at prices which may fixed as low as the equivalent of the domestic price of a quantity of wheat having caloric value equal to that of the commodity being sold. This draft has been prepared in the form of a new section to S. 1774, the interim aid bill. The State Department has indicated that it has no objection to this draft. The adoption of this amendment would mean that the Commodity Credit Corporation would suffer a substantial loss. The committee may wish to consider the advisability of reimbursing the Corporation for this loss out of the interim aid funds.

Sincerely yours,

CLINTON P. ANDERSON,
Secretary.

Mr. HAYDEN. Mr. President, in the Committee on Appropriations it appeared that the amendment had three virtues. It does require the use of less wheat, and wheat is a scarce commodity. Second, it has been the experience of the Commodity Credit Corporation that in purchasing agricultural commodities at support prices, when it was known that those commodities were going into consumption, it did not have to buy as many, and in that way Government money was saved. The third point is that a number of these commodities were sold in Europe in good times at good prices, and they cannot afford to buy them now, and there is an advantage in sending some of these commodities over there as a

¹ Title III of the Department of Agriculture Appropriation Act, 1948.

² See the act of March 8, 1938, as amended (15 U. S. C., 1940 ed., Supp. V. 713a-4).

³ See budget estimates for the United States Department of Agriculture for the fiscal year ending June 30, 1948.

token of good will, or as an advertisement looking toward the time when they can be bought.

Mr. WHERRY. Mr. President, I suggest to the distinguished majority leader that an announcement should be made again in the RECORD that it was the hope of the distinguished Senator from Michigan that when the Senate reconvenes on Friday the debate on all amendments to the bill would be concluded, and that it was also his hope that the Senate might reach a final vote on Monday. It is not a unanimous-consent agreement; it is merely a plan of procedure, as I understand, which the distinguished majority leader will follow when the Senate reconvenes Friday.

Mr. WHITE. The Senator from Nebraska has stated correctly the views expressed by the Senator from Michigan.

Mr. BARKLEY. If the Senator will permit, I suggest that that announcement will bring about a minimum attendance in the Senate on Friday.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. Ives in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS TO FRIDAY

Mr. WHITE. I move that the Senate stand in recess until 12 o'clock noon on Friday next.

The motion was agreed to; and (at 5 o'clock and 16 minutes p. m.) the Senate took a recess until Friday, November 28, 1947, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 26 (legislative day of November 24), 1947:

POST OFFICE DEPARTMENT

Jesse M. Donaldson, of Illinois, to be Postmaster General.

DEPARTMENT OF THE NAVY

Admiral Louis E. Denfeld to be Chief of Naval Operations in the Department of the Navy, with the rank of admiral, for a term of 2 years.

BUREAU OF MINES

James Boyd, of Colorado, to be Director of the Bureau of Mines, to which office he was appointed during the last recess of the Senate.

IN THE NAVY

The following-named (civilian college graduates) to be ensigns in the Supply Corps of the Navy:

Joseph R. Bow	John L. Perschy
Donald L. B. Combs	George R. Pippin
Edward L. Jennings, Jr.	Robert G. Pistner
Everett E. Karraker	Jackson LeR. Schultz
Howard "K" Parker	Wayne S. Upton

The following-named (civilian college graduates) to be ensigns in the Civil Engineer Corps of the Navy

Robertson W. Buck
Lawrence M. White

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 26 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CHAVEZ to the bill (S. 1774)
to promote the general welfare, national interest, and foreign
policy of the United States by providing supplies to certain
European countries on an emergency basis, viz:

- 1 On page 2, line 12, after the word "funds" insert the
- 2 following: "or commodities including manufacturing plants,
- 3 industrial machinery, highway equipment, and transporta-
- 4 tion facilities and equipment".

AMENDMENT

Intended to be proposed by Mr. CHAVEZ to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 26 (Legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 26 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. FERGUSON to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz: On page 6, strike out beginning in line 4 down through and including line 8, and insert in lieu thereof the following:

1 (h) to permit representatives of the Government
2 of the United States (including Members of the Foreign
3 Relations Committee of the Senate, the Foreign Affairs
4 Committee of the House, the Senate Appropriations
5 Committee, and the House Appropriations Committee,
6 or their authorized representatives) to observe and re-
7 port on the distribution among the people of such country
8 with respect to the commodities transferred or other-
9 wise made available pursuant to this Act and to observe
10 and report on the use and expenditure of funds made
11 available pursuant to this Act.

80TH CONGRESS
1ST Session

S. 1774

AMENDMENT

Intended to be proposed by Mr. FERGUSON to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 26 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 26 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TAYLOR to the bill (S. 1774)
to promote the general welfare, national interest, and foreign
policy of the United States by providing supplies to certain
European countries on an emergency basis, viz:

- 1 On page 2, line 17, before the semicolon insert a colon
- 2 and the following: "*Provided, however,* That no funds ap-
- 3 propriated under this Act shall be used for the purchase of
- 4 arms, armaments or munitions of war".

AMENDMENT

Intended to be proposed by Mr. TAYLOR to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 26 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued December 1, 1947
For actions of November 28, 1947
80th-1st, No. 154

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HIGHLIGHTS: Senate debated interim foreign-aid bill: It was announced that Journal shows Senate adopted Knowland amendment on CCC disposition of commodities at wheat-equivalent prices (Congressional Record had omitted this). Rep. Boggs commended USDA's handling of sugar rationing and price program. Rep. Smith, Ohio, claimed the administration has asked for authority "to seize just about everything the farmers produce." Rep. Abernethy urged that sufficient farm machinery and fertilizer be made available to meet 1948 goals.

SENATE

1. FOREIGN AID. Continued debate on S. 1774, the interim European-aid bill (pp. 11034-48). The Presiding Officer announced that the Journal (the official record of Senate actions) shows that the Knowland amendment, to permit CCC to dispose of commodities distributed under this program at wheat-equivalent prices, was agreed to Nov. 26 (the Congressional Record did not show this action) (p. 11034). Agreed to the Ferguson amendment to permit the Appropriations Committee, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee to observe and report upon distribution of commodities in aided countries (p. 11035-6).
2. TRANSPORTATION. The Interstate and Foreign Commerce Committee agreed to appoint a subcommittee to consider S. 1812, to establish a Department of Transportation (p. 11681).
3. RECESSED until Mon., Dec. 1 (p. 11048).

HOUSE

4. FARM PROGRAM. Rep. Smith, Ohio claimed that the Administration is asking for authority "to seize just about everything the farmers produce, and in effect, their farms to boot" (p. 11049).
Rep. Abernethy, Miss., urged that "sufficient farm implements, tractors, and fertilizer" be made available to enable farmers to meet the 1948 production goals (p. 11052).
5. FOREIGN AID. Rep. Robertson, N. Dak., read excerpts from a letter urging careful screening of requests for material to be sent to Europe (p. 11050).
Rep. Hoffman, Mich., criticized proposed plans for European aid (p. 11051).

Rep. Bakewell, Mo., spoke in favor of European aid (p. 11056-8).

Rep. Jarman, Ala., criticized the delay in getting action on proposed European aid plans (pp. 11060-3).

Received a petition from Wellesley College students urging European aid (p. 11063).

6. LEGISLATIVE PROGRAM. Majority Leader H. Fleck announced that consideration of European interim-aid legislation is expected to begin by "the middle or the latter part of next week" (p. 11050).
7. SURPLUS PROPERTY. Rep. Bell, Mo., criticized the policy of not returning surplus heavy equipment from the Pacific for use and disposal in the U.S. (pp. 11051-2).
8. INFLATION. Rep. Buffett, Nebr., claimed that "Inflation will continue until the American citizen can again secure gold coin" (pp. 11053-6).
Rep. Schwabe, Mo., suggested that the 40-hour week be temporarily set aside and that the increased production would combat inflation (p. 11056).
9. PERSONNEL. Received from the Budget Bureau a report of personnel ceilings for the quarter ending Sept. 30, 1947 (p. 11063).
10. ADJOURNED until Tues., Dec. 2 (p. 11063).

BILLS INTRODUCED

11. PERSONNEL; HOLIDAYS. S. 1819, by Sen. Magnuson, Wash., making the first Tuesday after the first Monday in November, in every even-numbered year, a legal holiday. To Judiciary Committee. (p. 11034.)
12. TRANSPORTATION. S. 1818, by Sen. Reed, Kans., to extend certain powers of the President to allocate the use of railroad transportation equipment and facilities through Jan. 31, 1949, under title II of the Second War Powers Act. To Interstate and Foreign Commerce Committee. (p. 11034.)
H.R. 4595, by Rep. Stefan, Nebr., to establish a Department of Transportation. To Expenditures in the Executive Departments Committee. (p. 11063.)
13. FOREIGN AID. H.J.Res. 267, by Rep. Snyder, W.Va., to authorize the President to proclaim the establishment of a program for the relief and rehabilitation of foreign countries through individual contributions of funds by the people of the U.S. To Judiciary Committee. (p. 11063.)
H.R. 4598, by Rep. Youngblood, Mich., to reduce postage rates on parcels containing food, clothing, or medicines mailed to certain foreign countries. To Post Office and Civil Service Committee. (p. 11063.)

ITEMS IN APPENDIX

14. SUGAR; PRICES; RATIONING. Extension of remarks of Rep. Boggs, La., commending USDA's handling of the sugar-price, -rationing, and -distribution program and including a Sugar Bulletin article on the subject (pp. A4757-8).
15. PRICE CONTROL; INFLATION. Sen. Murray, Mont., inserted Secretary of Labor Schwelienbach's recent address discussing wages, price controls, and inflation (pp. A4731-3).
16. FOREIGN AID. Various and sundry remarks and insertions on the foreign-aid program (pp. A4742-3, A4745-6, A4752, A4753-4, A4754-5, A4762).
17. AGRICULTURAL CONSERVATION PROGRAM. Extension of remarks of Rep. Poage, Tex.,



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 80th CONGRESS, FIRST SESSION

Vol. 93

WASHINGTON, FRIDAY, NOVEMBER 28, 1947

No. 154

Senate

(Legislative day of Monday, November 24, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

O Lord, lift from our hearts all the discouragement, the cynicism, and the distrust of one another that destroy our faith in the little people who make up this Republic and eat at the very foundations of our democracy.

Give to our leaders faith in our way of life, so that, instead of indicting other philosophies, we shall inspire our own. Give them faith in the people, in their deep desire to do whatever is for the good of all, in their willingness to make personal sacrifices for a good cause.

May we have courageous leadership, based on faith and not on fear—leadership that goes out in front and is not forever running to catch up with a bandwagon.

Lord, increase our faith, through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, November 26, 1947, was dispensed with, and the Journal was approved.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

PETITIONS

The PRESIDENT pro tempore laid before the Senate the following petitions, which were referred as indicated:

A resolution adopted by the Town Council of the Town of Cross City, Dixie County, Fla., favoring the enactment of legislation to provide sufficient funds to give proper water control of the Everglades from the Kissimmee Swamp to the southern end of the mainland of Florida, for the purpose of protecting and preserving the natural assets of the Everglades; to the Committee on Appropriations.

Petitions of sundry citizens of the State of Massachusetts, praying for the enactment of legislation to restore price controls; to the Committee on Banking and Currency.

A resolution adopted at the thirty-first annual session of the Ohio Fraternal Congress, Millersburg, Ohio, relating to communism; to the Committee on Foreign Relations.

THE POSTMASTER GENERAL

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Donaldson's Selection To Succeed Hannegan Smashes Precedent," by David Lawrence.

I wish to say that I fully endorse what the article says about Mr. Donaldson. He has been in the Post Office Department for a long time, and I served for a long time as chairman of the Committee on Post Offices and Post Roads. He has made one of the most efficient officials we have ever had in the Post Office Department. I take great pleasure in approving and endorsing his appointment as Postmaster General, and I think it is one of the best things that has happened to that Department in many, many years.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DONALDSON'S SELECTION TO SUCCEED HANNEGAN SMASHES PRECEDENTS—POST OFFICE CAREER MAN REMOVES TINT OF POLITICS FROM MONOPOLY BUSINESS

(By David Lawrence)

President Truman broke a precedent of long standing when he appointed a former letter carrier to be Postmaster General. He really broke a more important precedent—he appointed a man who knows something about the biggest business the Government operates.

For years the Post Office Department has been the football of party politics. Republican and Democratic administrations have brazenly used the Cabinet portfolio as a political reward. Then, to add insult to injury, they have both permitted the Postmaster General to manage the political party affairs—all at the public expense.

Every now and then one of these Postmasters General would take a deep interest in postal affairs. This was the exception. Every now and then there would be one who took his duties seriously, but throughout history most of them have felt that their chief job was to grease the party machinery with postal appointments and to make speeches advancing the party fortunes on the political front.

CAREER MAN GOT NO CREDIT

During all these political misadventures, career men did all the work in the Post Office Department and got little, if any, of the

credit. It certainly testifies to the capacity and administrative talent of various executives in the Post Office Department who have spent their lives just doing a good job that, despite the political angle and despite occasional criticisms of the postal service, it is, nevertheless, the most efficient and the least expensive to the public of any in the world.

Jesse Donaldson has been First Assistant Postmaster General. As such he has been running the Post Office Department while Postmaster General Hannegan has been away managing the affairs of the Democratic National Committee. Now it is fitting that Mr. Donaldson should be given the full responsibility. If, as reported, Mr. Hannegan recommended the appointment, it was a shrewd piece of political judgment to pick a nonpolitical figure.

The mere fact that a career man in the Government service—Mr. Donaldson has spent more than 40 years in the Government—can be promoted to the highest position in his Department will instill a similar hope among other Government employees.

For years many students of government have advocated that career men should be able to rise to Cabinet portfolios or that they should at least be allowed to serve as deputies and act in the capacity of Under Secretaries.

UNITED STATES EXERCISES MONOPOLY

The Post Office Department, of course, should always be nonpolitical. It is a tremendous business. The responsibility for delivering the mails is all the greater because the Government exercises a monopoly. Many people do not know, for instance, that the business of private delivery of letters for compensation as a service is prohibited by statute.

So, since the Post Office Department alone can deliver the mails, it is important that the task be performed efficiently and with as little expense as practicable to the public. The delivery of heavy packages by parcel post has been a big addition to the responsibilities of the Post Office Department in recent years, though the Government in this case does not attempt to exercise a monopoly but does permit express companies to carry and deliver packages in competition.

The Post Office Department has operated at a deficit for a number of years. This is because a large amount of mail is carried free for the Government itself and for Congress. If full rates were paid for this mail, the Post Office Department budget would be balanced. Likewise, the Post Office charges lower rates for education mailings and publications which disseminate information

desired by the public—a step deemed wise in interest of keeping low-income groups as well as other citizens in the American democracy informed.

Mr. Donaldson lives in the District of Columbia and doesn't have a vote. Therefore, nobody can call him a partisan for he has never been active in party politics. It is refreshing to find the Post Office Department operated by a career man for the first time in the last half century or more.

THE COAL SITUATION

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD several telegrams which have come to me from Tennessee. In them reference is made to the request by the Under Secretary of the Interior that Congress grant the Department power to ration, allocate, and fix prices. Let me read the first telegram:

KNOXVILLE, TENN., November 26, 1947.

Hon. KENNETH McKELLAR,

United States Senate, Washington, D. C.:

Understand Secretary Interior asking Congress for power to ration, allocate, and fix prices. There is no shortage of coal and considerable coal standing on tracks at mines unsold today and price is dropping. Government interference is unnecessary and dangerous. Hope you will do all possible against granting authority asked. The coal industry can produce all coal the Nation needs if given a free hand.

W. T. MOORE.

Mr. President, the other telegram comes from Memphis, Tenn., and reads as follows:

MEMPHIS, TENN., November 26, 1947.

Hon. KENNETH McKELLAR,

United States Senate, Washington, D. C.:

We believe Senate committee acted properly in refusing to include allocation, rationing and price fixing in approving Senate bill 1774. It is now reported Department of Interior asking for these powers over coal. Think it important to do all possible to prevent this, as restoration of such powers would speedily return coal to scarce commodity resulting in severe shortages, serious emergencies and eventually higher prices.

P. B. C. SMITH,

President, Southern Coal Co., Inc.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

Mr. WHITE, from the Committee on Interstate and Foreign Commerce, reported favorably the nomination of Halert C. Shephard, to be a commodore in the United States Coast Guard Reserve, for temporary service, and the nominations of several officers to be lieutenant commanders in the United States Coast Guard.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

S. 1817. A bill to repeal the prohibition against the filling of a vacancy in the office of district judge in the western district of Oklahoma; to the Committee on the Judiciary.

By Mr. REED:

S. 1818. A bill to extend certain powers of the President to allocate the use of railroad transportation equipment and facilities through January 31, 1949, under title III of the Second War Powers Act; to the Committee on Interstate and Foreign Commerce.

By Mr. MAGNUSON:

S. 1819. A bill making the first Tuesday after the first Monday in November, in every even-numbered year, a legal holiday; to the Committee on the Judiciary.

DEVICE FOR AUTOMATIC RECORDING OF ROLL CALLS AND VOTES OF THE SENATE

Mr. WILEY. Mr. President, I ask unanimous consent to submit for appropriate reference a resolution that would authorize a study of the desirability and the feasibility of installing a mechanical and electrical service for automatically recording roll calls and votes of the Senate.

There being no objection, the resolution (S. Res. 171) was received and referred to the Committee on Rules and Administration, as follows:

Resolved, That the Senate Committee on Rules and Administration, or any duly authorized subcommittee thereof, is authorized and directed to make a study (1) of the desirability and feasibility of installing a mechanical or electrical device for automatically recording roll calls and votes of the Senate, and (2) if the installation of such a device is recommended by the committee, of any changes in the Rules of the Senate which might thereby be necessitated.

SEC. 2. The committee shall report to the Senate, at the earliest practicable date, the results of such study together with such recommendations as it deems desirable.

AUTHORIZATION FOR COMMITTEE ON LABOR AND PUBLIC WELFARE TO MAKE ADDITIONAL EXPENDITURES

Mr. TAFT submitted the following resolution (S. Res. 172), which was referred to the Committee on Labor and Public Welfare:

Resolved, That the Committee on Labor and Public Welfare is hereby authorized to expend from the contingent fund of the Senate, during the Eightieth Congress, \$8,000 in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

MEETING OF JOINT COMMITTEE ON ATOMIC ENERGY

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that the Joint Committee on Atomic Energy be permitted to sit this afternoon during the session of the Senate.

The PRESIDENT pro tempore. Without objection, consent is granted.

NOTICE OF HEARING ON NOMINATION OF WATSON B. MILLER

Mr. REVERCOMB. Mr. President, I desire to give notice, in behalf of a subcommittee of the Committee on the Judiciary consisting of the Senator from Nevada [Mr. McCARRAN], the Senator from Kentucky [Mr. COOPER], and myself, that beginning on December 8, 1947, at 10 o'clock in the morning, a hearing will be held on the nomination of Watson B. Miller, of Maryland, to be Commissioner of Immigration and Naturalization, Department of Justice, the hearing to be held in the committee room of the Committee on the Judiciary in the Senate Office Building.

THANKSGIVING—ADDRESS BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD an address on the

subject The Challenge of Thanksgiving, delivered by him to the people of Wisconsin through radio transcription, November 27, 1947, which appears in the Appendix.]

THE TAX BURDENS AND THE PROFESSIONS—ADDRESS BY SENATOR KEM

[Mr. KEM asked and obtained leave to have printed in the RECORD an address on the subject The Tax Burden and the Professions, delivered by him before the Lawyers' Association of Kansas City, at Kansas City, Mo., November 12, 1947, which appears in the Appendix.]

FAITH, NOT FEAR, MUST MOVE US—ARTICLE FROM NEW YORK TIMES MAGAZINE

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an article entitled "Faith, Not Fear, Must Move Us," written by Brooks Atkinson and published in the New York Times magazine of November 23, 1947, which appears in the Appendix.]

ISSUES BEFORE THE AMERICAN PEOPLE—ADDRESS BY THE SECRETARY OF LABOR

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an address on the issues before the American people, by the Secretary of Labor, at the National Convention of Industrial Organizations, Boston, Mass., October 14, 1947, which appears in the Appendix.]

PROSPECTS OF DEMOCRATIC VICTORY—ADDRESS BY GOVERNOR WALLGREN

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an address regarding the political situation in the United States, by Gov. Mon C. Wallgren, of Washington, before the midwestern Democratic meeting at Kansas City, Kans., November 20, 1947, which appears in the Appendix.]

THE EISENHOWER FOUNDATION—ADDRESS BY CHARLES M. HARGER

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an address regarding the Eisenhower Foundation, by Charles M. Harger, president of the Kansas Eisenhower Foundation, to the Kansas State Historical Society, October 12, 1947, which appears in the Appendix.]

INTERIM EUROPEAN AID PROGRAM

The Senate resumed the consideration of the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

Mr. VANDENBERG. Mr. President, the junior Senator from Florida [Mr. HOLLAND], in conversation with me a moment ago, raised a question as to whether or not the RECORD shows that the amendment submitted by the Senator from California [Mr. KNOWLAND] was agreed to.

The PRESIDING OFFICER (Mr. CAIN in the chair). The Journal shows that the amendment offered by the Senator from California was agreed to.

Mr. IVES. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. IVES. The junior Senator from New York happened to be presiding at the time, and the Senator from New York gives testimony that the amendment was agreed to.

Mr. VANDENBERG. I think that completes the record to the satisfaction of the Senator from Florida.

Mr. HOLLAND. Mr. President, I appreciate that the matter has been straightened out. I merely desired to be sure that the amendment had in fact been agreed to. That was my recollection.

Mr. BARKLEY. Mr. President, I suggest that the permanent RECORD be corrected.

The PRESIDING OFFICER. The permanent RECORD will be corrected accordingly.

Mr. FERGUSON addressed the Chair.

Mr. VANDENBERG. Mr. President, when the Senate took a recess Wednesday it was the expectation that the amendment submitted by the Senator from New Mexico [Mr. CHAVEZ] would be voted on immediately when the Senate assembled today. I do not wish to ask for a vote in the absence of the Senator from New Mexico. I make the suggestion that the Senator be notified that the Senate is ready to act upon his amendment, and I suggest that in the meantime it be laid aside temporarily so that the junior Senator from Michigan may submit an amendment concerning which there is no controversy, and which can be immediately agreed to, I think.

Mr. BARKLEY. The Senator from New Mexico on Wednesday withdrew his amendment temporarily.

Mr. VANDENBERG. I suggest, then, that the junior Senator from Michigan submit his amendment, which, I understand, originates in the Committee on Appropriations.

Mr. FERGUSON. Mr. President, the bill now before us provides in section 6:

Before any commodities or funds are made available to any recipient country under the authority of section 3 of this act, an agreement shall be entered into, pursuant to the limitations and provisions of section 4 of this act, between such country and the United States containing, in such detail as practicable, an undertaking by such country—

It then makes certain provision, under subparagraph (h) on page 6 of the bill, and this is the provision as it is now contained in the bill—

to permit representatives of the Government of the United States to observe and report on the distribution among the people of such country with respect to the commodities transferred or otherwise made available pursuant to this act.

It is the purpose of the proposed amendment, which has been considered by the Committee on Appropriations, that subparagraph (h) be amended to read as follows:

To permit representatives of the Government of the United States (including members of the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House, the Senate Appropriations Committee, and the House Appropriations Committee, or their authorized representatives) to observe and report on the distribution among the people of such country with respect to the commodities transferred or otherwise made available pursuant to this act and to observe and report on the use and expenditure of funds made available pursuant to this act.

The purpose of the amendment is to provide that Congress itself may observe.

In the past there has been criticism as to the method of carrying out appropriations of similar purport, and it was the opinion that if Congress itself could look into an activity while it was proceeding, it would be much better than at the end of the expenditure, as has been the case in the past. That is a brief explanation of what is desired to be accomplished by the amendment.

Mr. VANDENBERG. Am I to understand the Senator is offering the amendment to subparagraph (h) at the moment?

Mr. FERGUSON. Yes; subparagraph (h) of section 6.

Mr. VANDENBERG. As I understand the matter, the amendment merely extends the intended power of inquiry and observation to include specific authorities from the Congress of the United States.

Mr. FERGUSON. The Senator is correct.

Mr. BARKLEY. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. I do not care to object to the amendment. I merely wish to observe that I hope it will not be carried out in any such manner as to make more difficult the administration of funds in the countries to which it is intended they shall be sent.

Mr. FERGUSON. If my colleague will yield, I am sure it will not in any way interfere, but would result in much better administration. It is expected that in the future we will pass on a much larger program than the one we are now considering, and therefore I think Congress would be better satisfied, and the people would be better satisfied, if we were permitted to and did make some observation of conditions.

Mr. BARKLEY. My own experience has demonstrated to me that it is very valuable to Congress for Members of the two Houses to make observations about matters on which Congress has to act, and upon which the Members of Congress must pass. I have frequently stated that I thought our country would be served, especially in view of the worldwide obligations we are compelled to assume, if every Member of Congress could make his own investigation on the ground, without the necessity of getting information at second-hand as to conditions which we must face.

I think the observations and investigations that were made during the summer recess by various committees which went abroad will be worth infinitely more than it cost the Treasury of the United States, by way of information and advice and knowledge obtained on the subjects investigated.

Mr. FERGUSON. Having been in foreign countries with the able Senator from Kentucky, and having with him observed conditions, I agree wholeheartedly with his statement. I think there is a feeling that if it is possible to see and hear personally, a different view can be obtained from that which is received merely by reading. In the matter now before the Senate, there is a feeling that there must be that experience, if we are to act properly in extending aid.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. FERGUSON. I am glad to yield.

Mr. LANGER. Would the investigation called for in the proposed amendment include an investigation of the price paid by the Commodity Credit Corporation for the wheat that is included in the amendment offered by the Senator from California [Mr. KNOWLAND]?

Mr. FERGUSON. It would. I think we already have the power to make such an investigation, but this would allow observation and an inquiry into that question.

Mr. LANGER. Does the Senator's amendment provide for a report to the Congress?

Mr. FERGUSON. No, it does not; but committees as a rule always report to the Congress, because the investigations or observations are made by committees.

Mr. VANDENBERG. Mr. President, I have no objection to the amendment.

Mr. WHERRY. Mr. President, will the Senator yield, that I may ask a question of the junior Senator from Michigan?

Mr. VANDENBERG. I yield.

Mr. WHERRY. Does this authority extend only to the transfer of commodities mentioned in the Knowland amendment?

Mr. FERGUSON. No. The amendment covers the entire authorization.

Mr. WHERRY. Does the amendment include authority for the committee or committees specifically to investigate expenditures of cash found in the revolving fund of a given country, which fund, I understand, will be disbursed under an agreement between that country and this country?

Mr. VANDENBERG. It clearly and specifically does, in the last phrase, "to observe and report on the use and expenditure of funds made available pursuant to this act."

Mr. WHERRY. I merely want it to be clear.

Mr. FERGUSON. I agree with that interpretation. It is the intent that full power be given to make a complete investigation.

Mr. WHERRY. It is correct, then, that the Committees on Appropriations and Foreign Relations have the authority? Does the senior Senator from Michigan feel we have that authority?

Mr. VANDENBERG. I think there is the general authority, but the amendment certainly does not diminish whatever authority exists.

Mr. FERGUSON. The amendment places the provision in the agreement.

Mr. VANDENBERG. That is correct.

Mr. FERGUSON. That is where it should be placed, because we are dealing with foreign nations.

Mr. WHERRY. That is correct. So there is no doubt about it. That clarifies the matter. If there is the general authority, this writes it into the measure.

Mr. FERGUSON. That is the purpose of the amendment.

Mr. VANDENBERG. I suggest the amendment be adopted.

The PRESIDING OFFICER. The Chair suggests first that the amendment

offered by the junior Senator from Michigan be read, since the amendment is not officially before the Senate.

Mr. FERGUSON. Mr. President, I ask that the proposed amendment be read.

The LEGISLATIVE CLERK. On page 6, it is proposed to strike out beginning in line 4 down through and including line 8, and insert in lieu thereof the following:

(h) to permit representatives of the Government of the United States (including members of the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House, the Senate Appropriations Committee, and the House Appropriations Committee, or their authorized representatives) to observe and report on the distribution among the people of such country with respect to the commodities transferred or otherwise made available pursuant to this act and to observe and report on the use and expenditure of funds made available pursuant to this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the junior Senator from Michigan.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I suggest now to the able Senator from New Mexico that he call up his amendment, which I think we had agreed to vote upon promptly today.

Mr. CHAVEZ. That is correct. Mr. President, I submit for the consideration of the Senate the amendment of which I spoke on Wednesday. It is not my purpose to take any further time on it now. I want to keep faith with the Senator from Michigan. After it has been read, I should like to take just 1 minute.

The PRESIDING OFFICER. The amendment will be received and will be read by the clerk.

The LEGISLATIVE CLERK. On page 2, line 12, it is proposed after the word "funds" to insert the words "or commodities including manufacturing plants, industrial machinery, highway equipment, and transportation facilities and equipment."

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I promised the Senator from Michigan on Wednesday that the amendment would not be debated, but I should like to take 1 minute to state what I feel the amendment would do, if anything. It provides that after the word "funds" there should be inserted "or other commodities including manufacturing plants, industrial machinery, highway equipment, and transportation facilities and equipment." In other words, besides using American dollars, this amendment would provide that we could use part of the equipment in this country and obtain commodities elsewhere, thereby avoiding the use of American dollars.

Mr. VANDENBERG. Mr. President, I am sure we were all impressed by the able address made by the Senator from New Mexico in connection with this problem. It is an exceedingly broad subject which he opens, far broader than would be indicated by the comparatively few words of the amendment. I suggest to my able friend from New Mexico that he

consider whether it would not be advisable for him to withdraw his amendment to the bill and raise the question in connection with the long-range bill when it is reached. I make the suggestion for the reason, first, that the Senator is injecting into what is purely a relief bill certain considerations regarding industrial equipment, and so forth; in the second place, I am sure he would realize that even the arrangement he contemplates could not be perfected within the 90-day life of the temporary bill. Rather than prejudice his excellent idea by asking the Senate to reject his amendment, I would suggest to him that it would be advisable for him not to press it until the long-range bill is considered.

Mr. CHAVEZ. Mr. President, I am deeply impressed with the suggestion made by the Senator from Michigan. My reason for bringing up the amendment was that, in my humble opinion, it is a matter which should be considered. No one appreciates more than I do that it should go to the long-range plan, but I want Senators to be thinking about these things. I wish to cooperate with the Senator from Michigan. I want him to get the pending bill passed; nevertheless, I desire to suggest—and I say this with all the sincerity of purpose within my power; I know that we are all conscientiously trying to do what is right—I shall bring up the matter when the long-range bill comes before the Senate for consideration. At the moment, I withdraw the amendment.

Mr. VANDENBERG. I thank the Senator from New Mexico.

The PRESIDING OFFICER. The Chair understands that the amendment submitted by the Senator from New Mexico has been withdrawn.

Mr. VANDENBERG. Mr. President, the Senator from Missouri [Mr. DONNELL] has a clarifying amendment in connection with the amendment adopted previously by the Senate under his authorship. I should like to yield to him for the purpose of proceeding to that.

Mr. DONNELL. I thank the Senator from Michigan for yielding.

Mr. President, I have observed that certain changes should be made in subsection (b) of section 6 of the bill in order to make proper connection of an amendment, referred to in the CONGRESSIONAL RECORD of November 26, 1947, as the amendment which is lettered A, which was on November 25, 1947, offered by me and on November 26, 1947, agreed to by the Senate, with that portion of the contents of said section 6 which immediately follows said amendment. I think the desired result would be produced by the substitution of a comma for the period at the conclusion of the amendment, and the insertion, immediately preceding the word "any" in line 23 of page 4 of the bill as it was reported to the Senate on November 21, 1947, of the words "and under agreement by the Government of the receiving country that," and such rearrangement as causes that part of the subsection which follows the insertion to read "any unencumbered balance remaining in such account on June 30, 1948, will be disposed

of within such country for such purposes as may, subject to approval by act or joint resolution of the Congress, be agreed between such country and the Government of the United States."

I accordingly move that subsection (b) of section 6, as amended, be so amended as to read:

(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States, and under agreement by the Government of the receiving country that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may, subject to approval by act or joint resolution of the Congress, be agreed between such country and the Government of the United States.

The PRESIDING OFFICER. The amendment will be received and read by the clerk.

Mr. VANDENBERG. Mr. President, I suggest that the Senator from Missouri has just read the amendment in detail, and with the explanation I shall now make, I do not believe it would be necessary to have the amendment re-read.

It is my understanding—and I have talked with the Senator about it this morning—that all he seeks to do by his amendment is to correct what is in effect a lapse in the continuity of language, to begin with, and secondly, to be sure that the arrangement respecting the handling of ultimate unencumbered balances in the local currency funds shall without fail be under the ultimate control of Congress.

Mr. DONNELL. That is correct; and that the provision in the subsection relative to approval by act or joint resolution of the Congress refers only to the disposal of such unencumbered balances.

Mr. VANDENBERG. I am sure that is the intention of the language. I have no objection.

The PRESIDING OFFICER. Without objection, the reading by the Senator from Missouri of his amendment will be considered to be an official presentation of it.

The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. DONNELL].

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, I hope the able Senator from Idaho [Mr. TAYLOR] will now call up his amendment.

Mr. TAYLOR. Mr. President, I have a brief amendment which is self-explanatory. My amendment is on page 2, line 17, before the semicolon to insert a colon and the words, "Provided, however, That no funds appropriated under this act shall be used for the purchase of arms, armaments or munitions of war."

I had intended to speak briefly on the subject, but the senior Senator from Michigan assures me that he has no objection to the amendment, and that is a much better boost for the amendment

than anything I could possibly say, so I am going to keep still.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 17, before the semicolon it is proposed to insert a colon and the following: "*Provided, however, That no funds appropriated under this act shall be used for the purchase of arms, armaments or munitions of war.*"

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho.

Mr. VANDENBERG. Mr. President, there is nothing remotely contemplated in the text of the bill with relation to the expenditure of funds for the purchase of arms, armaments or munitions of war, and I am very glad to accept the amendment. In that connection I want to thank the able Senator from Idaho for his courtesy in trading a speech for my approval of the amendment.

Mr. TAYLOR. If the Senator from Michigan will yield, I will say that I shall do the same in connection with most any subject.

Mr. LANGER. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. LANGER. Suppose in the funds provided "to alleviate conditions of intolerable hunger and cold," and so forth, there is a balance remaining unused. What becomes of that balance?

Mr. VANDENBERG. That balance is handled on agreement between the beneficiary country and the Government of the United States, subject to the approval of the Congress of the United States.

Mr. LANGER. So the amendment offered by the distinguished Senator from Idaho would govern even in that case?

Mr. VANDENBERG. Yes.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. JOHNSON of Colorado. Perhaps in my absence from the Chamber the Senator has discussed this point, but I should like to ask the senior Senator from Michigan about the balance that remains in the relief appropriation that was voted by the Congress earlier this year. As I recall, \$350,000,000 was voted for European relief. I noticed an article in a newspaper the other day which indicated that only \$100,000,000 of that total of \$350,000,000 had thus far been expended. Does the Senator know anything about the balance that is left in that fund?

Mr. VANDENBERG. I have no information on the subject except as I have read in the newspaper the story indicated by the Senator from Colorado. My general understanding, however, is that all the funds have been substantially obligated, even though they have not been expended.

Mr. JOHNSON of Colorado. The importance of that matter, as I see it, lies in the fact that amount of money is a checking account against our dwindling supply of grain and other food, perhaps, and if draft on that checking account has not been completed and if, in addition to that checking account, there is going to be approximately \$600,000,000

more, I was wondering whether or not the dwindling supplies of food in this country would support that much of a checking account against us.

Mr. VANDENBERG. I may say to the Senator that I think his inquiry would be highly appropriate to be pursued by the Appropriations Committee in its consideration of the actual amounts to be appropriated.

Mr. President, may we have the amendment offered by the Senator from Idaho acted upon?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. TAYLOR].

The amendment was agreed to.

Mr. VANDENBERG. May I ask the Senator from Missouri [Mr. KEM] if he has some amendments which he wishes to offer at this time?

Mr. KEM. I do have amendments which I should like to offer. I should like to offer them, however, with the understanding that they will not be disposed of today. I should like to have them voted upon when more Senators are in the Chamber than are present at this time.

Mr. VANDENBERG. Mr. President, I want to be very reasonable about this procedure, and I think I have been reasonable in not pressing to a conclusion on Tuesday afternoon, when we faced a situation where we might well have ended the consideration of the bill. Then we reached a situation on Wednesday where by remaining in session one or two extra hours we could have concluded the bill on that day. In order to accommodate Senators I agreed to go over until Friday to determine the vote on amendments, and then in further accommodation I agreed to go over until Monday for a final vote on the bill. I submit to my able friend that it is not fair to ask that any vote on amendments should be postponed until Monday, in view of the program we agreed to when we recessed on Wednesday. I think the Senator can get a fair cross-section of the Senate's judgment today.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WHERRY. I am in total agreement with the desire on the part of the senior Senator from Michigan to expedite action. But in view of the fact that I have received a number of telephone calls from Senators who have asked with respect to amendments that might be offered today, I should like to ask the Senator from Michigan if it is not a fact that no unanimous-consent agreement was entered into that a vote be had at any time certain on Monday, so that any Senator who wanted to offer an amendment, even though the Members of the Senate are doing their level best to have quick action taken on the bill, can offer such amendment to the bill on Monday.

Mr. VANDENBERG. It would all depend upon whether we were to reach the third reading of the bill today, which I hope we shall do, so that this phase of the matter may be closed. I think there must be a termination someday.

I cannot help but feel that we have been completely liberal in connection with the time table on the bill. I have not the remotest sympathy with the comment which I read in the newspapers yesterday, suggesting that the bill is being pressured through the Senate in some cavalier fashion.

This question has been under consideration by Senators since the 10th of November. Since the 17th of November Senators have had no other direct charge upon their time and attention except this legislation. We have explored almost every phase of it in numerous amendments previously adopted. Eager as I am upon all occasions to cooperate with my able friend from Missouri, I do not feel that it is fair to ask for further delay.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WHERRY. I am not quarreling with the observations of the distinguished Senator from Michigan or the reply which he has made to the comment with respect to methods of undue pressure in bringing these amendments to a vote. I think the Senator was not referring to me. I made no such comments in the newspapers.

Mr. VANDENBERG. The Senator is quite correct.

Mr. WHERRY. I do want to be in a position to tell Members of the Senate what the understanding is relative to procedure. I have already given certain information to Senators who have telephoned to inquire about it. I understood that the Senate was to cooperate in the program by returning here today for the consideration of certain amendments, so as to get them out of the way. No agreement was made; but the admonition of the distinguished Senator from Michigan was that the Senate proceed until Monday, with the understanding that there would be no final vote on the passage of the bill until Monday.

If that was the understanding, I ask the distinguished Senator whether a Senator who is absent today would not have the right to offer an amendment on Monday, before the final vote is taken, particularly in the absence of a unanimous-consent agreement.

Mr. VANDENBERG. There is no unanimous-consent agreement. We are agreed on that point. There is what might be called a gentlemen's agreement, upon the basis of which we arranged two recesses of the Senate at a time when we were practically finished with the job.

What was the basis upon which that was done? I read from the CONGRESSIONAL RECORD for Wednesday, page 11028:

I think I am justified in suggesting that we meet on Friday and complete the bill for amendment. I hope at that time we can go over until Monday noon and vote upon final passage of the bill.

I respectfully suggest to the Senator that while I agree that this is not binding, insofar as the purpose of the Senator from Michigan was concerned, it certainly was his idea that the Senate shall reach the third reading of the bill this afternoon and then postpone the final

vote until Monday. I do not think it is fair to leave the bill in such a situation that on Monday we can start all over again, and open the entire subject to any sort of amendment which any Senator may have in mind at that time.

Mr. WHERRY. Once again, for the sake of clarifying the RECORD, and not in any way opposing the desires of the able Senator, at the conclusion of the Senate session on Wednesday, in view of the fact that there was some misapprehension as to whether or not there was a unanimous-consent agreement, or even a gentlemen's agreement about the procedure, I made the following statement:

Mr. President, I suggest to the distinguished majority leader that an announcement should be made again in the RECORD that it was the hope of the distinguished Senator from Michigan that when the Senate reconvenes on Friday the debate on all amendments to the bill would be concluded, and that it was also his hope that the Senate might reach a final vote on Monday. It is not a unanimous-consent agreement: it is merely a plan of procedure, as I understand, which the distinguished majority leader will follow when the Senate reconvenes Friday.

In view of that statement I have made several announcements. That is not the statement of the majority leader. That is the statement which I suggested should be made in view of the fact that there was some confusion as to whether or not there had been an agreement under which all amendments would be completed today and the bill would reach the stage of the third reading, so that all that would be left would be a vote on Monday. I have advised Senators that while such a hope was expressed, there was no unanimous-consent agreement to vote at any time. On that basis I am not sure whether or not Senators could offer amendments on Monday. I have received several telephone calls on the subject, and I have replied that there was no unanimous-consent agreement; that the statement of the Senator from Michigan was to the effect that no final vote would be had on the bill until Monday. Is that correct?

Mr. VANDENBERG. The Senator is entirely correct; and I have said nothing to the contrary that I know of.

Mr. WHERRY. However, it seems to me that until agreement has been reached with respect to final passage, the bill should be open to amendment. That is my interpretation of the procedure.

Mr. VANDENBERG. Let me merely add that the procedure is completely in the control of the Senate.

Mr. WHERRY. That is correct.

Mr. VANDENBERG. The only thing I have done is to indicate a program on the basis of which I agreed to a 5-day postponement of the vote on the bill. In the judgment of the Senator from Michigan the bill should have been voted upon the day before Thanksgiving.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Kentucky.

Mr. BARKLEY. There is no question that there was no binding agreement entered into with respect to voting on anything at any time. However, the Senator from Michigan and other Senators

were anxious to accommodate Senators who wished to be absent over Thanksgiving, and did not desire to return today, their wish being to be present when a final vote was taken on the bill. In order to accommodate all and sundry, there was a gentlemen's agreement that there would be no vote on the bill until Monday.

I agree with what the Senator has said concerning the statement which he read yesterday in the newspapers with respect to the bill being pressured through the Senate. I think every member of the committee will confirm the statement that the Committee on Foreign Relations heard everyone who wanted to be heard on this legislation, or who asked to be heard. After the hearings were concluded with the announcement of the Senator from Michigan, the chairman, that no one else had asked to be heard, the committee spent several hours in deliberating upon the bill, and amended it in important particulars.

So there has been no administration pressure or other pressure that I have heard anything about, to try to railroad the bill through the Senate or through the Congress. I think it is very inopportune for any responsible person to give out the impression that we are operating with a sharp stick behind us, or that we are being prodded by the administration to get the legislation through. We all realize the importance of it. It is important to us, and it is important to the nations involved to know what is going to happen, and when. But there has been no pressure, and no "steam roller" methods have been used either in the committee or in the Senate.

Mr. WHERRY. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. WHERRY. I appreciate the remarks of the minority leader. I hope the inference will not be drawn that I am in any way opposing proceeding with the utmost speed in concluding consideration of the amendments and reaching a vote on the bill. I believe my colleagues in the Senate will agree that I have done my level best at all times to expedite the consideration of legislation with a quorum present. Personally I am of the impression that while the understanding was that the Senate would proceed to consider amendments and complete those that might come up for debate today, so that we could reach a vote on Monday, until a unanimous-consent agreement is entered into the bill is open to amendment until the final vote is taken, unless the Senate wishes to take further action today.

Mr. VANDENBERG. The bill is undoubtedly open to amendment until the third reading, whenever that takes place.

Mr. WHERRY. Yes.

Mr. VANDENBERG. However, in view of the announcement made on Wednesday by the Senator from Michigan, it seems to me that every Senator was placed on notice that if he had amendments to offer he should be present and offer them today so that we might dispose of them.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WHERRY. There was no unanimous-consent agreement that the third reading would be had today. All I wish to do is to protect the advice and information which I have given to Senators who have called me, to the effect that there is no unanimous-consent agreement. It was the hope of Senators who returned here today that the debate would be concluded, that amendments would be voted on, and that an early vote on final passage of the bill would be had on Monday. But there was no unanimous-consent agreement; and in view of that fact it seems to me that the bill should not proceed to a third reading unless there is a unanimous-consent agreement to vote at a specified time on Monday.

Mr. KEM. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. KEM. I agree that the Senator from Michigan has been most fair throughout the presentation of this matter. Certainly I do not want to be in the position of doing anything that he or any other Senator might think is unfair or improper—

Mr. VANDENBERG. Mr. President, I did not hear the Senator. Will he speak a little more loudly?

Mr. KEM. I just stated that I thought the Senator from Michigan had been eminently fair throughout the debate on this bill, and that certainly I do not want to do anything that might be construed by him or any other Member of the Senate as being unfair or improper.

Mr. VANDENBERG. I am sure that is true.

Mr. KEM. I have certain amendments which I have submitted to the Senator from Michigan. He has been good enough to say that, in his judgment, there is merit in at least part of them. I have submitted them also to a number of other Senators who have expressed a desire to vote for them. Some of those Senators are not present today.

I know, Mr. President, it has frequently been said, not on the floor of the Senate but elsewhere, that this bill involves only \$597,000,000. I realize that is a small sum compared with the \$20,000,000,000 the American people have contributed for relief since VE-day. But I think, Mr. President, considered in the light of what that amount of money—\$597,000,000—would do in raising salaries of American teachers and other underpaid public servants in this country, and in building hospitals, schoolhouses, and other needed public improvements in the United States such as farm-to-market roads, it is a very considerable sum of money. I do not think this bill ought to be disposed of without an opportunity for the offering of amendments, full and free discussion of them, and then the application to them of the considered judgment of the Senate, with the full membership in attendance.

I am perfectly willing and should like to present my amendments today. I am ready to say whatever I have to say about them, which will not be at any great length, but I should like to have it understood that the amendments will not be called up for final disposition until next

Monday when the Senate convenes. From the standpoint of fairness, I cannot see anything unfair about that.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I should like to ask the Senator from Michigan whether, until an authorization bill has passed the Senate and the House, has been approved by a conference committee, if necessary, and signed by the President, any appropriation bill to carry out the purposes of the Congress can even be introduced. Can it be introduced before the authorization is approved?

Mr. VANDENBERG. I cannot answer the Senator technically. I would think it probably could not be. Of course, it would be available for consideration.

Mr. AIKEN. It could not be acted upon?

Mr. VANDENBERG. It could not.

Mr. AIKEN. In view of that fact, and of the rumors we hear that there may be prolonged discussion over the appropriation bill itself when it is introduced, it seems entirely possible that action on emergency aid to Europe can be delayed until after Christmas, until the next session of the Eightieth Congress. Would the Senator from Michigan venture an opinion as to the effect upon the nations of Europe should any aid from America be delayed until the middle or the last of next January?

Mr. VANDENBERG. The Senator from Michigan may be prejudiced in his point of view, but in his opinion we have a desperate self-interest in the maintenance in western Europe of a situation in which peoples have a free choice in respect to their government. I do not believe they can maintain themselves in a posture of free choice if want and famine stalk their lands. It is as clear to me as day that that will be the net result if we cannot pass this bill in time for implementation prior to New Year's.

Mr. AIKEN. Then it is the Senator's opinion that delay until after New Year's is dangerous to the United States?

Mr. VANDENBERG. That is the Senator's unqualified opinion.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from New Mexico.

Mr. HATCH. Mr. President, I want to express the thought that every Senator should have the opportunity and the privilege of offering amendments, and having them debated and voted upon. I think every Senator has that right. But I am thinking of the duty and obligation of Senators to be present on the floor of the Senate and offer their amendments and have them debated at the proper time. I think it is unfair to the Senate and to the country for any Senator to ask that this measure be delayed to suit his personal convenience because he wants, perhaps, to take a holiday and return next Monday.

Mr. President, I think it cheapens the dignity of the Senate of the United States, when we are confronted with a measure of this kind, which is so important that a special session of the Congress was called and the Congress was asked to proceed with the greatest expe-

dition, which has been done, to quit this afternoon contrary to orderly procedure and await the convenience of those Senators who happen not to be present today.

Mr. President, I have frequently expressed concern about unanimous-consent agreements to put off a vote for 2 or 3 days until some Senators can be present. I still think it is a wrong procedure. When the Senate takes up a bill it ought to proceed with it and with the amendments thereto, and when no more amendments are offered, then the third reading of the bill should be had and final vote taken.

Under the statements made here on Wednesday I realize that no final vote should be taken until Monday, but certainly I trust and hope that the Senator from Michigan will not agree to any procedure to postpone further consideration of the bill until Monday. When all amendments have been offered and discussion of them is finished, if the time is ripe for the third reading of the bill, for orderly procedure and for the dignity of the Senate I think the third reading should proceed.

Mr. VANDENBERG. Mr. President, I simply wish to say one more word, and then I shall have finished with this aspect of the situation. I do not see that the Senator from Michigan is in a position to control the procedure in the absence of a unanimous-consent agreement. Therefore I think that whatever the ultimate position of the able Senator from Missouri is will be the position which controls the procedure with respect to it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. I wonder whether it might not be possible to enter into an agreement to vote on the bill, and all amendments that may not be disposed of today at not later than 2 o'clock on Monday.

I understood from the Senator from Missouri that what he had in mind was to make it possible for certain Senators to return to the Senate before the Senate votes on his amendments. I did not understand that he contemplated that there would be any lengthy discussion on Monday, but merely that the Senators now absent would have an opportunity to return and vote. If that be true, it seems that we should be able to enter into an agreement to vote on the amendments at a very early hour on Monday.

Mr. VANDENBERG. Mr. President, let me respond to the Senator's suggestion. Here, again, we confront the element of fair play; and the Senator from Michigan is not going to be indicted for any lack of fair play at any point in this procedure. He was advised on Wednesday that the Senator from Oregon desired to object to any unanimous-consent agreement request which might be made in connection with the consideration of the bill. Let me ask the Senator from Nebraska [Mr. WHERRY] whether I am correct in that understanding.

Mr. WHERRY. The Senator is correct.

Mr. VANDENBERG. Therefore, we would have to call a quorum, certainly, in fairness to the Senator from Oregon,

before submitting such a request; and my judgment would be that it would be a futility, anyway. However, if the Senator wishes to proceed in that fashion, I should be willing to do so.

Mr. BARKLEY. Mr. President, perhaps the Senator from Michigan is correct as to the futility of such a procedure, but I have known the Senator from Oregon to listen to reason on frequent occasions, and possibly he would be willing to do so in this connection.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nevada?

Mr. VANDENBERG. I yield.

Mr. MALONE. With all due respect to the distinguished Senator from New Mexico [Mr. HATCH]. I know there was a general feeling on Wednesday that all the avenues for amendments would not be closed until Monday. There may have been some misunderstanding. However, I understand that the House of Representatives will not complete action on this bill until after several days next week. I see no good purpose which would be served by rushing the bill through the Senate. This is a very important piece of legislation. Although for the last 10 or 15 years money has become very cheap around the Senate and the House of Representatives, I still feel that a half a billion dollars is a great deal of money; and, for one, I think it would be a mistake for the Senate of the United States to close all avenues for amendments before Monday, when the Senators now absent will have returned, especially in view of the fact that those Senators understood, in at least a tentative way, that the avenues for amendments would not be closed until then.

Mr. KEM. Mr. President—

Mr. VANDENBERG. Mr. President, if the Senator from Missouri will permit me to say a word first, in reply to the statement of the Senator from Nevada, let me say that of course we all understand the attitude of the Senator from Nevada. So far as concerns his observation to the effect that half a billion dollars still is quite a lot of money, let me say that if the implication is that those who promote the bill do not also rate half a billion dollars as a lot of money, I humbly wish to resist any such implication with all the emphasis at my command. I wish to add that something else, however, besides half a billion dollars is involved in this situation; there is involved a condition of famine and cold in the western area of Europe which can precipitate a disintegration of free government in that area, to the everlasting disadvantage and menace and hazard of the people of the United States. That is also involved.

Mr. KEM. Mr. President—

Mr. MALONE. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. KEM. I am perfectly willing to present my amendment at this time, and to make such statement about it as I have to make, with the understanding that the senior Senator from Michigan will not call it up for disposition today. I am sure that under the circumstances that

course will be agreeable to the Senator.

The PRESIDING OFFICER. It is the understanding of the Chair that the senior Senator from Michigan would have no control over a situation of that character, but that the wish of the Senator from Missouri could be consummated only as a result of the Senate entering into a unanimous-consent agreement.

Mr. KEM. Mr. President, evidently I have failed to make myself clear. I said I would be glad to proceed, with the understanding that the Senator from Michigan would not call up my amendment today.

Mr. VANDENBERG. Mr. President, the Senator from Michigan feels that he has made about all the agreements he should make in connection with the bill. I have to confess that I regret some of those I have made, although the situation is entirely out of our procedural control in the absence of a unanimous-consent agreement. I can only suggest to the Senator from Missouri that he proceed with the presentation of his amendment. The situation is pretty much in his own hands, because there is nothing that the Senator from Michigan can do either to force a vote or to stop one.

Mr. KEM. Does the Senator from Michigan refer to a vote on the amendment?

Mr. VANDENBERG. Yes.

Mr. KEM. Then I shall be glad to proceed.

Mr. WHITE. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. WHITE. I wish to say that in my judgment the position taken by the Senator from Michigan is absolutely sound. The fair intendment of what was said on Wednesday is that there was an understanding that all amendments should be disposed of today, and that the vote on the question of the final passage of the bill should come on Monday next.

I do not assert that there was a unanimous-consent agreement, but there was a statement of understanding; and when that statement of understanding was challenged by no Member of the Senate, I insist that the membership of the Senate acquiesced in the understanding, and that the Senator from Michigan had a right to assume that it was a consummated understanding; and I think every other Senator also was put on notice that if he did not object or voice some opposition or challenge in some way that understanding when it was declared here on the floor of the Senate, then he would be estopped from now asking that amendments go over until Monday, or possibly some later day.

I reiterate that I think the position of the Senator from Michigan is absolutely sound; and I think that in good faith on the part of all Senators now present, who were present when the understanding was suggested to the Senate, they should acquiesce therein.

Mr. KEM. Mr. President, will the Senator yield to me, to permit me to ask a question of the Senator from Maine?

Mr. VANDENBERG. I yield.

Mr. KEM. Perhaps there was some understanding that I did not know of. Will the Senator from Maine be kind

enough to direct my attention to the particular statement that was made, as appearing in the CONGRESSIONAL RECORD?

Mr. WHITE. The statement to which I have made particular reference is to be found in the statement of the Senator from Michigan [Mr. VANDENBERG], appearing on page 11028 of the RECORD. At that point the Senator from Michigan said:

I think I can best accommodate my colleagues—

And, Mr. President, that is the spirit that motivated it—

without any hazard to the legislation which I feel like prophesying will pass with a minimum of final opposition on the roll call, and I think I am justified in suggesting that we meet on Friday and complete the bill for amendment.

That was a clear expression of the hope and of the intent of the Senator from Michigan, insofar as he could control the situation, to dispose of all amendments today.

I repeat that there was full opportunity to challenge the understanding, and there was the obligation to challenge it, if it was disagreed to by any Member of the Senate.

Mr. KEM. Mr. President, let me say that in my judgment there is a distinct difference between an understanding and a suggestion. The Senator from Michigan refers to a suggestion. The Senator from Maine refers to an understanding. I respectfully suggest that there is a vast difference between the two.

Mr. VANDENBERG. Of course, I agree that there is a substantial difference between an understanding and a suggestion. The Senator from Maine was stating that in the absence of objection, he assumed that there was acquiescence in the suggestion.

But so far as the Senator from Michigan is concerned, he says to the Senator from Missouri that there is no agreement, except as Members of the Senate wish to recognize it as such.

Mr. KEM. I appreciate that.

Mr. VANDENBERG. So far as the Senator from Michigan is concerned, he is perfectly willing to yield the floor now to the Senator from Missouri, to permit him to proceed in any fashion in which he desires to proceed. The Senator from Missouri knows that the Senator from Michigan feels that it will be most unfortunate if we do not take the bill into its third reading this afternoon, so that the subject will be closed down to the point of final vote at Monday noon. The Senator from Missouri also knows that the Senator from Michigan has said to him that the Senator from Missouri is in control of his own situation. I suggest that the Senator from Missouri take the floor in his own right and present his amendments.

Mr. KEM obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield? I wish to make a last observation regarding this so-called understanding.

Mr. KEM. I yield.

Mr. WHERRY. The reason why we are proceeding today as we are is because it was impossible to obtain a unanimous-consent agreement. Certainly a sugges-

tion is not an agreement. I realize that the procedure is that these amendments have to be brought up today, and that the third reading of the bill can be forced. I humbly suggest that if that is done, the only thing then left will be to debate the bill. The suggested procedure is the next thing to a unanimous-consent agreement. It means that all amendments are thereafter foreclosed.

I should like to state to the Members of the Senate that in the official capacity which I have as the whip of the majority, I have already informed certain Senators that there was not a unanimous-consent agreement, but that the procedure which was to be followed today was a hopeful procedure—and I am 100 percent in agreement with it—namely, to proceed as efficiently as possible and to try to get the bill brought up to the point of final passage.

I certainly wish my position made plain, in connection with the information I have given and the statements I have made to Senators who are absent today, namely, that there was not a unanimous-consent agreement; and, Mr. President, I point out that if the bill now is brought up for third reading and is brought to the point of being ready for final passage, that will accomplish what could not be accomplished by a unanimous-consent agreement itself.

Mr. KEM. Mr. President, I send to the desk several amendments which I offer and ask to have read. I do so with the expression of the hope that the amendments will not be disposed of until next Monday.

The PRESIDING OFFICER. The amendments will be received, and will be read by the clerk.

The LEGISLATIVE CLERK. On page 5, line 8, before the semicolon, it is proposed to insert a comma and the following:

and to supply each consumer or user of each commodity made available under the provisions of this act with information printed in the official language of such country, stating:

"This product or commodity is a gift to the Government of _____ by the people of the United States in an effort to prevent suffering by the people of _____ because of hunger, starvation, and cold. Payments made by the people of _____ for this product or commodity will be used for relief and work-relief purposes for the people of _____ until June 30, 1948, including certain expenses in the furnishing of this assistance. No repayment will be made by the Government of _____ to the Government or the people of the United States" (the name of such country to be inserted in the blank spaces).

On page 5, line 11, strike out the period and insert in lieu thereof a comma and the following:

and to furnish on March 31, 1948, and each 3 months thereafter, information showing:

(1) an itemized list of commodities made available with funds provided under this act;

(2) the total number of persons who have received commodities or benefits made available under this act;

(3) the total amount of money received by such country from the sale of commodities made available under this act and the average price charged per unit for each commodity;

(4) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this act; and

(5) such other information concerning the distribution and use of commodities made available under this act as may be requested by the President.

On page 6, beginning with line 4, strike out to and including line 8, and insert in lieu thereof the following:

(h) to permit representatives of the Government of the United States and of the press and radio of the United States, upon their request, to enter such country without delay and freely and fully observe and report regarding the distribution and utilization of the commodities and funds transferred or otherwise made available under this act, including the special account provided for in subsection (b) of this section.

On page 8, line 11, after the period, insert the following:

All information received pursuant to undertakings provided for by section 6 (d) of this act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress.

The PRESIDING OFFICER (Mr. YOUNG in the chair). The question is on agreeing to the amendments offered by the Senator from Missouri.

Mr. KEM. Mr. President, I believe there is no question but that the majority of the American people favor sending stop-gap relief to France, Italy, and Austria, to alleviate such distress as may be brought about by the lack of food, fuel, and medical supplies. I am just as confident that the American people want to be assured of two things; first, that the help we are sending reaches the people who need it, and, second, that the recipients of our assistance shall know from whence the aid comes, and shall know that it is a free-will gift by the American people, made without expectation of payment either in goods or money. The amendments that I have offered are designed to accomplish this purpose.

I should like if possible for the Senator from Michigan to attend to what I have to say. I am very anxious that he understand my position in this matter. It is the result of a good deal of thought and careful study. All Senators realize that there may be at any time a change of administration in any of the recipient countries; an existing government may fall, and a new one may take its place. If there should be a change in the government of France, Austria, or Italy, or if the governments remain the same, in any case we want the people of those countries to know, as said by the Psalmist, "whence cometh their help." The primary purpose of the amendments is to insure that the people of the countries receiving our assistance, and not merely their government officials, are informed fully that the help extended to them in the form of food, fuel, and medical supplies, is the free gift of the people of the United States.

Briefly, the amendments are an attempt to plug the "rat hole" through which much of the billions of dollars worth of commodities we have already sent to the needy in Europe has found its way into the black market. The result has been to discredit our efforts,

since the people of those countries have at present no means of knowing that the United States has no control over the distribution of its gifts once they have been turned over to the governments of the respective European states.

It is proposed, therefore, to convey to the ultimate recipient of our relief goods the information that the United States does not participate in any way in the distribution and receives no part of the money paid for the commodities by the people of the countries being aided, and, furthermore, it is proposed that through every step in the operation there be pitiless publicity.

In order to accomplish that, the amendment provides that information, printed in the language of the country, be made available in connection with every gift. The language would set out that the commodity or product being presented to the national of one of the foreign countries is given him by the people of the United States in order to relieve hunger, starvation, and cold. That language would further say that payments for the products, made by the people of the recipient country, will be used for relief and work-relief purposes for the people of that country until June 30, 1948, including expenses of furnishing the assistance, and the language will then conclude with this phrase:

No repayment will be made by the Government of — to the Government or the people of the United States.

I cannot see why it is not entirely practical, entirely sound and wise, that that information, printed in the language of the recipient, be brought to his attention at the time the gift is made.

The remainder of the amendment has to do with the matter of pitiless publicity. The bill as reported by the committee contains, on page 5, line 11, a provision that the beneficiary country agree—

(c) to give full and continuous publicity within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available by the United States under this act.

The amendment would add to that language an additional provision:

and to furnish on March 31, 1948, and each 3 months thereafter, information showing:

(1) an itemized list of commodities made available with funds provided under this act;

(2) the total number of persons who have received commodities or benefits made available under this act;

(3) the total amount of money received by such country from the sale of commodities made available under this act and the average price charged per unit for each commodity;

(4) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this act; and

(5) such other information concerning the distribution and use of commodities made available under this act as may be requested by the President;

Mr. President, that provision merely states in more detail the excellent provision already contained in the bill. If any Senator favors the present provision, I do not very well see why he can have any objection to additional provisions along

the same line to clinch it. Of course, what we all want to do is to avoid dependence on European black marketeers or political office holders to distribute free American food, without the people knowing exactly what they are doing.

On page 6, line 4, the bill, as reported by the committee, contains the provision that the foreign countries in question will agree—

to permit representatives of the Government of the United States to observe and report on the distribution among the people of such country with respect to the commodities transferred or otherwise made available pursuant to this act.

The PRESIDING OFFICER. The Chair at this point would like to call to the attention of the Senator from Missouri that the substitute he is offering for lines 4 to 8 on page 6, being subsection (h) of section 6, is not in order, for the reason that the Senate earlier today agreed to a substitute for the language in the bill proposed by the Senator from Michigan [Mr. FERGUSON], and to that extent the amendment now proposed by the Senator from Missouri would be out of order.

Mr. KEM. The Chair refers to the part I am just about to discuss?

The PRESIDING OFFICER. Yes.

Mr. KEM. The Chair does not have reference to the matter I have already referred to, but simply to the part I am about to take up now?

The PRESIDING OFFICER. Yes.

Mr. KEM. When the junior Senator from Michigan submitted his amendment I noticed that it contained somewhat the same idea that is contained in the language I propose. However, I should like to invite the attention of Senators to the fact that, as I understood the amendment of the Senator from Michigan, it did not contain any express condition as to radio and press representatives.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. VANDENBERG. The Senator knows that at this particular point I agree with him in respect to his amendment.

Mr. KEM. Yes.

Mr. VANDENBERG. And there will be no difficulty in the parliamentary procedure. We can reconsider the action on the previous amendment for the purpose of adding the Senator's language.

Mr. KEM. I ask unanimous consent to proceed with the presentation of the amendment with that idea.

Mr. VANDENBERG. The Senator is in charge of his own time. He can do anything he desires.

Mr. KEM. I do not want to be out of order.

Mr. VANDENBERG. The Senator is not out of order.

Mr. KEM. The bill, in subsection (h) of section 6, contains this language:

To permit representatives of the Government of the United States to observe and report on the distribution among the people of such country with respect to the commodities transferred or otherwise made available pursuant to this act.

My amendment contains this language:

(h) To permit representatives of the Government of the United States and of the press and radio of the United States, upon their request, to enter such country without delay and freely and fully observe and report regarding the distribution and utilization of the commodities and funds transferred or otherwise made available under this act, including the special account provided for in subsection (b) of this section.

I think the purpose of that language is obvious, and I shall not detain the Senate by making any explanation of it.

The final amendment I have offered is on page 8, line 11, after the period, to insert the following:

All information received pursuant to undertakings provided for by section 6 (d) of this act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress.

Mr. TAFT. Mr. President, I desire to speak briefly on the bill itself rather than on the amendments of the Senator from Missouri [Mr. KEM]. In the first place, I intend to support the bill in its present form as to amount—although I voted to reduce the amount—leaving the exact amount to be determined by the Appropriations Committee and the various executive authorities in charge of the dispensation of the money.

I support the bill because I have full sympathy with its two principal purposes, the first of which is to relieve human suffering and famine in France, Italy, and Austria. I think no one can fail to sympathize strongly with that ultimate purpose. I am in sympathy also with the second purpose, namely, to discourage the spread of communism in these countries. Certainly that is a purpose in which everyone concurs. The question whether this is perhaps the best method of doing so is open to debate, but certainly the bill can have some effect in that direction.

But, Mr. President, it is certainly an extraordinary position in which we find ourselves today. Two and one-half years after the end of the war in Europe, two and one-half years during which these countries have had an opportunity to return to a peacetime basis, the United States is still called upon to provide in the neighborhood of \$5,000,000,000 a year for the relief and advantage of Europe. As far as my investigation reveals, we actually dispensed toward relief in Europe approximately \$3,000,000,000 in the last half of the year 1945. We paid out about \$5,354,000,000 in the year 1946, and in the first three-quarters of this year we have paid out nearly \$5,000,000,000. So there is a steady increase in the amount, rather than a decrease. There has certainly been no past war after which it has taken so long to recover. It is significant that the actual destruction of plants in Italy and in France has not been very extensive. Most of those plants were in fair condition at the end of the war. Nevertheless, they have been wholly unable to return to a normal production, or to any reasonably sufficient economic condition.

So far as I can judge from the estimates I have made, we had, when we adjourned in July, made available for

the fiscal year 1947-48 the sum of \$5,617,000,000, including the Greek-Turkish loan, all except that being attributable to western Europe. We are now asked to appropriate some one billion dollars in addition to that for use in the current fiscal year, and there is some talk about some one and one-half billion dollars for use in the last quarter of this fiscal year. Those, Mr. President, are tremendous sums, and it is almost inconceivable to me that the American people can hope to continue any such rate of aid to Europe so many years after the war.

What has caused the present situation? In the first place, it seems to me to be due almost entirely to the policies pursued by the United States of America and by the present administration, the policies adopted at Tehran and Yalta in yielding to the Russian demands for the methods in which the war should be conducted, and in yielding to the Russian demands that they be permitted to occupy that part of Germany containing Berlin and that part of Austria containing Vienna, which enabled them to establish themselves as a tremendous power in eastern Europe, able to interfere with and prevent the cure of the economic conditions of western Europe. Toward the end of the war and for some time afterward we apparently did everything that Russia wished, under the impression that if we were kind enough to them they would turn around and act in an angelic manner toward us and in an angelic manner toward Europe. That certainly was a complete miscalculation, which is responsible largely for the tremendous present power which Russia is abusing.

In the second place, this condition is due to the agreement made by the United States at Potsdam and the Morgenthau plan, which was practically adopted at Potsdam and has been carried out in Europe even since that time. That plan was deliberately designed to reduce Germany to a status in which her people had a completely agricultural economy, in which they were to be permitted to produce only just enough to live on a very low standard of living. As it turned out, in trying to reach that goal we have held them down so that they could not even achieve a low standard of living. So we have to provide this year nearly \$1,000,000,000 to bring Germans up to the very lowest standard at which any people can hope to survive. Certainly that plan is more responsible than anything else for the present economic condition of Europe, because Germany could produce many of the things which these other countries need, and it could at the same time provide a market for many of the products which others could manufacture. As long as that sore spot remains in the center of western Europe, it seems to me almost impossible to hope for a return to a normal economy by the other countries of western Europe.

We have said repeatedly that we have abandoned the plan, but no one knows whether we have abandoned the plan. Nearly a year and a half ago, former Secretary Byrnes, at the earnest solicitation, I think, and with the full approval of the distinguished senior Senator from Michigan, announced that we were aban-

doning the plan, but the administration did not abandon the plan. Even today we are going through with that particular part of the plan which requires the dismantling of factories in Germany, which will still further reduce the productive ability of Germany. So I think we can say that we ourselves are to a large extent responsible, through our policy, for the condition which now exists, and which calls for this relief.

In the third place, the condition which we strive to meet is due to a large extent to the actual conduct of affairs in the European countries themselves. It is due to the fact that they have adopted the principles of socialism. They have not conducted their governments in a manner which would tend to increase the productivity of those countries, and therefore raise their standard of living. In particular, they have fostered the idea of short hours and low productivity. They have nearly all pursued a policy of unbalanced budgets. They have nearly all attempted to maintain a false value for their currency, may I say with the assistance of the United States through the Bretton Woods International Fund Agreement, which practically requires that there be a fixed rate of exchange. But there can be no question that those policies have interfered with the successful economic recovery of those countries. There can be no question that if they try to maintain an artificial value for their currencies, as in France, they make it more difficult and less attractive for Frenchmen to try to produce things which can be exported, and they make it more attractive for them to try to import things into France. So this condition is not a condition which could not have been prevented. It is a condition which has actually been produced largely by our own policies and by the policies pursued by the countries of western Europe.

I have always felt that the lavish distribution of American dollars is not the cure for the present situation. We have pursued that policy since the beginning of the war. I have listed the amounts which we have already spent, aside from the additional funds we have put up for the International Fund and the International Bank. When it was proposed on this floor that we put \$6,000,000,000 into those two banks, I opposed it, not because I did not think there should be some assistance at the time, but because I thought the sum was grossly excessive. I thought the means proposed, particularly in the International Fund, were not at all suited to bringing about the realization of the purposes of that fund. As a matter of fact, we might just as well kiss goodbye the \$2,750,000,000 we put in. So far as I can see it has done no good whatever up to this time. It is now being gradually distributed over a period of 3 years, I believe, to all the countries of the world, whether they need it or not. The dollars going into those countries in return for their own currency, which is gradually accumulating in the vaults of the International Fund, come back here to compete with our citizens in the purchase of our goods, and to drive up the prices which our own people must pay.

I believe that with a smaller sum at a later time we might conceivably have succeeded in doing some good toward the stabilization of currencies; but even today that time has not come. The Harri-man committee finds that we would be indeed foolish if we put up \$3,000,000,000 more for the proposed stabilization of currencies under present conditions. They say that when conditions return to normal, a much smaller sum may be of some value in that connection.

At the time we were asked to put up \$6,000,000,000 for Bretton Woods we were told that that would solve the whole problem of the world, the whole problem of international trade and international recovery, and that a further loan to Britain was wholly unnecessary. Mr. White, the Assistant Secretary of the Treasury, appeared before the Committee on Banking and Currency and told us that the proposal that a British loan be given instead of the Bretton Woods proposal was wholly fallacious, and that if the Bretton Woods proposal were adopted Britain would not need money.

It was only 6 months before that particular promise was entirely eliminated and disposed of, and we were asked for \$3,750,000,000 for the British. I opposed that loan at that time, again because I felt that some help should be given to the British, but that \$3,750,000,000 was a grossly excessive amount. As a matter of fact, during the period when the British drew down about \$3,350,000,000, they imported from us only about one and a half billion of goods. That was all they required to come to this country and buy all the materials they wished. But we insisted upon given them \$3,750,000,000, which now has disappeared. The operation has been condemned by many British economists themselves as distinctly hurtful to Great Britain, rather than helpful. When the money finally disappeared we found that the British were in just as bad a condition as they were at the time the loan was granted. We are out the amount of that loan, and apparently no good has come of it.

I believe that a reasonable dispensation of money, under a principle of which I shall generally speak, was desirable at that time. I introduced a substitute bill to give the British \$1,250,000,000 to enable them to proceed for 1 or 2 years, as the case might be, to buy everything they needed in the United States, without paying out any dollars of their own.

In addition to the British loan, we appropriated \$2,750,000,000 for UNRRA; and certainly when that expired there were no tears shed. The general impression is that a very large proportion of that money was wasted. A large proportion of it went to the assistance of Russia and her allies, to build up the opposition which we now find on their part to the wishes of the United States in western Europe.

I supported the Export-Import Bank loan, because I thought that was the agency which would dispense the money carefully for specific purposes, and with effective use of the money which it might lend.

Mr. President, I believe that we should help Europe, but I feel that the approach which is made in this particular bill—and, so far as I know, in the general long-time bill—is the wrong approach. It does not make so much difference in connection with this bill. But I believe that we should simply undertake to say to those countries, "Operate your own economy. If you find that there are certain things with which we can help, and of which we have a surplus, if you will come to us and ask for them, we will give you credit to purchase those particular goods."

I believe that the plan must be carried out on a practical basis. There are certain things such as food, machinery, and various other commodities which those countries can obtain only from us, and which are essential to their survival and recovery. I believe that we should give them those things on credit; but I object to what is called the balance-of-payments approach. In effect, what the State Department has been doing has been to say to those countries, "Figure out everything you want to import, and what you can export. We will criticize your figures to some extent, and perhaps scale them down a little, but we will advance you the difference." That is the so-called balance-of-payments theory. It will be found if one examines the particular plan under consideration here in connection with the French and Italian loans.

For example, in connection with the French loan, the total French requirements are \$816,000,000. We find that the resources available are \$488,000,000. It is rather interesting to note that many of those resources are in the form of other forms of money coming from the United States. They are not resources of their own. The only real French resources being used in computing the \$816,000,000 are, first, \$60,000,000 exports. But they are proposing to import \$816,000,000. There is \$60,000,000 from exports, \$50,000,000 from stabilization fund balances—which I think is a gold item—and estimated liquidation of French dollar securities, \$80,000,000. That makes \$190,000,000. Then there is an item for restitution of German gold, \$104,000,000. So we have a total of \$294,000,000. One hundred and ninety-four million dollars of the \$488,000,000 comes from drawings on the International Monetary Fund, which comes from here. The International Bank funds also come from here. Other items are: United States Army payments and Export-Import Bank credit available for purchase of supplies.

In the case of Italy, the so-called Italian resources are also in large part simply other money coming from the United States, from a different direction from this particular fund.

The point I wish to make is that while this new loan may be directed merely to wheat, fuel, and fertilizer, as a matter of fact, what the French have done is to include everything they want to buy. We let them take their own resources—or our resources from other funds—and use them to pay for the less essential

items. Then we come along with this loan and put up the money for essential things. The picture looks better.

I do not mean to say that there is any concealment in the method, because it is all set out on page 28 of the hearings.

Among the things the French wish to buy are a fair number of things which seem rather a long way from our interests. We are giving them the money to pay Brazil the \$10,000,000 which France owes Brazil. We are giving them about \$30,000,000 with which to pay Belgium money which France owes that country. That item was scaled down from \$80,000,000. Finally, \$30,000,000 was decided upon. They must put up \$10,000,000 for the International Monetary Fund in order to be able to draw down money from it. So we put up the \$10,000,000 in gold which they are supposed to put up for the International Monetary Fund.

Those are only a few of the items.

Incidentally, there is \$145,000,000 for imports into French north Africa. We are putting up \$145,000,000 to pay for imports which are not going to France at all, but to the north African territories of France.

So, what we have done, and what the general plan is, is simply to balance up these things. We have said, "Tell us how much you can pay, and we will put up the difference."

I think that is a fundamentally wrong approach, because it places us in the position of guaranteeing the economies of these countries, guaranteeing them a certain standard of living. If we are to decide what the balance is, there are some very disputable items involved. At how high a standard of living are they to live? We are purporting to say that we will guarantee a certain standard of living. It may be 250 or 200 grams of bread a day. I do not think we should be involved in that question.

In the second place, on the other side of the balance sheet showing what their resources are, exports must be calculated. That question depends on the way in which a particular government or country manages its own economy. It should not depend on us. I do not think we should approach it from the point of view of any over-all guaranty to any country as to its standard of living under conditions which happen to exist at the present time, which perhaps they could themselves cure if they were not able to look to us or to some other source for assistance. If we do that for western Europe, why not China, for India, for the Philippines? The Philippines were far more destroyed than were some of these other countries.

It seems to me, Mr. President, that the whole idea that we are to make good the deficit in the export-import balance of every country in the world is a completely fallacious idea and one which will wreck the United States if we go through with it. We now have complaint from the Philippines. They also would like to have a little higher standard of living than that which they can maintain if they are left to their own resources. Every country would

like to increase its standard of living. The effect of the British loan was to enable Britain to proceed on a somewhat higher standard of living than it could otherwise maintain. Now the money is gone and they are no better off than if they had not had a considerable part of that money.

So, all we can do in each case is to say to these countries, "How much wheat do you need? We have so much wheat. How much do you need?" We should make a deal with them on a certain number of bushels and help to finance that number and certain other things. Let them work out their own balance and their own standard of living after they know what we can afford to give them.

The bill provides that 25 percent of the money may be used to pay other countries for the things they ship to France. It has been suggested that oil go from Venezuela instead of from us. That is a good idea; it is fine; but the result of this import-balance approach is that we pay Venezuela for the oil it ships to France. I think we should at least ascertain from Venezuela how much they can advance, how much they can put up to finance the French. Certainly, they ought to participate. I do not say we might not be willing to help Venezuela, or to help Canada finance wheat shipments to Great Britain. But certainly it seems to me we should not work at it from the French end. We should not say to them, "You can go out and buy this oil and wheat wherever you want to and we will pay for it." We ought to say, "We have so much oil. You go and look for the rest of the oil you require." If they want to go to Venezuela, let them do so. If Venezuela asks us if we can help finance it, we should discuss the matter with Venezuela. This over-all approach by which we guarantee to the French, as to the British, that we will give them the money and let them do whatever they please with it is completely fallacious. It is one which is more expensive for us and is not good for the countries involved.

I believe we must go on with assistance to Europe, but I think it should be carefully scrutinized. We should determine the things which we are willing to ship and confine them to the things which we think would help those countries to go to work, rather than endeavor to solve the financial difficulties of every government.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Florida.

Mr. PEPPER. In reading the reports which have been prepared by the committee and by the State Department, I find frequent references to the fact that inflation in the United States has been a contributing cause of the dilemma of these countries which we are requested to help. That has been especially pointed out in the case of France and Italy. As for myself, I have been disturbed to hear the remonstrance and the growing protest coming from many people in my State. Many of them are working people who are feeling the pinch of the present high cost of living. I am wondering if we can do something effective about

controlling prices in this country, and if we shall not have, by next year, for example, when the so-called Marshall plan comes up for consideration, such a pinch against our own people from these high prices that they will be indisposed mentally to help Europe and that it will be more difficult from a financial and economic point of view for us to help Europe. I am wondering if the able Senator from Ohio, who has such a large influence in this matter, can hold out any hope as to whether the majority party has in prospect any legislation or any proposals which are likely to stabilize our economy, to eliminate the threat, first, to the attitude of our people to help, and, secondly, to the ability of the country to help foreign countries in their distress.

Mr. TAFT. Mr. President, I do not think the question is really directed at this particular subject, and I prefer to confine myself to the particular subject. I shall have plenty to say on the subject of inflation control at some other time. As far as the rising prices in this country are concerned, it means that we will furnish more money for those foreign countries than we would otherwise do. In fact, the State Department is asking for \$200,000,000 for relief in unoccupied areas. Therefore, it seems to me that inflation in this country has practically no effect on that part of the situation which we are discussing.

Mr. PEPPER. Mr. President, will the Senator permit me to make this observation?

Mr. TAFT. I will not yield on that question.

Mr. PEPPER. Mr. President, I wanted to say that I am not denying the ability of the country or its disposition to appropriate funds that might be necessary, but when the increasing cost of living is lowering the living levels of the working people of this country they are less disposed to give their substance to people elsewhere. So it does very vitally affect the willingness of the people of this country to support an aid program.

Mr. TAFT. Mr. President, I think we should realize the cost today of the lavish distribution of dollars. I think we should assist these countries to the extent of the amount which is really effective in bringing about the result which we are trying to achieve. But we should realize what the cost is. In the first place, we are paying today approximately five or six billions of dollars in taxes. A very heavily burdened people is paying that amount in taxes in order to give materials and supplies to western Europe. I think the tax burden today is a threat to our own economy. I think taxes can become so high that our economy can bog down the moment the inflationary trend changes. The moment prices begin to go down it will be such a heavy burden as to bog down all production in the United States. It is a serious handicap, and it is something which should be emphasized when we consider that we are asked to add a tremendous tax burden to our own people in order that we may assist Europe.

In the second place, as the Senator from Florida says, it means higher prices for America, because it is distinctly in-

flationary. Mr. Harriman admitted day before yesterday that we are exporting \$11,000,000,000 more in goods than we are taking in. These dollars that we scattered around the world under lend-lease and under the Bretton Woods agreement, and all the rest of it, are coming back to pay for the purchase of goods which are already in short supply in this country. Undoubtedly that is contributing to the tremendous price rise which has occurred and which is growing so great in this country.

In the third place, of course, it threatens a return to a completely regimented state and the elimination of the freedom which in my opinion is responsible and necessary for the full production which makes any aid to Europe possible.

Finally, this distribution, if too lavish, will actually encourage the foreign nations in the continuation of their bad economic practices. The sooner it is brought home to them that 90 percent of their recovery depends on their own efforts, that, after all, American dollars cannot save the world or cannot save any particular country, that American dollars can help to the extent of perhaps only 10 percent of what can be done, and that the people of those countries must realize that we are not going to make good their own deficiencies, the better it will be for them. Without such a realization, there is not that pressure to straighten out their own currencies and their economic situation, which is so necessary.

So I think these effects can be limited, but only if we scrutinize carefully the various requests which are made, and if we confine our assistance to the things we can afford to give, and which can be of direct beneficial effect in the recovery of these various countries. I do not think we can undertake to adopt this balance-of-payments theory and undertake to underwrite the deficiencies of every country in the world. It seems to me that the approach of the State Department has always been that particular balance-of-payments idea. As a matter of fact, I do not know that, we come out so differently in this bill. It may well be that this amount is correct. On Wednesday I voted, with some doubt, to reduce the amount, simply to show the direction in which I thought it should go. But I do not think we have the facts, because that is not the way the problem has been approached. It has been approached from the balance-of-payments theory.

The figures of the temporary plan call for approximately \$600,000,000. I doubt whether all that is used by the 31st of March, anyway. If it is excessive, I think we can take that into consideration in connection with consideration of the long-range plan; and I do not think the exact amount of this particular aid is in any way important, as compared to the tremendous effect at this time of assisting these countries, in view of the present situation existing with Russia.

Furthermore, these countries have had a particular emergency this year, to which we can attribute this deficit, perhaps, rather than the various policies of the countries themselves, because they have had a tremendous shortage in their

crops—a shortage which we hope will not occur again.

So, Mr. President, for many reasons I believe that this bill is important, and is important at the present time.

I do regret in this bill the lack of provision of some new method of dispensing aid. I realize that we have a broad and efficient organization under Mr. Allen; but the over-all decisions as to what is to be shipped are made, in the last analysis, by the State Department, and in my experience the State Department seems more concerned with pleasing the people abroad and less concerned with the effect of these exports on our economy.

I think we should proceed—not under this bill, however—as soon as possible to set up a board or organization, and we should let that organization take over this particular emergency-aid program, as well, as soon as it is able to do so. I do not think we should hold up the passage of this bill in order to attempt to accomplish that purpose at this time; but I see no reason why we should not do that before we complete action on the long-range plan. We have a plan recommended by the Harriman committee; we have a plan recommended by the Herter committee; we have a plan recommended by some other committees; and in the administration there seems to be great confusion as to what the plan should be. I believe very strongly that it should be a board with full authority to determine what shall be given to these various countries, with full authority to determine what shall be exported from this country; and I believe it should be a board which will look just as much toward the preservation of our economy, just as much toward maintaining the productivity and activity in the United States, as it is concerned with maintaining them in Europe. In the last analysis the only way those countries will go on getting any aid, the only way there is going to be any progress against Russia, will be by maintaining the economy of the United States in a strong productive position and one which is not subject to the drains which are threatened if we go all out in a lavish distribution of American dollars throughout the world.

Mr. LANGER. Mr. President, I desire to speak on the bill itself, and not on the amendments. Let me state that it is often easy and sometimes very popular to vote to give away the taxpayers' money. A compilation recently prepared by one of America's largest newspapers shows that since I have been a Member of the Senate our Government has given away over \$35,000,000,000 to England, over \$11,000,000,000 directly to Russia, and over \$1,000,000,000 more to Russia's satellites. Today by this bill we are asked to vote to give away \$597,000,000 more.

I voted to give away practically all that has thus far been given away, but I have always voted to help those who suffer from lack of food and clothing. I violently disagree with those who say it has been a tradition of the United States to give away money. That statement has been made several times on this floor, but I challenge it because that is not the record of the United States of America.

The truth is that the United States has always helped with food and clothing those who are overtaken by disaster, and only occasionally has sent small sums of money to those nations in want that we desired to help.

Mr. President, today I would vote to spend here at home the money which it is proposed to be authorized under this bill, and I would vote to send food and clothing to those in any country whatsoever who needed it. But after the experiences with UNRRA, with lend-lease, and, indeed, with the disposal of our own \$106,000,000,000 worth of war assets, I am convinced that most of this money will either be wasted or will go to governments who ultimately will not only be ungrateful for having received it, but in many instances may use it against our own Government.

Mr. President, the past summer I visited various parts of the United States and right here in our own country I saw unparalleled want and misery, hunger and starvation, when, with the Under Secretary of the Interior, Oscar Chapman, I went to Arizona and New Mexico and investigated conditions among the Navajo Indians. Mr. Chapman frankly said that out of 20,000 school children among the Navajo Indians, there were school facilities for only 6,000; that 14,000 were not attending school. He stated that a great many of the children born to these Indians could not at the age of 21 speak the English language, as investigation disclosed. Mr. Chapman stated that the tubercular rate was five times as high as the average rate in the United States as a whole.

Mr. President, Mr. Chapman, the Under Secretary of the Interior, has been with the Department of the Interior for many years, and when he says that there is want and suffering and hunger, and thereby confirms what was said by a young Harvard graduate, Robert Bennett, who is himself an Indian, and confirms also what Mrs. Kirk, of Gallup, N. Mex., the head of a very important committee of the Women's Clubs of the United States, said, and what many citizens of Santa Fe told me, I am willing to take their word for it.

Mr. President, what are we asked to do here today, at a time when there is unparalleled suffering right here in the United States? I shall take up the point not only of the Indians, but of those receiving old-age pensions, school teachers, and annuitants. At a time when we are asked to help Italians who fought against us and killed our own boys, what is the record in New Mexico?

Consider the record of the Navajo Indian, Mr. President. His hunger is most distressing. The want, the suffering, in Arizona and New Mexico, is most distressing to those 25,000 Indian veterans who defended American lives and homes. They gave America a square deal. That is proved by 71 air medals, 51 silver stars, 47 bronze stars, 34 distinguished flying crosses, two Congressional Medals of Honor, and long casualty lists of dead, wounded, and missing. The States are responsible in many cases for our not getting a square deal for the Indians in this country. In New Mexico and Ari-

zona alone there are 6,500 Indian veterans who want a square deal—their right to the ballot, Mr. President, a right they do not have today—and an opportunity to take their places as citizens contributing to the national economy.

Mr. President, the Indian veteran has equal rights under the GI bill as administered by the Veterans' Administration, but let us consider just for a moment the plight of the Navajo veterans—although the Hopi, Pueblo, Sioux, and other Indian veterans, including some in my own State, find themselves in the same situation. The Indian veteran returns home to find deplorable conditions among his people. Because of a lack of resources, there is no opportunity to establish his home. He cannot get a GI loan for a home, because the United States holds title to his land, and therefore the bank will not give him a loan. He cannot go into the sheep or cattle business, because he cannot get a permit from the Government to run more livestock on an already depleted range. There is no farm land or capital available to him. Industries are reluctant to make loans to him for small business enterprises. If anyone doubts that statement, let him consult the distinguished chairman of the Small Business Committee of this body.

On the other hand, the Indian finds no solution to his problem by leaving the reservation. In the first place, he was ill prepared to enter military service. The selective-service records of 4,000 Arizona Navajos, for the period between 1943 and 1945, show that only 12 percent of them could speak English. They were born in this country, and yet only 12 percent of them could speak the English language. Seventy-five percent of the entire group accepted for military service within that period could neither read nor write.

The Indian therefore is not prepared to compete with others off the reservation for jobs which require any degree of education or technical skill. Because of his illiteracy, he is under a distinct disadvantage in utilizing the educational benefits provided by the GI bill. For example, it is almost impossible for him to meet the entrance requirements of secondary or technical schools. Under those conditions he is a frustrated and maladjusted member of society, aimlessly sweating it out until he is 65 years of age. Then what does the law provide that he shall receive from the Federal Government? The relatives of the men who were awarded medals receive the great sum of \$5 a month from the Government, nothing from the State, to sustain them in their old age. That is conditional, even, on Congress appropriating the money with which to pay the \$5. So, Mr. President, can we say that a group of American citizens in which the tuberculosis rate is five times that of the entire United States, is getting a square deal? Are Indian mothers, who went down into the shadow of death to bear the very sons who have gone out and made this marvelous record I have cited, getting a square deal, when infant mortality among the Indians is five times greater than in the rest of the country? Are the people who have been dispossessed of nearly 90,000,000 acres of land

within the last 50 years getting a square deal? Do Senators know that Indian tribes in many States are now expressly prohibited by an act of Congress from purchasing additional land? Even with their own money, they can not buy it; it is prohibited. Is it known that in some States Indians are denied fundamental American rights to vote and to participate in social security benefits? These rights are denied by the State sometimes, and not by the Federal Government.

As to education, I may call attention again to the fact that among the Navajos only 6,000 of a total of 20,000 children of school age are in school. Sixty-six percent of the Navajos have had no schooling whatever, a figure which compares most unfavorably with the figure of less than 4 percent for the country as a whole.

Not one single dollar is available for housing among the most miserably housed segment of our national population—not one dollar is available, and yet today we find that the Government has already given away \$66,000,000,000. Do Senators realize how much a billion dollars is—just one billion? Why, Mr. President, when I was the Governor of my State, the entire assessed valuation of North Dakota, including every acre of land, every city lot, every building, every horse, every cow, every sheep, all the money in the State—everything in the whole State was assessed at less than \$1,000,000,000. It was assessed at \$941,000,000. We have given away 66 times the then value of the whole State of North Dakota.

What else has the Government done besides neglecting the Indian, Mr. President? How has this Government treated its own employees? There are employees upon the Federal roll, believe it or not, who are receiving as little as \$90 a month for full-time service. I prefer to help the woman endeavoring to educate a child, or children, who tells me that Government wages are so low that she and her children are actually on the verge of starvation, rather than help some girl in France or Australia or Italy who may also be hungry. I prefer to help Government employees who have come to me so desperately poor because of low wages that they have talked of suicide, rather than help those who may also be contemplating suicide in a foreign country.

Mr. President, I suggest today that we still have with us the underprivileged whom the late President Roosevelt said he was going to help. Hundreds of thousands of our aged people, desperately poor, do not have enough to keep body and soul together.

Do Senators realize that in some instances, before an aged person can obtain help, he must turn over every single dollar he has? If he has a little home that his grandfather built 75 years ago, he must turn that over to some welfare board before he can obtain help from his own Government. Indeed, I know of an instance in which even the wedding band was taken from a woman's finger, before help would be given her, here in the United States.

In the last year and a half the cost of living has doubled, and yet how much

have old-age pensions been raised? When we raised our own salaries from \$10,000 to \$15,000. I voted against it. Upon that occasion I brought to the attention of the Senate the miserable situation in which aged people found themselves.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. MORSE. I rise only to make a correction in the Senator's statement, for the sake of accuracy. The Senator will recall that the salaries of Senators were increased from \$10,000 to \$12,500. Then, on top of that, the Senate voted a \$2,500 tax-exempt expense allowance for each Senator.

Mr. LANGER. That, in my opinion, was even worse, I think the Senator will agree.

Mr. MORSE. I completely agree with the Senator.

Mr. LANGER. What did we do at that time, Mr. President? We appointed a committee to investigate the amounts the aged people were receiving. That was a year and a half ago. They have not had time to investigate a matter relating to our own people. We do not know today whether, in order to take proper care of them, it will cost \$1,000,000,000, \$5,000,000,000, or \$20,000,000,000, but Senators are here saying, "Oh, those people in foreign countries must be helped."

Mr. President, I have no objection to helping the people in foreign countries, but I believe that charity begins at home. I believe it is the first duty of the Senate to take care of American citizens, such as the Indian veterans who fought for the United States of America. As I have said, when we raised our own salaries, we finally got an increase of \$5 a month for the aged.

I say, Mr. President, that the committee which was appointed a year ago to make investigation with respect to providing a decent amount to afford a livelihood for our own aged people have been so busy investigating the aged people in foreign countries that our own aged in the United States have been shamefully and disgracefully neglected.

Mr. President, it will be remembered that when the Townsend bill was offered over 1,000,000 American citizens signed petitions favoring the bill. At the time the bill was offered one Senator who was on the committee considering the bill stated on the Senate floor that the Townsend plan would cost \$2,000,000,000 a month, and would bankrupt the country. At that time all the United States Government owed was \$35,000,000,000. But that same Senator has voted for practically every dollar of the \$66,000,000,000 which we have sent abroad.

Mr. President, we have hundreds of thousands of annuitants, widows of retired Federal employees, widows of war veterans, and we have hundreds of thousands of retired Federal employees themselves, who cannot get along on the pitiful amount they receive from the Government, because a man or a woman cannot live on \$50 a month—and that is all some of the annuitants are receiving—and pay for rent, fuel, clothing, and food. But we have sent \$66,000,000,000

to peoples in other countries. Whether we have taken proper care to see that sufficient food and clothing is provided for children in orphan asylums, persons in insane asylums, and in tuberculosis homes, in houses of correction for boys and girls, I will leave to the consciences of the Senators upon this floor.

I call to the attention of the Senator, Mr. President, that when the distinguished Senator from Florida [Mr. PEPPER] some months ago endeavored to have the tax bill amended so that 100,000 school teachers who are forced to go to summer school will be allowed to deduct from their gross income the sum of \$290 which it costs them, and thus save \$6 or \$7 a month, those same school teachers, who are woefully underpaid, were denied that reduction by an overwhelming vote upon the Senate floor. So those teachers who have charge of the training of our young folks struggle along in thousands of cases existing far below what ought to be the standard of living according to our own Department of Labor.

So I repeat, Mr. President, as far as I am concerned, charity begins here in the United States. I have received but two letters asking for my support for the pending measure. The overwhelming sentiment of the people, and that includes letters I have received from both Protestant and Catholic clergymen, is that we should first help the people of the United States, that we should first make a thorough survey as to what it is going to cost us to take care of our own citizens, and then if we have anything left, if we find that we can help them, in the meantime sending them food and clothing if they are actually in need, as I know they are, that then may be the time to send them some money.

I know the Presiding Officer, the junior Senator from my State, very well. I know him to be a farmer. What is proposed to be done here would be similar to the case of the Presiding Officer, if he had 10,000 bushels of wheat on his farm in La Moure County in North Dakota and thousands and thousands of farmers were coming to him saying, "We need aid." Knowing the generosity of my colleague I know that he would give them some. But in the last analysis he would figure out and see that at least he had enough to take care of his own planting for the succeeding year.

Mr. President, I repeat that although a committee was appointed a year and a half ago to investigate the situation to which I have referred, up to the present time we have received no report from that committee. A year and a half after that committee was appointed we know no more than we did at that time as to how much money it is going to require properly to take care of the aged people of the United States of America. Nor do we know how much it will require properly to take care of our annuitants or our retired Federal employees.

Mr. President, I agree with the Senator from Ohio [Mr. TAFT] when he said he had a great deal of sympathy for the people of western Europe. I have a considerable amount of sympathy for them also. I agree with everything the Senator said about Germany. We have

heard upon the Senate floor time and again that Germany is the crucial spot in Europe; that if Germany goes communistic all of Europe is going communistic. I agree with what the distinguished senior Senator from Ohio said that Germany has not been treated in a statesmanlike manner.

So, Mr. President, very regretfully I shall not vote for the bill. I could not in good conscience vote for it until we first find out here in the United States whether we can take care of our own people, the sick, the blind, all the people I have enumerated, before we send another one-half billion dollars, and that is only the beginning, to Austria, to Italy, and to France.

Mr. MAGNUSON. Mr. President, I wish to ask the distinguished Senator from Michigan a question. On Monday last I indicated that I might submit an amendment to the bill. Section 5 of the bill gives protection in that the purchase of the supplies covered by the bill shall, at least to the extent of 75 percent, be made from American producers. I thought at that time it might be well to add a provision which would also protect the American merchant marine. The American merchant marine must participate in this program to the fullest practical extent, otherwise we will be in the position in which we found ourselves after World War I. The American flag was practically driven from the seas for lack of business after World War I. There is some fear expressed, by the labor groups, by seamen, by shippers, and by those who own ship lines, that there might be a possibility that even in this interim program much of the supplies will not move in American bottoms.

I think it is very important that use be made of American bottoms. Either we must allow the American merchant marine to participate in this program and in the long-range program so that it may be kept alive, or hereafter, if we are to keep the American merchant marine on the seas, we will have to appropriate a grant-in-aid for it. I was assured on Monday by the distinguished Senator from Michigan that he is very familiar with this matter, and I entirely agree with him that probably this is not the place to offer my amendment, because the program is a temporary, interim program, but that it will be given adequate consideration if and when the Senate discusses in committee and on the floor the so-called long-range Marshall program. Therefore I am going to withdraw my amendment.

Since my conversation with the Senator from Michigan it was called to my attention that there is another part of the merchant marine which is vitally affected in this matter, namely, the freight forwarders. There has grown up in this country a very substantial business called "freight forwarders." They were somewhat afraid that representatives of European countries, such as the Amtorg, would come to this country and purchase their goods right on the spot and that would practically put the freight forwarders out of business. The very distinguished former chairman of the House Merchant Marine Committee, Representative BLAND, of Virginia, has written the Senator from Michigan a letter to that

effect, and the Senator from Michigan has answered the letter very adequately. I hope that I can secure the assurance of the Senator from Michigan that in the long-range program, when we consider the merchant marine, we will also include the so-called freight forwarders in whatever plans are made for the relief of Europe and the rest of the world.

Mr. VANDENBERG. Mr. President, first I want to thank the Senator for his very fair-minded approach to the problem of amending the bill as he originally proposed. The Senator is familiar with the statement I have already made in the RECORD, both as respects the merchant marine and the freight forwarders. I have discussed it in substantial correspondence with Representative BLAND. I think he, too, is satisfied with the record as it stands, so that even so far as the short-range plan is concerned, I am sure that everything the Senator says will be done, insofar as it is practicable. I can assure him that in connection with the long-range plan the matters to which he adverts will be fully explored.

Mr. MAGNUSON. I hope the Senator will agree to place in the RECORD at this point Chairman BLAND's letter to him and the very adequate reply made by the Senator from Michigan.

Mr. VANDENBERG. Does the Senator from Washington have a copy of Representative BLAND's letter?

Mr. MAGNUSON. No; I do not.

Mr. VANDENBERG. I shall be very glad to have his letter and my reply printed in the RECORD.

Mr. MAGNUSON. I appreciate that. In view of the Senate's intention in this matter and the feelings of the distinguished chairman and other Members of the Senate, I am sure that Mr. Allen, the Director of Foreign Relief of the State Department, will do everything possible to see that American bottoms move the material to be exported. Of all segments of American industry which need to participate in this program of generosity for the rest of the world, the American merchant marine and the freight forwarders need such participation the most.

Mr. President, I ask unanimous consent to place in the RECORD a letter of the distinguished former chairman of the House Committee on Merchant Marine and Fisheries, together with the reply of the distinguished Senator from Michigan to his inquiry, and Mr. BLAND's answer.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NOVEMBER 21, 1947.

HON. ARTHUR H. VANDENBERG,
United States Senate,
Washington, D. C.

DEAR SENATOR VANDENBERG: This morning I noted that section 3 (B) of the foreign aid bill, approved yesterday by the Senate Foreign Relations Committee, provides that the President, acting through the executive agencies, may transport and store, or provide funds for the transportation and storage of commodities supplied under this bill. Section 3 (C) of the proposed legislation further provides for the transfer of these commodities to any recipient countries.

My interest in these sections is because they indicate that the supplies furnished under this bill might possibly be handled and transported by Government rather than private facilities. While I can understand that

certain types of military cargoes may best be handled and transported by Government agencies, I feel that it is imperative to the maintenance of a healthy postwar American merchant marine and its related service industries that transportation of these cargoes generally be handled by private enterprises rather than by Government facilities. I am particularly interested in insuring that these relief cargoes will be forwarded through ordinary forwarding channels rather than by the Army or other domestic or foreign government agencies.

During the war it was found that lend-lease cargoes could be more cheaply and expeditiously handled by private freight forwarders than by the Government. To insure the use of these private freight forwarding facilities, both during the war and in the postwar period, the Congress passed legislation, usually referred to as the Bland Freight Forwarding Act (section 217 of the Merchant Marine Act of 1936, as amended), which provided that lend-lease, and other cargoes should be handled by private forwarders and that all Government agencies should make use of their services for the shipment of water-borne exports. Experience during the war with lend-lease cargoes clearly demonstrated the wisdom of this procedure, as these shipments were handled far more quickly and at a lesser cost by private freight forwarders than they had been when directly handled by Government agencies.

While the wording of section 3 (B) of the foreign-aid bill would permit continuation of the use of private freight forwarders as specified by the Freight Forwarding Act, it also impliedly would permit the use of Government facilities for forwarding relief shipments. I feel sure that you and the members of your committee did not consider or intend the authorization of this practice. For not only has past experience demonstrated that if this were done under the authority provided by section 3 (B) it would be more expensive to the American taxpayer, but it would also put out of business the private freight forwarders who Congress has previously determined are necessary as an adjunct to a successful postwar foreign commerce and American merchant marine.

In order that there may be no ambiguity arising from this provision, may I ask either that there be included in the bill when it reaches the floor a provision for the use of private facilities for the handling of these cargoes, or if you feel that such a provision would burden the legislation, a statement on the floor and in the committee report to the effect that it is intended that private facilities be used to handle the shipment of these relief cargoes. In my opinion, either of these procedures is extremely desirable. They would, I know from past experience, reduce to a minimum the cost which the Government would incur for the transportation of relief supplies and insure the most efficient handling and shipments. They would also be in accord with the congressional policy previously specified in the Freight Forwarding Act.

May I add that the above comments regarding the interim-relief bill are also applicable to the long-range program for the shipment of supplies for the recovery of Europe.

I would appreciate your assistance in this matter. Would you let me know what action along these lines you deem to be most feasible?

Yours very sincerely,

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
November 21, 1947.

HON. S. O. BLAND,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN BLAND: This will reply to your letter of November 20. I appreciate the spirit in which you have written.

Certainly I completely agree with your basic point of view. Relief supplies to Europe should use private-enterprise facilities to the last practicable degree. I make this statement without reservation. I doubt, however, whether the relief law should textually assert this requirement. We are dealing with an emergency situation which may, in some emergent moment, require the use of any transportation facilities (including Government facilities) which may be available. The purpose of the Senate committee in writing this transportation clause into the bill was solely to make sure that the appropriation covers transportation. The fact remains that I completely agree with your viewpoint regarding the actual practice which should be followed to the last practicable degree, and I shall be glad to say so. Furthermore, you are welcome to use this letter if you wish.

With warm personal regards and best wishes.

Cordially and faithfully,

A. H. VANDENBERG.

NOVEMBER 24, 1947.

HON. ARTHUR H. VANDENBERG,
United States Senate,

Washington, D. C.

MY DEAR SENATOR VANDENBERG: Thank you for your letter of November 21, 1947, replying so promptly to my request of the previous day. I am delighted that you agree with my view that private shipping and forwarding facilities should be used to handle foreign relief shipments and that these private enterprises should be used to the last practicable degree. I am particularly pleased with your statement that you are willing to say so, as I think it important to do this in order to insure that the legislative intent on this point is clear.

I agree with you that it is not practicable to put this "private enterprise" position in the text of the bill. It seems to me, however, that the same result can be achieved by a statement by you from the floor during the discussion on the bill. May I suggest, therefore, either or both of the following means of making clear the legislative intent to use private-enterprise facilities in the shipping and forwarding of foreign relief supplies.

store, or to pay for the transportation and First would be for you to place our exchange of letters in the RECORD during the debates. Second would be for you to make a brief statement along the following lines:

"Authority is given in this bill for the executive agency involved to transport and storage, of supplies furnished under this legislation. While this authority is broad, it is not intended that Government vessels or Government forwarding services be used except where special circumstances make this necessary. It is contemplated that private vessels and shipping services will be used wherever possible. The provisions of section 217 of the Merchant Marine Act of 1936 are applicable to the shipments of supplies under this bill."

Again my heartiest thanks to you for your thoughts and help on this matter. Please let me know if I can be of assistance on this side of the Congress.

Yours very sincerely.

Mr. VANDENBERG. Mr. President, I think the debate on the pending bill is exhausted. The only amendments still undisposed of, of which the Senate has any notice, are those submitted by the Senator from Missouri [Mr. KEM]. Two of the amendments submitted by the Senator from Missouri are unobjectionable. One the chairman of the committee will have to resist because, he thinks it is impracticable.

Mr. President, I am now reluctantly about to move a recess until Monday, in order to be perfectly sure that I have kept faith with every other Member of the Senate. I am not entitled to too much credit for generosity in this aspect, because I recognize the fact that in the absence of a unanimous-consent agreement any Senator could produce the same net result, anyway. However, I express the hope that we may facilitate the consideration Monday at noon of the amendments submitted by the Senator from Missouri. I also express the hope that there may be no further amend-

ments submitted, but I suspect it is a vain expectation.

Mr. HATCH. Mr. President, I rise again to express, as I did a while ago, my regret at the situation which has developed here today, a situation in which Senators may voluntarily absent themselves from the Senate and not only delay, but actually stop the progress of business in the United States Senate. It is now 28 minutes past 2, according to the clock. We have been in session approximately two and a half hours today.

I am not critical of the chairman of the Committee on Foreign Relations, the Senator from Michigan [Mr. VANDENBERG], or the majority leader, the Senator from Maine [Mr. WHITE]. I realize that they are just as reluctant as I am to see this course of procedure adopted this afternoon. They wanted very much to have the Senate continue with the important business it has been considering, and dispose of amendments in the manner suggested when we recessed on Wednesday. I realize the difficulties which confront them. I do not criticize them. On the other hand, I commend them for the way the legislation has been handled.

But, Mr. President, in my judgment it is unfair to the Senate and unfair to the people of the country for Senators voluntarily to absent themselves and delay the transaction of Senate business in order that they may take a holiday. The business of Senators is in the Senate when the Senate is in session.

RECESS TO MONDAY

Mr. VANDENBERG. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 2 o'clock and 29 minutes p. m.) the Senate took a recess until Monday, December 1, 1947, at 12 o'clock meridian.

House of Representatives

FRIDAY, NOVEMBER 28, 1947

The House met at 12 o'clock noon.

The Reverend B. B. Comer Lile, rector of Christ Church, Alexandria, Va., offered the following prayer:

O God our Heavenly Father, without whom nothing is strong, nothing is holy, who art the source of all wisdom, whose statutes are good and gracious, and whose law is eternal truth, bless, we beseech Thee, the Members of the House of Representatives of the United States of America. Grant that in all their work they may be inspired and guided by an overarching loyalty to Thee and to Thy will. We thank Thee for all Thy many blessings bestowed upon us since the beginning of our lives but especially for the heritage which is ours in this country. Bless our land with honorable industry, sound learning, and pure manners. Save us from violence, discord, and confusion; from pride and arrogance, and from every evil way. Defend our liberties, and fashion into one united people the multitudes brought hither out of many kindreds and tongues. Endue with the spirit of wisdom the Members of this House and all those to whom in thy Name we entrust the authority of government, that there may be justice and peace at home, and that, through obedience to Thy law, we may show forth Thy praise among the nations of the earth. In the time of prosperity, fill our hearts with thankfulness, and in the day of trouble, suffer not our trust in Thee to fail; all which we ask through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of Tuesday, November 25, 1947, was read and approved.

NOTIFICATION OF ELECTION OF MEMBER

The SPEAKER laid before the House the following communication from the Clerk of the House:

OFFICE OF THE CLERK,

HOUSE OF REPRESENTATIVES,

Washington, D. C., November 28, 1947.

The Honorable the SPEAKER,

House of Representatives.

SIR: From the Secretary of the Commonwealth of Massachusetts, I have received the certificate of election of the Honorable DONALD W. NICHOLSON as a Representative-elect to the Eightieth Congress from the Ninth Congressional District of that Commonwealth, to fill the vacancy caused by the death of the Honorable Charles L. Gifford.

Very truly yours,

JOHN ANDREWS,

Clerk of the House of Representatives.

SWEARING IN OF MEMBER

Mr. DONALD W. NICHOLSON appeared at the bar of the House and took the oath of office.

PERMISSION TO ADDRESS THE HOUSE

Mr. SADLAK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

STANISLAW MIKOLAJCZYK

Mr. SADLAK. Mr. Speaker, just before noon on Wednesday, aboard a large Pan American Airways clipper at LaGuardia Field, just in from London, in an unofficial capacity, I had the great privilege of extending a most cordial welcome to freedom in America to Poland's greatest present-day hero and patriot, Stanislaw Mikolajczyk, former Premier in the Polish Government in exile and the president of the Peasant Party. He was accompanied by three faithful aides, who, like himself, luckily escaped with great risk to their lives from a country they love so very much. Mr. Mikolajczyk brought with him hope and a wealth of experience gained during his untiring work in face of tremendous obstacles, and I know when the opportunity comes we can benefit enormously from the facts to which he can certify about communism in action. And may I say that, of course, nothing unites individuals, peoples, nations, like a common hatred for something—that something in the instant case is our mutual hatred for communism. With a warm welcome to our visitors, may I wish them every success in their endeavors during their stay in this land of freedom.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ADMINISTRATION CONTROL OF FARMERS AND FARM PRODUCTS

Mr. SMITH of Ohio. Mr. Speaker, in a radio address to the Nation October 14, 1946, the President shocked the Nation, especially the farm communities, by stating that his administration had seriously considered seizing the livestock on farms and ranges to cure the catastrophic meat shortage it caused with OPA and other totalitarian controls.

Now the New Dealers want to seize not only the farmers' livestock, but the authority for which they are now asking, together with that which they already possess under the AAA and other socialistic legislation, would empower them to

seize just about everything the farmers produce, and, in effect, their farms to boot.

They are asking for the power to control the price of everything the farmer buys, what and how much of anything he can buy.

The additional authority they are now asking, together with that which they already possess, would empower the New Dealers to dictate to the farmers the kind and amount of things they could produce, the price at which they would have to sell their products, and even the use to which they could put their grains and other crops.

In a word, the New Dealers seek to liquidate the farmers of this Nation just as the Communists liquidated the farmers of Russia.

They say this is absolutely necessary to put through the multi-billion-dollar lend-lease program called the Marshall plan.

EXTENSION OF REMARKS

Mr. SCHWABE of Oklahoma asked and was given permission to extend his remarks in the RECORD and include certain extraneous matter.

Mr. TWYMAN asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. MILLER of Nebraska (at the request of Mr. BUFFETT) was given permission to extend his remarks in the RECORD and include an address by the Speaker of the House of Representatives, the Honorable JOE MARTIN.

PERMISSION TO ADDRESS THE HOUSE

Mr. BRADLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

HIGH COST OF LIVING

Mr. BRADLEY. Mr. Speaker, the cost of living is high in California—higher than in many other parts of the Nation, for we are taxed heavily to aid in the support of thousands of families who have come to us from other States of the Union.

Our veterans who are taking on-the-job training must pay these high taxes along with the rest of us. Yet their income is severely limited by a law passed by the Seventy-ninth Congress and, as a consequence, many of these veterans and their families are in real distress today.

While I appreciate that this special session will not consider any legislation other than that connected with world

relief and the high cost of living in general, I sincerely hope that this Eightieth Congress, in which so many of us veterans are serving, will soon see fit to extend some part of the generosity we expect to show in regard to western Europe and China to our own on-the-job veterans and their families.

Such an act would be a true American gesture of generosity, justice, and good will.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROGRAM FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I take this time to announce the program for next week. As everyone knows, the Committee on Foreign Affairs of the House of Representatives has been working diligently and with expedition in the consideration of the so-called foreign interim-aid bill. It is my understanding that the bill will be voted on the first of next week in the other body.

We have been keeping the way clear for consideration of the bill on the floor of the House at such time as it is reported. It now seems probable that the bill will be reported by the committee the first of next week. Of course, after it is reported by the Committee on Foreign Affairs it will be necessary for that committee to go to the Rules Committee to obtain a rule providing for consideration of the bill on the floor.

Having all of these things in mind, it is probable that debate on the bill may be commenced the middle or the latter part of next week. I have no way of knowing the time for debate that will be asked by the Committee on Foreign Affairs or the time that might be fixed for debate by the Rules Committee. If, of course, considerable time is granted for general debate, the reading of the bill might go over until the first of the following week. It is our purpose, however, as it has been in the past, to provide for expeditious but careful consideration of this very great problem.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Under the normal procedure, of course, the chairman of the committee and the ranking minority member would have charge of the time. Now, there are a very considerable number of us who want to be heard. Unfortunately, both the chairman and the ranking minority member are of the same mind. So, perhaps, we should go

before the Committee on Rules, and we would like to be advised when it is going to be taken up with them.

Mr. HALLECK. Of course, whether the gentleman wants to go before the Committee on Rules or not is his decision to make. I do not know that the chairman and the ranking minority member are of one mind. In our proceedings at this Congress we have followed the usual rule with respect to the division of time, and as far as I know there is no indication of any departure from usual procedure at this time. The gentleman could hardly expect me here today to enter into a discussion of that sort of a matter.

Mr. KNUTSON. My purpose was to ask the gentleman when they expect to go before the Committee on Rules or if he has any information on that.

Mr. HALLECK. No; I do not know. As I said, I anticipate that the bill will be reported the first of the week, and when it is reported then, of course, the legislative committee properly will go before the Committee on Rules for a rule to make the bill in order for consideration.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In response to my friend from Minnesota, I call to his attention that that is a most unusual procedure. I have found, and I am sure he has in his experience here, assuming the chairman and the ranking minority member are of the same mind, that they will be very scrupulous in seeing that those who oppose any legislation, or those in opposition in whole or in part will be given opportunity under the rule to obtain time.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield further?

Mr. HALLECK. I will yield for one further remark, and then I am not going to yield further.

Mr. KNUTSON. The gentleman from Minnesota concedes that it would be an unusual procedure, but we are also going to vote upon a most unusual proposition.

Mr. HALLECK. That is true. I think it is fair to assume, however, that those in control of the time will be fair in its division.

The SPEAKER. The time of the gentleman from Indiana has expired.

EXTENSION OF REMARKS

Mr. ROBERTSON asked and was given permission to extend his remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

EUROPEAN RELIEF

Mr. ROBERTSON. Mr. Speaker, I appear before the House today to read a section of a letter that came to me from a friend of mine in Vienna, Austria. I should like to say to the Members before

I read this section that this gentleman has had a quarter of a century experience in public relief, in both State, National, and international capacities. I now quote this section of his letter:

I agree with most of the congressional committeemen who have been in Europe that United States aid for the western countries is essential, but I believe that it should be administered by a nonpartisan board or agency that will handle the job on a business basis. At least some governments are pretty poor and inefficient. We sometimes consider some of our public officials in the United States anything but honest and efficient, but they can't hold a candle to many in Europe. I believe it is going to be necessary to very carefully screen the requests for goods and supplies which are supplied by the United States. I have seen or heard of some things that are being listed. Persons and institutions are jockeying for position to get the most from Santa Claus to benefit themselves personally or the agencies they represent. There are a lot of things that European countries need and must have, but there are a lot of things they will ask for that they can get along without, or could have it if they would get to work. There is too much loafing, and too many political strikes in many countries. I don't believe in Americans working hard and denying themselves through heavy taxes to make up for losses here due to strikes. Enough of this but I will be glad when I can talk to you about it.

EXTENSION OF REMARKS

Mr. ENGEL of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an excerpt from a radio broadcast of last evening over WOL by an able and distinguished commentator, Albert L. Warner.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. ROHRBOUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the West Union Record. This is a Democratic paper. The editor, Mr. Walter Stuart, being a Jeffersonian Democrat, sometimes speaks like a Republican.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. COLE of Missouri asked and was given permission to extend his remarks in the RECORD and include an editorial by Mr. James C. Tibbetts, editor of the Platte County Gazette of Parkville, Mo.

Mr. GWYNNE of Iowa asked and was given permission to extend his remarks in the RECORD and include an editorial from Labor.

Mr. KNUTSON asked and was given permission to extend his remarks in the RECORD and include an address delivered before the American Institute of Accountants on November 6 by Dr. Roswell Magill, former Under Secretary of the Treasury.

Mr. ROBSON asked and was given permission to extend his remarks in the

RECORD and include a telegram from Charles A. Owen, president of the Coal Exporters Association of the United States.

Mr. HEBERT asked and was given permission to extend his remarks in the RECORD and include a column by Mr. John Lester of the New Orleans Item.

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD in two instances, and in one to include a resolution adopted by the New Orleans Homestead Savings and Loan League.

Mr. BRYSON asked and was given permission to extend his remarks in the RECORD in two instances, and to include two speeches he delivered during the recess of the Congress.

Mr. BARTLETT asked and was given permission to extend his remarks in the RECORD and include an address by Hon. William E. Warne, Assistant Secretary of the Interior.

SPECIAL ORDERS GRANTED

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent that on Wednesday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 60 minutes on the foreign-relief situation in Europe.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore entered, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMUNISM IN HOLLYWOOD

Mr. McDOWELL. Mr. Speaker, there has been a great scream go up in the Communist Daily Worker and from a few thin voices in Hollywood that the 10 Communists who were cited for contempt by this House are going to lose their hundred-thousand-dollar-a-year positions in the film industry. I do not know whether this is true or not as the Committee on Un-American Activities has nothing to do with who is hired or fired in Hollywood, but I would like to point out to the film industry that the only person I know who actually lost his job because of communism in Hollywood was a gentleman named Jack Moffit who was fired and barred from selling the products of his mind to the film makers, not because he was a Communist or a Communist fellow-traveler, but because he openly and vigorously opposed communism, pointing out that these 10 men were Communists and their grip was so

strong on the people who produced the films that America sees every day that a year and one week ago Jack Moffit was taken out of business as a manuscript writer in Hollywood because he was exposing communism.

With the Communists here, as all over the world, it depends on whose ox gets gored. I challenge the film producers of California to investigate this statement.

EXTENSION OF REMARKS

Mr. LARCADE asked and was given permission to extend his remarks in the RECORD in four instances and to include newspaper articles.

PERMISSION TO ADDRESS THE HOUSE

Mr. LARCADE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and also that my remarks be printed in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. LARCADE addressed the House. His remarks appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mr. DAVIS of Georgia asked and was given permission to extend his remarks in the RECORD.

Mr. LUDLOW asked and was given permission to extend his remarks in the RECORD and include a letter written to the new Postmaster General.

Mr. POAGE asked and was given permission to extend his remarks in the RECORD.

Mr. McCORMACK asked and was given permission to extend his remarks in the Appendix of the RECORD and include an address recently made by Charles A. Burmeister.

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD and include a speech made by Federal Judge J. F. T. O'Connor, of the southern district, and in another instance to include a short poem.

Mr. KEATING asked and was given permission to extend his remarks in two instances in the RECORD; in one to include an editorial from the Washington Post and in the other to include an address delivered by our distinguished colleague, Hon. EDWARD J. DEVITT, before the Jewish War Veterans of St. Paul, Minn.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

STOPGAP RELIEF

Mr. HOFFMAN. Mr. Speaker, some of those who now tell us that we must immediately give something over a half billion dollars to various nations in Europe, otherwise we are sunk, are the same individuals who insisted over the years that

the British Navy was our sole protection, the force which enabled us to exist as a nation. Is it improper to ask where is the British Navy?

Always these gentlemen seem to have little confidence in America, her form of government, the courage and endurance of her citizens.

They told us that if we joined in forming the United Nations Organization we would bring peace to the world, security to ourselves. That organization has settled nothing. It has afforded an opportunity for debate, for quarreling. It has given an opportunity to other nations everywhere to use Uncle Sam as a Santa Claus, to deplete our national resources, lower the living standard of our own people, and, if persisted in, may render us so weak we may not be able to defend ourselves against aggression.

We have been told that we should not throw a 15-foot rope to a man who is drowning 20 feet away. Quite true. But why throw a rope of any length to a man who will not seize it, help to pull himself to safety?

Our young men have fought two wars, both based upon the premise that our national existence, our future security, depended upon some other nation. We have poured millions—yes, billions—of dollars into other lands, and the net result has been a failure to bring any one of the "four freedoms" to other people, to bring peace to the world.

We have brought inflation to our own country, a high degree of regimentation, a condition favorable to the creation of a dictatorship.

A trip back beyond the horse and buggy days to the principles upon which our Government was founded and which have made us what we are is imperative.

PERMISSION TO ADDRESS THE HOUSE

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. BELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. BELL]?

There was no objection.

SURPLUS MACHINERY IN THE PHILIPPINES

Mr. BELL. Mr. Speaker, I was very much interested in the remarks of the gentleman from Michigan [Mr. CRAWFORD] who just spoke in connection with the Philippines. A year ago last July I was in the Philippines. On the way over there we stopped at Guam, and on the way back we stopped in Hawaii. At every place I stopped I saw acre upon acre of machinery of all kinds, in such vast quantities that it was almost impossible for my mind to conceive that there could be so

much material out there rotting and rusting in the tropical sun.

The other day some gentlemen came into my office representing some people who are very anxious to acquire some steam shovels. They told me that among the assets which we turned over to the Philippine Government were vast quantities of steam shovels and other dirt-moving equipment. It was called to my attention that we are having great difficulty in getting those things here. I looked into the matter and I find that the Congress had put a paragraph in the bill providing for the disposal of war assets, which practically prohibits the bringing of that sort of material into the United States. Apparently this was put in on behalf of a few manufacturers of that type of equipment who did not want any competition.

The result is that at a time when we need a great deal of steel and there is a very apparent shortage of steel, yet they are using large quantities of steel for the manufacture of new equipment of that character, prohibiting the bringing of that equipment which is there into the United States and depriving the Philippine Government of the right to sell the equipment to the only market that is now available. Their economy will not absorb all that equipment. If it were permitted to bring that equipment into this country, it would do a number of things. In the first place, there would be more contractors to bid upon dirt-moving jobs. The United States is going to do a lot of dirt moving in the way of roads and contracts of similar character. The contractors by reason of the fact they cannot get the equipment are not going to compete in their bidding.

It is going to cost the Government a lot more to carry out these projects. It is going to take steel that is badly needed, and it is going to deprive the Philippine Government of this badly needed money, but which will probably be appropriated by this Congress from some other funds that are available; and the equipment will lie there in the Orient and rust until it is gone.

The SPEAKER. The time of the gentleman from Missouri has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include an editorial from the Commercial Appeal, of Memphis, Tenn.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

AGRICULTURAL PRODUCTION GOALS

Mr. ABERNETHY. Mr. Speaker, the American farmer has been assigned the task of producing food to feed the world. Production goals recently announced by the United States Department of Agriculture call for 9,000,000 acres more of cultivated and noncultivated crops than the 347,000,000 acres used to produce this year's near-record total of farm commodities. The farmer's land has been bleached white and overworked in meeting production goals in the years of the war

and up to now. Despite need to give his overworked land a rest, the 1948 goal will be reached, provided there is made available sufficient farm implements, tractors, and fertilizer. Every effort should be made by industry and the Government to make these available.

In connection with what the gentleman from Missouri has just said, I think an earnest effort should be made to bring some of that equipment back to this country.

In this regard I submit for the RECORD a timely editorial which appeared in a recent issue of the Commercial Appeal, an outstanding daily newspaper published in Memphis, Tenn. The editorial is as follows:

GIVE THEM THE TOOLS

American farmers were asked to go all out and do the hitherto impossible during the war period. They set out and broke production records right and left. They did it without adequate manpower, without satisfactorily easy access to machinery and repair parts, and without anything like as much fertilizers as they really needed.

It goes without much need for saying that the herculean efforts of the war years put an extraordinary strain on both the farmers and the farms. In many sections, certainly, the fertility of the soil was drawn on more than was replaced. In some areas soil that by rights should have been left in pasture and unplowed was put to the vitally necessary job of producing grain.

In any event, the experience of the war years would have been such as to call for an intensified program of soil conservation and refreshment, to say nothing of the need of the farmers for similar rest and relief. Plans were laid to protect the farmer against the danger of overproduction and to give him a chance to restore fertility to the soil when and as required.

There has been little or no let-up in the demand for food crops. People with war incomes in hand learned to eat more food and better, and there was the normal increase in population besides. The countries in Europe and Asia, allied and enemy, have not proved able to feed themselves, and so the United States has continued to send floods of food abroad. Now those best informed indicate that if the Marshall plan is adopted there will be an above-normal demand for American food for at least four more years.

Farmers keep on telling us that it is almost impossible to get the tractors, other machines, and the fertilizers they need. They think, however accurately, that their shortages stem from shipments overseas. However all that may be, it seems to us that the state of affairs demands that Congress arrange to equip the American farmer properly as a first condition of the inauguration of the foreign aid program.

Then by all means there ought to be provision for an intensive soil conservation and refreshment plan to be started at the earliest possible moment and prosecuted with all vigor. If millions of the world's people are to eat properly for some little time to come, it will be because the farmers of the United States have produced. If the farmers are to be faced with that job, it is rudimentary common sense to give them the necessary tools.

EXTENSION OF REMARKS

Mr. DEVITT asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

DISGRACE OF GERMAN WAR CRIME TRIALS

Mr. RANKIN. Mr. Speaker, as a representative of the American people I desire to say that what is taking place in Nuremberg, Germany, is a disgrace to the United States.

Every other country now has washed its hands and withdrawn from this saturnalia of persecution.

But a racial minority, 2½ years after the war closed, are in Nuremberg not only hanging German soldiers but trying German businessmen, in the name of the United States.

The Associated Press this morning said that 14 German military leaders, 3 field marshals, 1 admiral, and 10 generals were indicted today by the United States on charges of crimes against peace and humanity.

Is this done to stir eternal enmity between us and the German people? Will it commend the ingredients of our poisoned chalice to our own lips some day?

Suppose you people who won the War Between the States had, 2½ or 3 years after the war closed, hung Jefferson Davis, Robert E. Lee, Nathan Bedford Forrest, Gen. John B. Gordon, Wade Hampton, and all the other great leaders of the Confederacy, how do you think we would have felt over it—even at this late date?

Suppose that Lee had won the Battle of Gettysburg and brought that unfortunate conflict to a close in our favor and we had proceeded to hunt down Abraham Lincoln and Andrew Johnson, U. S. Grant, General Meade, and all the great leaders on the northern side and then gone into the business world and destroyed the people who fought on your side, or supported your cause, how would you have felt over it?

Remember, that both sides in that war charged each other with every crime that could be committed. On April 23, 1862, Schuyler Colfax, later Speaker of the House and Vice President of the United States, charged on this floor that Confederate soldiers dug up the lifeless remains of Federal soldiers and converted their skulls into drinking cups.

Of course, nothing of that kind ever happened; but it shows the extent to which men will go in making charges against their adversaries in times of war. Mr. Speaker, I say it is time to stop those disgraceful proceedings at Nuremberg, Germany, and try to lead the world back to the path of peace.

The SPEAKER. The time of the gentleman from Mississippi has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Also, there is good reason to believe that without the prompt stabilization of our currency, sporadic lags in productivity by some segments of our people will become general. Our industrious people, who have been working hard and saving dollars for the future, are certainly human. They will not continue to do so if they become convinced that the deterioration of such savings will continue indefinitely.

Somewhere along the line these thrifty and frugal people will decide that depriving themselves of immediate enjoyment by saving dollars is unwise. Then, like the populations of many European lands, these workers will no longer put their trust in an irredeemable paper currency.

If Congress does not soon effectively deal with the problem, this peril may not be too far away. A mass abandonment of dollar saving habits would be a major calamity, especially as a mass flight from the dollar would almost surely follow.

THE PEOPLE SHOULD HAVE THE POWER TO
PREVENT MONEY DETERIORATION

Mr. Speaker, I do not speak on this subject with the assurance of a complete understanding of all the intricacies of this problem. But I believe I am correct on the fundamentals, which can be summed up as follows:

Inflation will not end until the people again possess the final power of restraint over Government spending.

They only possess that restraining power when they can exchange paper currency for gold.

Until that basic control is again in the hands of the American people where it belongs, we have not put in operation the only final cure to inflation and a deteriorating currency.

In the meantime, except for intervals, prices are headed higher and higher.

Until we restore to our people the American heritage of an honest dollar redeemable in gold, instead of the totalitarian device of printing-press currency, our economic, political, and social structure will continue to deteriorate.

PRINTING-PRESS MONEY A FAVORITE COMMUNIST
TACTIC

Nicolai Lenin, the first President of Communist Russia, is reported to have declared that the surest way to overturn the existing social order is to debauch the currency. Mr. Roosevelt adopted this economic technique of communism in 1933. We have been using, with clever variations, that totalitarian printing-press money system ever since.

Unless we repudiate it, that Lenin-favored device in itself will ultimately bring communism to America. Printing-press money is a device that robs and cheats the working and trusting people while the shrewd and well-informed enrich themselves.

Paper money is an enemy much more to be feared than Soviet military power, real or fancied.

Since printing press money has been a decisive device in the political success of the New Deal, it is obvious that any real fight to restore an honest American dollar redeemable in gold must come from the Republican Party.

And conversely, if we of the Republican Party do not make this fight for the people, the people will have no reason to restore us to power. In this drive for an honest gold dollar, all patriots have a common interest. But without vigorous leadership little progress is possible.

Mr. Speaker, until we restore an honest American dollar redeemable in gold, prices are headed higher and higher. Survey, if you will, the shattered and worthless paper currencies of Europe. There you will see the chaos that awaits us in the absence of a restoration of an honest dollar, redeemable in gold on demand.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. RANKIN. The inflation to which the gentleman refers is taking place through the Federal Reserve System. I pointed out the other day that in 1939 we had a little more than \$7,000,000,000 in circulation. The last report of the Treasury Department shows that we have \$28,484,000,000 in circulation now, and that it increased more than \$400,000,000 between the 31st of July and the 30th of September in this year. The Federal Reserve Act simply turned over the power to issue money to private bankers, you might say, and until Congress has the courage and the statesmanship to take back the power granted by the Constitution to "coin money and regulate the value thereof" and put a stop to this inflation, we are going on this mad joy ride toward economic ruin.

Mr. BUFFETT. The power to coin money and regulate the value thereof was placed in the hands of the Congress by the Constitution, as the gentleman declares. Certainly under the present situation the Congress has pretty well given up its responsibility, and the money system of this country is in a perilous condition as a result.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. RANKIN. The Federal Reserve System not only has the power, as it stands today, to inflate the currency, but it also has the power to deflate it. In the early twenties, when W. F. G. Harding was head of the Federal Reserve Board, he raised the rediscount rate and called loans and forced the country into an economic panic. I remember distinctly Mr. Kincaid, of Nebraska, complaining to me that corn was selling in 1921 in Nebraska at 16 cents a bushel, and that they were burning corn in their stoves because it was cheaper than coal.

As long as we leave the power to inflate or deflate the currency in the hands of private bankers, this country is in danger, not only of run-away inflation, but also of run-away deflation, which might bring about a worse panic than that which we had in the early twenties.

Mr. BUFFETT. I thank the gentleman for his comments.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. AUGUST H. ANDRESEN. The incident back in the twenties to which

the gentleman referred occurred during the Wilson administration, when the then President came before the Congress and said that the cost of living was going too high, and Mr. Harding, who was governor of the Reserve Bank in Boston, was the one who started to deflate the American farmer and the American public.

Mr. RANKIN. Mr. Speaker, will the gentleman yield? I would like to keep the record straight.

Mr. BUFFETT. I decline to yield further at the moment. I prefer that the gentleman discuss the 1920 economic situation on his own time.

Eventually, when the people find that our currency is deteriorating, they will lose their enthusiasm for saving dollars. Many shrewd people have been for years putting their savings into land, jewels, works of art, and real wealth of all kinds. Some day that alarm about the value of our currency will spread to the rank and file. No person is knowingly going to invest in securities that are steadily deteriorating in real value.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield again?

Mr. BUFFETT. I yield.

Mr. AUGUST H. ANDRESEN. The thing the gentleman has pointed out is happening today in France. The farmers are hoarding gold. They claim there are \$3,000,000,000 of gold buried in France. They have refused to bring their grain into the channels of trade. They feed the grain to the livestock and then sell the meat in the black market.

Mr. BUFFETT. The gentleman makes an excellent point. In many European countries the currency has ceased to have any voluntary exchange value. I recently talked to a businessman from Germany, who told me that a ton of wheat has an official price of 200 marks, which was the same as the black-market price of a pound of butter. What farmer is going to turn in a ton of wheat in the regular market when by transferring some of that wheat, say 50 pounds, into a pound of butter he can get the same reward?

Mr. AUGUST H. ANDRESEN. In Italy the official price of a quintal of wheat was 4,000 lira. The farmer could take that wheat into certain places in Italy and get twelve to twenty thousand lira, in selling the wheat in the black market.

Mr. BUFFETT. Speaking of Italy, I notice by the papers that they have marked down the exchange value of the Italian lira by something like 40 percent within the last 24 hours.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. CRAWFORD. I think the gentleman has correctly stated that the capitalistic system does finance itself as it moves along between the channels of production and sales and consumption; but there is another element in there that we should always keep in mind and that is that while the capitalistic system finances itself through the payment of wages and salaries, those who produce, who are the recipients of wages and salaries, take, for instance a portion of their current earnings and invest back in

the capital system for more machinery, buildings, and machine tools. It brings about a situation where more workers can come in and produce still more goods for the consuming public.

Now, upon what basis do those recipients invest their current earnings—I mean a substantial portion of them—back in the enterprise system? Only when they have faith.

Mr. BUFFETT. Certainly.

Mr. CRAWFORD. When they have faith with respect to schemes of taxation, with respect to allowing a profit on a commercial transaction participated in for the private citizen under a form of government which represents the private-enterprise capitalistic system. But the Government follows a course which may be dangerous, as the gentleman has pointed out when it tends to destroy the buying power of those savings. It puts the recipient of wages and salaries in a position where he madly rushes into the market to convert his earnings into goods before the buying power of those earnings substantially depreciates. So, as we have more and more deficit financing to supply goods to Europe or elsewhere, the result of which is to destroy the current buying power of the savings and earnings of our people, we take away the confidence of the people. That, as the gentleman pointed out, is correct.

Mr. BUFFETT. I thank the gentleman for his contribution.

Mr. STEVENSON. Mr. Speaker, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. STEVENSON. Along the lines raised by the gentleman from Minnesota and the gentleman from Michigan I call attention to what the chairman of the Foreign Relations Committee of the other body said on day before yesterday when the aid-for-Europe bill was being considered. He made the statement:

The only reason we have to furnish the food and fuel is because there are not dollars available to balance the deficit by direct purchases abroad.

If there is any hope for the economics of Europe, it is on the basis of internal recuperation in the direction of reorganized domestic economy.

The reason food and fuel have to be furnished is not because the people are too poor by and large to pay for it. It is because they do not have the international exchange with which to make the imports that are indispensable to do the particular thing that may be involved.

It is a situation where we apply the test of availability in respect to the payment for indispensable imports which is, it seems to me, a concept that is a thousand miles removed from a plea on a charity basis.

In other words, when our bonds and securities sink to the low of the securities of these foreign countries, I wonder if we will have friends among those foreign countries that will send us fuel, food, and everything else to bolster up our economy over here?

Mr. BUFFETT. I think I can answer the gentleman in this way: If we allow currency depreciation to continue and to become worse and worse, there will be no nation on earth that could or would provide us with a Marshall plan to prop up the economy of this Nation.

Mr. CRAWFORD. The gentleman from Wisconsin has pointed out those countries did not have the goods. The point is that the citizens of those countries under a bad leadership did not put their savings in capital goods—that is, buildings, machinery, and machine tools—so that they could produce goods for export to pay us for the goods we send to them. The only remedy for this thing is for the people over there to get to work producing goods. But will they put their savings in when they have no confidence in their local governments? I do not think so.

Mr. BUFFETT. Absolutely not.

Mr. CRAWFORD. To the extent we supply them with foodstuffs, machinery, and otherwise, we better make dead sure that we put the money in the tax box to pay for the goods instead of indulging in further debit financing in this country.

Mr. BUFFETT. The people over there formerly put their money into currency and bonds, but they cannot eat the currency and they cannot eat the bonds and those pieces of paper have little exchange value. The things Europeans are interested in now are meat, potatoes, flour, and the other essentials of life. Their currency in terms of those essentials is largely valueless today, and it is up to us to see that the same currency deterioration does not continue any longer in this country.

To effectively stop it, we must give back to the citizen the right to transfer the fruits of his labor into gold as a repository of value.

Without the assurance of sustained value, the saving of money will slow down to a trickle. Yet new savings going into capital goods, as the gentleman from Michigan has pointed out, is an absolute necessity in a capitalistic and free enterprise society.

EXTENSION OF REMARKS

Mr. SCHWABE of Missouri asked and was given permission to extend his remarks at this point in the RECORD.

COMBAT INFLATION BY INCREASED PRODUCTION

Mr. SCHWABE of Missouri. Mr. Speaker, in 1938 when the Wage and Hour Act was placed on the statute books we were near the bottom of the economic cycle and our objective was to raise prices and spread work. Now the situation is the reverse.

The whole of the President's program to reinstate economic controls is distasteful and therefore unacceptable. High prices are but bad blackmarkets and empty shelves would be an even worse set of ills.

A second method being suggested to attack high prices is to get at the fundamental cause, to reverse our long-time policy of Government spending more than it takes in, but just as inflation has been a creeping thing and came upon us gradually, this remedy will take time and it involves the paying off of our public debt over a period of years.

What we can do right now to have some immediate effect on prices would be to work harder and longer hours, thus attempting to lick inflation by more production. I suggest, therefore, in order

to combat inflation that we set aside at least for the period of aid to foreign countries the 40-hour week, the time-and-a-half for overtime, as well as the minimum wage provisions. Let us cure our economic ills by longer and harder work.

EXTENSION OF REMARKS

Mr. McDOWELL asked and was given permission to extend his remarks in the RECORD.

SPECIAL ORDER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Missouri [Mr. BAKEWELL] is recognized for 20 minutes.

(Mr. BAKEWELL asked and was given permission to revise and extend his remarks.)

EUROPEAN AID

Mr. BAKEWELL. Mr. Speaker, it is my sincere conviction that we have commenced what may well prove to be one of the most important peacetime sessions in our history. Important not for us alone, but for the world as a whole. Important not only for the present welfare of mankind, but for the course of man's destiny in the future. Important, too, because of the effect which it will have on the desires of men of good will throughout the world to live in peace and happiness, with dignity and mutual respect, among their fellow men of all nations and races.

To begin with, unless we are blind to realities, we must start on the assumption that we are not living in one world, as envisioned by Wendell Willkie and others. Unfortunately, we are now living in two worlds. This is because a country which we considered an ally in World War II was not an ally but merely a cobelligerent fighting a common enemy.

Before proceeding to a discussion of European economic rehabilitation and the expenditures contemplated under it, I think that it would be a healthy exercise to do a little totting up of sums which we have already spent in foreign countries. It is estimated that since the beginning of the war this country has given or loaned to foreign governments a total in excess of \$58,000,000,000, including lend-lease, relief expenditures, and UNRRA.

Since the fighting stopped in World War II, we have spent between nineteen and twenty billion in foreign relief, according to Senator BYRD, of the Senate Committee on Reduction of Federal Expenditures. Of this sum, four and one-half billion dollars was authorized for the current fiscal year. Included in this item was some \$60,000,000 earmarked for Russia and her satellites.

The question now is:

Should our national tax burden be increased by the tremendous sums which it is contemplated are to be spent in foreign relief and rehabilitation within the next 4 years? Are we willing to take a calculated risk and to endure discomforts in our own self-interest and in behalf of the welfare of other peoples who also believe in free and representative government? Let's look at the facts to see if we can evolve an answer:

Foreign loans, gifts, and relief are not something new to us. We had experience with them in World War I and continuously since then. Have we, however, been able to buy friends by these methods? I am afraid that the answer must be in the negative.

Many thought that we were buying the good-will of Soviet Russia during the recent war. That bill was in excess of \$11,000,000,000. We gave Russia's satellite countries an additional one and one-fourth billion dollars. Did that do the trick? Have we bought the good will of Mr. Vishinsky, of Pravda, of the Red Army, of the Kremlin, of Stalin, or any of his henchmen, followers, or admirers? Once again the answer must be a melancholy, "No."

Shall we, then, turn our backs on the rest of the world, withdraw into a cocoon of isolation, and allow western Europe to go down a road of certain disintegration, misery, and rancor to ultimate chaos?

Or shall we try to rehabilitate their economy and rekindle the spirit of freedom?

Is there no solution between the two extreme views—foolhardy generosity leading to internal impoverishment or complete isolation—with the possibility of war as the concomitant handmaiden of both? I think there is. It is an approach based on altruism, good will, and Christian charity, leavened with a realistic awareness of our own interests and limitations, as well as those of the rest of the world, together with an ever-present awareness of the possibility of atomic war and the resulting chaotic disintegration of civilization as a whole.

First of all, I think that all expenditures made under the so-called Marshall plan should be separated into expenditures made for food and clothing—expendable items which will be used for human comfort and to stave off starvation—and the expenditures which are made for the purpose of rehabilitating the internal economy of western Europe by restoring their industrial and agricultural capacity. Realism compels the conclusion that expenditures in the former category should be made in the nature of gifts. There is but the slightest likelihood that they could ever be repaid if made as loans, but such contributions would partake of the nature and be received in the spirit of humanitarianism if made as gifts. However, the expenditures for economic rehabilitation should definitely be made as loans and on as sound a credit basis as possible. We cannot get such collateral security as a private banker would like, but it is my sincere and considered belief that we would be justified in seeking certain guarantees and concessions in the mutual interest of the participating countries and of ourselves.

America's greatness is due to the harmony, unity, and cooperation with which many people of different ancestry thrive. All of us are descendants of French, English, German, Polish, and various other nationalities, who found the harbor of liberty on our shores. And we are united in a United States of America.

The plan for a United States of Europe has been almost universally approved by statesmen and economists throughout the world. Despite this wide acclaim, no nation has thus far been willing to surrender that degree of internal sovereignty which is required if any such union is to have a chance to succeed. I think that the present emergency offers an opportunity to do something toward giving impetus to the goal of a Federal Union in western Europe.

I think the so-called Marshall plan should be a forerunner to a United States of Europe. Unless there is political amenity and economic cooperation among the European nations, there can be no chance of lasting peace and prosperity. By this I do not mean that we should impose our political or sociological policies upon the European nations.

I am aware that in making such a suggestion, the accusation will be made that we are attempting to interfere in the internal government of other nations.

I am not thinking of inaugurating a united states of Europe overnight. That would be fantastic day dreaming. And yet, now seems the most propitious time to do something along this line. It would appear that economic and political unity and collaboration among the several European nations holds the best and only hope of lasting peace and prosperity. It would seem advisable to take some steps in this direction concurrently with the proposed Marshall plan.

I am fully cognizant of and in full accord with the report of the Harriman committee, which says that no "strings" in the form of political mandates to Europe should be attached. Certainly, we should not interfere with the intrapolitical policy of any country. On the other hand, I think we should exert a guiding influence insofar as intereconomic and cooperative policies are concerned.

The various interested nations are looking to the United States to rescue them and to lead the way. If they have come to us for help, would they not be amenable to suggestions and recommendations patterned after our successful unity which would then, too, solidify their efforts and objectives?

Anyone who reads the report submitted by the 16 nations comprising the Committee of European Economic Cooperation setting out their estimated requirements, which was submitted in response to the suggestion of Secretary Marshall in his Harvard speech, cannot fail to be impressed by one fact which is repeated over and over in the text, namely, the interdependence of the participating countries on the productive capacities and internal economy of one another. It is stated in the report—page 25:

But the programs as a whole are interdependent. Every element in them depends upon the others—mining machinery upon steel, steel upon coal, coal upon food—and in turn depends upon the availability of supplies from overseas in the right quantities and at the right times; upon the maintenance of internal financial stability and upon continuing and effective mutual help between the participating countries.

This same thought is expressed in other language repeatedly.

As a basis of being eligible for economic rehabilitation loans, I suggest that the following recommendations be made to the participating countries:

1. Establish a common sound currency and pledge all of their existing dollar reserves in support thereof.

2. Provide for the free movement of nationals of all participation countries across and within the borders of each other.

3. Establish a common agency to operate rail facilities and river transport in the participating countries of Continental Europe so as to utilize available rail equipment for the maximum advantage of all.

4. Establish an agency to commence studies and formulate plans for eventual elimination of customs barriers. This plan should be completed in the first year and put into effect during the second year.

All international financiers and economists agree that no recovery can be effected until a sound currency exists, that is, a currency which can be redeemed and freely converted in world exchanges into dollars or other "hard" money. Why should we, or any other country, want to sell our products to a nation if the specie in which we are paid is worthless? And how can the countries exchange goods with one another unless payment can be made in a currency which all trust?

Unless there be one currency, what is to prevent one participating country seeking to take advantage of another by issuing fiat currency or resorting to devalued or blocked money? The only answer seems to be a common sound currency backed by an ability to produce goods and all dollar credits available which can be exchanged in the marts of world trade.

Labor to mine the wealth of Europe, to run the mills, to man the factories and to operate the trains and ships is essential to recovery. At present some countries, such as Italy, have an excess of population which is needed in other countries, such as France and England. At present, emigration and immigration are equally difficult. One means of overcoming this difficulty would be to allow free travel between nations on an international passport to be issued by the western European nations jointly.

One of the chief reasons for the European economic paralysis today is lack of means of transportation to bring coal and other products from the producing sections to the consuming localities. Because a freight car which crosses an international border may never come back, or else one in poorer condition may be returned in its stead, nations at present refuse to allow a freight car beyond its borders. The result is unloading and reloading at every international border. The same condition prevails with barges and other forms of river transportation. They are simply borrowed indefinitely by the country to whose ports they are going. This situation could be overcome by a common authority with power to operate and assign all equipment on a basis of equality and need.

The combatant nations which have made the greatest degree of recovery in western Europe have been Belgium and

Holland. Shortly after the war they saw the folly of tariff barriers and, with Luxemburg, entered into a customs union which has become known as Benelux. So successful was it in applying reciprocal tariff reductions in its first year, that soon all tariffs are to be eliminated between these countries.

It is absurd and contradictory to have the flow of needed products between the western European nations impeded by tariff barriers. Of course, all import duties cannot be eliminated overnight, as it is a most complex problem. Certainly, however, a workable plan could be formulated within a year which would scale down all import duties immediately, and eventually would lead to their abolition. The experience of Benelux should furnish a convincing argument in this regard. Eventually a reciprocal trade treaty could be concluded by the United States with this customs union of western Europe.

Longer-range objectives which could be recommended for continued participation in the plan beyond the first 2 years are the integration or at least cooperation of the army, navy, air forces, and merchant marine of the participating nations. Preliminary steps and the necessary basic studies toward this objective should be undertaken immediately after the plan has been initiated. Such a step is recommended by economy and stability of any union which might be set up. Control of these forces would be left in the various countries jointly, and would be similar to the proposed UN security force.

I have heard it proposed that we enter into 16 different agreements with the 16 different nations. If the terms and conditions of these 16 agreements vary in any considerable degree, it would seem that discord and dissension would be inevitable.

The plan can be best administered, in my opinion, by a Government corporation set up for that purpose and working in close cooperation with our State Department and the Joint Chiefs of Staff. The participating nations could set up a similar corporation or board on a representative basis with authority to make binding decisions for all participating governments.

In my opinion, it would not be necessary to go beyond the measures herein suggested in order to achieve the purposes of the economic rehabilitation plan, but continuous and vigilant inspection would be necessary to make certain that conditions were being complied with and that each of the participating governments was exerting its maximum efforts in behalf of its own and the common European recovery. This should be done jointly by the representatives of the United States agency and the participating European countries.

If the present meeting of foreign ministers in London is a failure and no agreement is reached concerning peace treaties with Germany and Austria, then western Germany should be included as one of the participating powers. The economic and industrial welfare of western Europe is too closely identified with Germany to justify omitting that nation

from any plan of European rehabilitation.

We cannot expect repayment in full of the sums which we expend in this plan, but by the application of liberal credit policies we may well retrieve a substantial part of our investment when western Europe gets on her feet and once again achieves a favorable balance on the export-import ledger. Achievement of the objectives which I have mentioned would be part payment because they would be a step toward strengthening and solidifying the nations of the Western World which believe in free government.

It seems reasonable to hope that these steps, once taken, would lead inevitably to a United States of Europe—a goal which most everyone, including Winston Churchill and men prominent in the political life of all the countries concerned, has championed.

After the achievement of a European Union, we could feel free to enter into a security agreement similar to the one recently signed in Brazil by the Pan-American countries, whereby an aggressor against any of the participating nations would be considered an aggressor against all and would be subject to sanctions by all after a vote of the nations involved.

Unfortunately, this does not add up to one world, but neither do the actions of Soviet Russia and her satellites. That cannot be said to be our fault, as Secretary Marshall's original invitation was extended to all of the countries of Europe, but was spurned by the countries behind the Iron Curtain. Reality compels us to admit the existence of two worlds today. Ours is incomparably the better of those two worlds. I want to make certain that it is also the stronger.

Any nation in Europe which in the future desires to do so should be allowed to enter such a Union as is here proposed after first proving its qualifications, just as other States joined the Original Thirteen.

Sad to relate, force and brutality, intolerance, hate, and aggression are once again on the march in Europe. That constitutes a threat to us and to freedom everywhere. We are now engaged in an effort to halt these forces of evil, both from a humanitarian standpoint and in our own self-interest. I think that both purposes will better be served if our efforts in behalf of the economic rehabilitation of Europe are along the lines which have been suggested herein than they will be if we merely underwrite the effort and hope for the best. Dollars alone will not save Europe, but positive action on a well-charted course, coupled with credits, good will, and willing cooperation, may, and can, do so. Admittedly, we are assuming calculated risks in order to achieve our objectives. I want to see those risks reduced to the lowest possible measure.

Mr. Speaker, once again America finds herself on the threshold of history and in the valley of decision. Now we are called on to strike a bold blow for those principles which we cherish or else, through default and half-hearted measures, let slip from us our tried friends and allies of other days, who will sink, through exhaustion, to that pit of pov-

erty and confusion, suspicion and conflict, which is today communism, from the bourne of which no traveler has returned.

SPECIAL ORDER

The SPEAKER pro tempore (Mr. HALE). Under previous order of the House, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 20 minutes.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

THE PAROLE OF FOUR CAPONE GANGSTERS

Mr. HOFFMAN. Mr. Speaker, because of the widespread public interest; of the many inquiries and of the calling of a Federal grand jury in the city of Chicago on November 21, 1947, all growing out of the investigation conducted by a subcommittee of the Committee on Expenditures in the Executive Departments, into the parole last August of four notorious Capone gangsters from the city of Chicago after they had served a little more than 3 years of a 10-year sentence for conspiracy to interfere with interstate commerce by coercion, threats and violence, this preliminary statement is most respectfully submitted.

The conviction in 1943 of Paul Ricca, Louis Campagna, Philip D'Andrea, and Charles Gioe grew out of the celebrated Bioff-Brown shake-down conspiracy to extort from the motion picture industry more than a million dollars.

Each was sentenced to a term of 10 years, beginning in April of 1944. A parole was granted to each on August 13, 1947, just 37 days after they first became eligible for parole on July 7, 1947. So far as the committee discovered, there seems to have been no delay because of red tape or bureaucratic failure to act promptly.

A subcommittee of the Committee on Expenditures in the Executive Departments initiated its inquiry into these paroles by hearings at the Federal Building, Chicago, on September 25 and 26, 1947.

Those hearings produced 508 pages of stenographic transcript exploring several peculiar and complex circumstances surrounding the four paroles. Additional hearings were held in our committee rooms at Washington on October 7, 1947, at which time some of the records of the Bureau of Prisons, and some of the records of the United States Board of Parole, as related to these particular cases, were examined in detail.

Since the Washington hearing, two members of the subcommittee, Mr. BUSBEY and Mr. DORN, have visited the Federal penitentiaries at Atlanta, Ga., and Leavenworth, Kans., to obtain further information from the prison records which may shed light on the granting of these paroles. This additional evidence will be placed before the committee when next it meets and all information obtained by the committee has been made available to the Federal Grand Jury in Chicago.

The records before the committee indicate that these parolees all had criminal records prior to their conviction in

December 1943. One of these records runs back to 1916, a period of more than 30 years; another to 1919; a third to 1935.

The paroles were granted, in each case, over the objection of the trial judge.

The reasons and causes for the prompt action in the parole board have been a central point of our committee's inquiry. So far as the committee was able to learn, the records of the Department of Justice show that never before were convicts eligible for parole released so promptly after their earliest eligible date.

Another peculiar circumstance in these cases had to do with the transfer of two of these convicts from Atlanta Penitentiary to Leavenworth Penitentiary prior to their parole.

The warden at Atlanta recommended against this transfer to Leavenworth. In a letter under date of July 21, 1945, Warden Joseph W. Sanford, of Atlanta, communicated to the Bureau of Prisons at Washington his strong recommendation against the transfer to Leavenworth. In that letter, the warden said, in part:

From information received, it is quite evident that money is being paid to obtain transfer of these men to Leavenworth, and I do not believe they should be transferred at this time for this reason.

The official record of parolee Campagna carries this notation:

Campagna was one of the leaders of a gang in Chicago, commonly known as the Syndicate, and which succeeded to the power of Al Capone.

His criminal record runs back to April 1919, when he was sentenced to the Illinois State Prison for bank robbery.

The hearings also disclose that Federal tax claims aggregating \$486,877 levied against Campagna, were compromised and settled on the payment of around \$89,000 during his term in the penitentiary. But the parolee told the committee he had no knowledge of this settlement, where the funds came from, or who conducted the negotiations with the Bureau of Internal Revenue.

The record of parolee D'Andrea carries a notation regarding his connections with the Capone mob, with the further observation that his criminal record reached back to 1916. As one incident in this previous record, the Department of Justice notes that D'Andrea was sentenced to 6 months in jail in Chicago in 1931 for having carried a gun into the Federal court room in which Al Capone was on trial, despite the warning of the trial judge that no one should appear at the trial under arms.

The record of parolee Ricca discloses that he formerly was known as Paul De Lucia. The Department of Justice records carry this notation: De Lucia was one of the leaders of a gang in Chicago, commonly known as the Syndicate which succeeded to the power of Al Capone.

The same record applies to parolee Gioe.

The hearings disclose that the promptness of the paroles in these four cases was the direct result of careful preparation managed and directed by friends and associates in Chicago who were eager to see the men reestablished in that community.

From the records of all the United States district courts combined, the committee learns that between July 1 and December 31, 1941, and between July 1, 1942, and June 30, 1944, there were 233 persons sentenced to terms of 10 years or more. Of all these 233 prisoners, 104 became eligible for parole prior to September 1, 1947. But, of these 104 eligibles, only 20 were actually paroled, including the four Chicago gangsters. Three of the 20 were paroled, as the records show, in anticipation of their being deported from the United States. Thus, of all the sentences for 10 years or more in this period, only 17 out of 104 eligibles were paroled to remain in the United States. Of these 17, 4 were the inheritors of the Capone power in Chicago.

One witness before the committee at Chicago was Paul Dillon, a lawyer from St. Louis, Mo., who had mysteriously interested himself in these paroles.

Earlier, on May 21, 1945, Mr. Dillon called at the Bureau of Prisons to urge the transfer of two of these convicts from Atlanta to Leavenworth. During this call, Mr. Dillon identified himself as a former campaign manager for President Truman in St. Louis. Questioned as to this identification, Mr. Dillon responded:

I had charge of the campaign in the city of St. Louis. (Hearings, p. 471.)

The campaign referred to was President Truman's first campaign for election to the United States Senate in 1934.

Mr. Dillon testified—page 469—that he had called on the parole board in Washington on August 6, 1947, 1 week before the four paroles were signed. On that visit he talked with two members of the parole board, namely T. Weber Wilson, the chairman, and Fred S. Rogers, a member.

Mr. Dillon denied he had been retained as an attorney in these parole cases. His friendly intervention had been solicited, he testified, by an old friend, one Edward Brady, a member of the Missouri Legislature. Mr. Dillon testified he visited frequently at the White House, but denied he ever had discussed any parole matters with President Truman. On this point the record reads:

Chairman HOFFMAN. Did you ever consult with the President about the parole, in reference to any of these men?

Mr. DILLON. I never consulted with the President on anything of that kind in my life.

After he had been approached by his friend Brady, Mr. Dillon received a telephone call from Mrs. Campagna, in Chicago, asking if she might run down to St. Louis to talk over some business matters. The testimony continues—page 485:

She came down and asked me if I would do what I could to get them paroled, and I said, "Now, Mrs. Campagna, I will not represent them as a lawyer in that matter at all, but when I am in Washington and it is convenient I will drop into the parole board and speak to them."

Mr. Dillon dropped in on August 6. August 13, 7 days later, the paroles were granted.

Mr. Dillon testified that he made many trips to Washington during 1945, 1946, and 1947—perhaps 15 or 20 in all—but

that on only two occasions, May 21, 1945, and August 6, 1947, did he appear before any bureau or branch of the Department of Justice in behalf of these prisoners.

He was asked if on these appearances he spoke for all four prisoners, or only in behalf of Campagna, whose wife had solicited his friendly intervention. The testimony on this point is as follows—page 494:

Mr. SNYDER. No one had spoken to you of these defendants other than Mrs. Campagna, the wife of one?

Mr. DILLON. This is all that ever spoke to me.

Mr. SNYDER. Did you ask the Parole Board to parole all four of them?

Mr. DILLON. I did.

Mr. SNYDER. Had you ever made any contact with Mr. Stern or his client, D'Andrea?

Mr. DILLON. I did not.

Mr. SNYDER. They didn't know that you were intervening in their behalf?

Mr. DILLON. What they knew, I don't know.

Mr. SNYDER. Did you ever interview any of the other defendants or their attorneys?

Mr. DILLON. No; I never saw any of the defendants. I never talked to them in my life.

Mr. Dillon added, as a part of his testimony, that he had not made any investigation as to the merits of the parole case. He asserted his belief that the parole system should function at all times without the intervention of interested citizens.

At one point Mr. Dillon testified he had received no remuneration for this intervention in these parole cases. Later he testified:

Mrs. Campagna told me I would be paid a reasonable fee. I am in a predicament. I don't know who to send the bill to.

From this point the testimony runs:

Chairman HOFFMAN. Send it to Mr. Bernstein.

Eugene Bernstein, Chicago attorney, representing Louis Campagna.

Mr. DILLON. All right.

Mr. BERNSTEIN. You will be paid.

Mr. HOFFMAN. You hear that? He says it will be paid.

Mr. DILLON. All right.

The hearings also adduced the fact that Chairman Wilson resigned from the Parole Board shortly after these paroles were duly executed. Mr. Dillon testified he did not know the reasons behind this resignation, other than hearsay concerning Mr. Wilson's poor health. "I have no idea," he said. "I have not seen Wilson from that day to this or talked with him." The witness also testified that he formerly had called on Mr. Wilson once or twice a year at the Parole Board and occasionally had met him socially during his numerous business trips to Washington.

At another point, Mr. Dillon emphasized that he did not visit the White House on his trip to Washington in August, 1947, when he last appeared before the Parole Board in behalf of the Capone lieutenants.

Asked how long before that time he had last visited the White House, Mr. Dillon responded, "Oh, I have visited the President, I would say three or four times a year."

Mr. Speaker, it is evident that, because of the publicity given by the Chicago

Tribune and the House subcommittee to the granting of these paroles, at least one phase of the matter is now before the grand jury in Chicago.

The testimony before the subcommittee discloses that one attorney in the case received a fee of \$7,000 for his part in these paroles. But there is nothing to indicate the fee paid to Attorney Dillon, of St. Louis, who represented himself to officers of the Prison Bureau and the Parole Board as a friend and one-time regional campaign manager of the President. Nor has the committee yet learned the total of the sums paid to obtain these paroles.

It is unnecessary to tell this House that our committee will do everything in its power to complete its investigation as quickly as possible while avoiding any and every action which might prejudice or embarrass the grand jury proceedings in Chicago.

I make this interim statement at this time merely because so many have inquired as to the present status of the committee's inquiry. Any delay to our final report which may be occasioned by our reluctance to hold further hearings while the grand jury is in session will, I am sure, be understood sympathetically by the House.

SPECIAL ORDER

The SPEAKER pro tempore. Under the previous order of the House the gentleman from Alabama [Mr. JARMAN] is recognized for 20 minutes.

(Mr. JARMAN asked and was given permission to revise and extend his remarks and include an editorial.)

EUROPEAN AID PROGRAM

Mr. JARMAN. Mr. Speaker, back in September the President of the United States requested the chairmen of the Foreign Relations Committee of the other body and the Foreign Affairs Committee of the House to call those committees into what might be termed special session on November 10 for the consideration of an emergency. In October the President called the Congress to meet 1 week later, on November 17, for only two purposes, he having called the committees to meet for only one purpose, consideration of urgent interim aid to Europe.

Secretary Marshall appeared before a joint session of those committees in the caucus room across the Capitol, and then appeared before the Foreign Relations Committee for questioning the following day, on November 11, and before the House Committee on Foreign Affairs on November 12. His testimony was able, explicit, and to the point.

I wish to read a question I propounded to him and his reply:

You have thoroughly indicated your opinion that time is of the essence of this matter, with which I heartily agree. You referred to the desirability of keeping up the momentum and the fact that unless we act quickly the long-range program might be useless. In addition to that, is it not a probability that if we delay our action on this matter too long we will not accomplish with the amount of money indicated what we might otherwise accomplish or, stated another way, that it will cost more than the amount now estimated?

Secretary Marshall replied:

That is probably correct, sir.

Our committee proceeded with the hearings and 3 days later, I believe. I made a statement to the committee at the suggestion of our able chairman, from which I wish to read the concluding remark:

I was impressed, when Chairman MUNDT was speaking, and yesterday when Chairman HERTER was speaking, that we do have so much more personal, first-hand information about this proposed legislation than any legislation I have ever had anything to do with and I imagine perhaps any legislation that has ever been before the Congress.

So that I am wondering if it does not behoove us to be sure that we do not go into the matter too laboriously, into all of the details and spend too much time and thereby lose, as General Marshall said, too much of that momentum which is now in progress, thank God, in Europe against the spread of communism. I wonder if it does not behoove us to readily subdue any temptation relative to pride of authorship, publicity, or political benefit in the interest of our country. I do particularly hope we will not repeat the fiasco which occurred when the last relief bill was on the floor.

The President, as you know, called the committee and the Foreign Relations Committee of the Senate to meet last Monday for no other purpose than the consideration of this legislation. Shortly thereafter he called a special session of the Congress to meet next Monday for no other purpose, as I understand it, although I may be incorrect in this, until this is out of the way.

I realize the price-inflation situation is in his call, and I think we should take whatever action we can on it. However, I have gained the impression—I do not think that he said so—that this legislation has priority over that legislation, if for no other reason than the fact that the other committees are not considering that question at this time.

Therefore, I cannot refrain, in conclusion, from urging that we members of this committee, particularly in view of our knowledge of the facts in connection with this legislation, facts so much greater than we have ever had before, not permit that knowledge to cause us to go too laboriously into the finite details of this matter and thereby bring about what might prove to be a great loss, a set-back of this momentum to which Secretary Marshall referred as being in progress in Europe today. I can think of no meritorious reason why we cannot meet General Marshall's suggested deadline of November 30, particularly in view of the excellent reasons he gave for it.

Mr. Speaker, I repeat that statement now. I have been unable to find any meritorious reason why that legislation could not have been completed by General Marshall's deadline of day after tomorrow.

We proceeded with the hearings in great detail and finally closed them, I thought, and commenced to discuss the bill in executive session. We spent hour after hour, day after day, with tweedledee and tweedledum discussing whether a semicolon or a colon or a period or a comma should be at this place or that place. The suggested bill is only five pages long. We conducted this tweedledee and tweedledum laboriously, I do not know, for 2 weeks, I think, and then every time anybody would appear who wanted to testify, although we had closed the hearings, we would open the

hearings again and hear him. We did that two or three times. Many members of the committee who had no desire to display their knowledge of grammar and who entertained no pride of authorship, became more or less disgusted, and while great argument was going on between two or three here and two or three there, with one, two, or three insisting that we should go into all of the details of this tweedledee and tweedledum and continue indefinitely, and the others insisting that we should attempt to perform our duty and get the bill out, I made the gentlemen a proposition somewhat like this: I said, "I so thoroughly agree with you all that for my part I am perfectly willing to come here at 9 o'clock in the morning and work until 1 and return at 2 and work until 6, and then you can all be satisfied; you can continue your amendments and we can also get through." Of course, no such proposition as that, naturally, met with any consideration.

Mr. BOGGS of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I gladly yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. As a member of the committee does the gentleman feel that the committee has been fair to the other Members of the House? We have been here since November 17 holding sessions, discussing no business and being unable to get any definite idea of what business is coming up, when it will be disposed of, and when we will be able to go back home. Is that a fair way to treat the Members of this House?

Mr. JARMAN. I not only think that my committee has been unfair to the membership of this House but I think it has been unfair to the President of the United States, to the Secretary of State of the United States who led our Armies to a successful conclusion of the war, to our country and to the world. Now, it was known a week ago today that it was impossible to get the bill to the floor until next Monday which, mind you, is the day after the tentative deadline set by Secretary Marshall, but I entertained no idea that there would be absolutely no effort to do so Monday. However, I just became so thoroughly worn out and tired and disgusted on Tuesday that I proceeded to my office to attend to some important matters, and while I was gone, lo and behold, the committee adjourned from Tuesday until next Monday, the day after the dead line set by Secretary Marshall. They did that while riots are occurring in Italy, while strikes are happening in France, while governments change in France, and while the future security of this country and this world literally hangs in the balance. I say to you, my colleagues, that it is my considered opinion after mature thought—and a man would not make a statement such as I am making except after mature thought—that there was no reasonable, statesmanlike, patriotic reason for such unconscionable abdication of duty as resulted from that adjournment from last Tuesday until next Monday, when I assume we will continue this laborious,

boring, unnecessary tweedledee and tweedledum.

What could we have done? We could have done as other committees have done. We could have met Wednesday and we could have met today, and we could have had the bill ready Monday. We could have done as another body did. They were debating that bill Wednesday and I understand they are debating it again today. Oh, it is true that Thanksgiving intervened, and also a football game, but Thanksgiving occurs all over this country and many people attend football games. I do not believe it is customary for the people of the United States to lay down their tools on Tuesday and abandon their work just because Thanksgiving is coming on Thursday and a football game on Saturday. Certainly it is not customary for American citizens who are faced with such a duty as that committee was faced with to quit on Tuesday until Monday because Thanksgiving and a football game were coming. And that happened, Mr. Speaker, only 15 days after the members of that committee had returned from a vacation and only 8 days after the other Members of the House had returned from a vacation. I will admit that for many, especially the members of that committee, it was not much of a vacation, because many of us were diligently trying to ascertain the situation in Europe looking toward this very legislation which was certainly no vacation. But it was a change, and we had been away from Washington, and we had just been back 15 days and 8 days respectively, and that committee quit on Tuesday until Monday, the day after the tentative deadline set by our illustrious Secretary of State, for the passage of a bill which is most important to our country.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Tennessee.

Mr. EVINS. The gentleman has spoken of the tentative date that was set by the Secretary of State. Was not that time set having in mind the conference now in progress in London?

Mr. JARMAN. Exactly. In my opinion, it is very, very unfortunate that without any real reason the deadline has not been met, even the passage of the legislation may occur next week, which the circumstances cause me to naturally seriously doubt.

Mr. BOGGS of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. How does the gentleman account for this strange technique on the part of the committee?

Mr. JARMAN. I want to give you an idea in a minute. I am not sure that I know, but before I proceed I do want to say this, maybe in partial answer to the gentleman's question. Under a Democratic administration 2 or 3 years ago, that committee met not only on the Wednesday before Thanksgiving and not only on Friday after Thanksgiving, but on Thanksgiving Day, to hear the testimony of General Eisenhower. I do not

know whether or not that answers the gentleman's question.

Mr. BOGGS of Louisiana. No; it does not.

Mr. JARMAN. I do not know whether or not this will answer it. The majority leader, at about the time he requested the adjournment of the House from today until next Tuesday, 2 days after the deadline, made the statement that the Committee on Foreign Affairs has been diligently working on this legislation. Do you call what I have described "diligently working on this legislation"? I do not know whether or not that answers the gentleman's question.

Mr. BOGGS of Louisiana. No.

Mr. JARMAN. Maybe I will come to it yet.

I have heard a member of the committee compare the conduct of another body with ours on this matter with glowing pride. I say to you again that I can take no pride and I do not see how any member of that committee or of this House can take any pride in what I regard as a sorry and sordid spectacle.

Mr. BOGGS of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I yield.

Mr. BOGGS of Louisiana. I am just wondering if there is any similarity in the conduct of your committee and my committee. My Committee on Banking and Currency is supposed to be considering the so-called anti-inflation program. We have had several meetings, but we have no legislation before the committee. For several days, we have had members of the Cabinet and other prominent Government officials giving us dissertations on economics which would be quite interesting and very appropriate in a college classroom, but so far as having any relationship to legislation, I can see none. Have you had a similar situation in your committee?

Mr. JARMAN. Exactly, and I think the reason is the same. I will just hint at it in a minute, because I do not want to plainly state what I think it is.

Mr. MACKINNON. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I yield.

Mr. MACKINNON. Do you mean there has been no legislation introduced in the Congress in conformity with the President's proposals and what is contained in his message to the special session of Congress?

Mr. JARMAN. I cannot speak for the gentleman's committee, but there has been no legislation introduced in this House to carry out the President's proposal so far as the Committee on Foreign Affairs is concerned.

Mr. BOGGS of Louisiana. To my knowledge, that is true insofar as the other part of the program is concerned.

Mr. JARMAN. Which also is most unusual.

Mr. McDOWELL. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I gladly yield to the gentleman.

Mr. McDOWELL. Of course, the gentleman will remember that the Committee on Foreign Affairs did not convene the Congress. The Congress was convened by the President of the United States.

Mr. JARMAN. Exactly, and the President of the United States convened the Committee on Foreign Affairs, or at least asked its chairman to convene the committee. The President of the United States is the President of the gentlemen on both sides of the aisle and of the whole country.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. Gladly.

Mr. COX. In the solution of this very grave and troublesome problem which we have in our lap and which means so much to the security of the Republic and to the safety of the world, there is no room for partisan politics.

Mr. JARMAN. Not a bit in the world, sir. I thoroughly agree with you.

Mr. COX. This is an American problem; it is a world problem. Those of us who are giving it our attention in the endeavor to work out a right solution should take particular care to avoid giving it anything of a political complexion. I have not heard the gentleman's full statement, but I think I know how he feels. He regards a quick solution as being most urgent, and still I can see that there are others who, too, have given particular attention to the problem, and who may properly feel that the danger will not be accentuated as a result of taking time in its consideration. However, I do agree with the gentleman that we ought to come to some solution as quickly as possible.

The SPEAKER pro tempore (Mr. JENSEN). The time of the gentleman from Alabama has expired.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent that I may proceed for five additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. JARMAN. I thoroughly agree with the gentleman from Georgia that a matter such as this should not be considered in a partisan way, and I am not making any accusations, except I cannot refrain from saying that as far as I have been able to observe, and I think I have been present at these hearings the whole time because I have not been absent for more than 2 hours all told during this entire tweedledee and tweedledum, I believe, I have observed no Democrat indulging in dilatory tactics.

As to this comparison between the action of the two bodies, instead of feeling proud of our action over here and criticizing the other body, I heartily congratulate the leadership in the other body for what I regard as the excellent way in which the matter has been handled. They have performed an important duty well. I understand they will pass that bill today, 2 days before the dead line tentatively set by Secretary Marshall. I repeat, I congratulate them.

Now, as to Secretary Marshall, I believe 90 percent or more of the people of this country, whether Democrat or Republican, have a very high regard for him. I do not believe that 90 percent of the people of this country believe that Secretary Marshall would come before committees and just frivolously state that the bill ought to be passed by a certain

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 28 (legislative day, NOVEMBER 24), 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz: On page 6, beginning with line 4, strike out to and including line 8 and insert in lieu thereof the following:

1 (h) to permit representatives of the Government
2 of the United States and of the press and radio of
3 the United States, upon their request, to enter such
4 country without delay and freely and fully observe and
5 report regarding the distribution and utilization of the
6 commodities and funds transferred or otherwise made
7 available under this Act, including the special account
8 provided for in subsection (b) of this section.

AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 28 (legislative day, NOVEMBER 24), 1947
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S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 28 (legislative day, NOVEMBER 24), 1947

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AMENDMENT

Proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

- 1 On page 8, line 11, after the period insert the follow-
- 2 ing: "All information received pursuant to undertakings
- 3 provided for by section 6 (d) of this Act shall, as soon
- 4 as may be practicable after the receipt thereof, be reported
- 5 to the Congress."

AMENDMENT

Proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 28 (legislative day, NOVEMBER 24), 1947

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S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 28 (legislative day, NOVEMBER 24), 1947

Ordered to be printed

AMENDMENT

Proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

1 On page 5, line 11, strike out the period and insert in
2 lieu thereof a comma and the following: "and to furnish on
3 March 31, 1948, and each three months thereafter, infor-
4 mation showing—

5 “(1) an itemized list of commodities made avail-
6 able with funds provided under this Act;

7 “(2) the total number of persons who have received
8 commodities or benefits made available under this Act;

9 “(3) the total amount of money received by such

1 country from the sale of commodities made available
2 under this Act and the average price charged per unit
3 for each commodity;

4 “(4) a detailed statement of the disposition of all
5 money and other things of value received from the sale
6 or transfer of any commodities made available under
7 this Act; and

8 “(5) such other information concerning the distri-
9 bution and use of commodities made available under this
10 Act as may be requested by the President;”

AMENDMENT

Proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 28 (legislative day, NOVEMBER 24), 1947

Ordered to be printed

S. 1774

IN THE SENATE OF THE UNITED STATES

NOVEMBER 28 (legislative day, NOVEMBER 24), 1947

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AMENDMENT

Proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, viz:

1 On page 5, line 8, before the semicolon insert a comma
2 and the following: "and to supply each consumer or user of
3 each commodity made available under the provisions of
4 this Act with information printed in the official language of
5 such country stating:

6 " "This product or commodity is a gift to the Govern-
7 ment of ————— by the people of the United States in
8 an effort to prevent suffering by the people of —————
9 because of hunger, starvation, and cold. Payments made

1 by the people of ————— for this product or commodity
 2 will be used for relief and work relief purposes for the
 3 people of ————— until June 30, 1948, including certain
 4 expenses in the furnishing of this assistance. No repayment
 5 will be made by the Government of ————— to the Gov-
 6 ernment or the people of the United States.' (the name
 7 of such country to be inserted in the blank spaces)".

80TH CONGRESS
1ST SESSION

S. 1774

AMENDMENT

Proposed by Mr. KEM to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

NOVEMBER 28 (Legislative day, NOVEMBER 24), 1947

Ordered to be printed

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

Issued December 2, 1947

For actions of December 1, 1947
80th-1st, No. 155

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HIGHLIGHTS: Senate passed interim foreign-aid bill. House committee "informally approved" \$590,000,000 draft of foreign-aid bill. Sen. Watkins inserted his recent statement proposing Government purchase of wheat crops, meat rationing, intensified food conservation, etc. Sen. Canehart submitted and discussed resolution asking Government agencies to encourage production of agricultural commodities in short supply.

SENATE

1. FOREIGN AID. Passed, 83-6, with amendments S. 1774, the interim European-aid bill (pp. 11071-96). Agreed to a Vandenberg amendment providing that commodities distributed shall be marked as being furnished by the U. S. without charge (p. 11079), and a Wherry amendment prohibiting this bill from being deemed to authorize control over prices, production, or allocations in the U. S. (pp. 11085-6).

Sen. Reed, Kans., inserted a letter from the Phillipsburg (Kans.) Business and Professional Women's Club favoring the continuation of European relief through church and civic organizations (pp. 11065-6).

2. FARM PROGRAM; INFLATION CONTROL. Sen. Watkins, Utah, inserted his recent statement proposing a 10-point program to combat the high cost of living, including suggestions for Government purchase of the remaining 1947 wheat crops with control of use; rationing of meat; a six-day work-week; intensified food conservation campaign; completion of western reclamation projects; allocation of steel and coal; extension of export controls where necessary; and restoration of rent controls (pp. 11106-7).

3. EXECUTIVE ORGANIZATION. The Expenditures in the Executive Departments Committee was discharged from further consideration of H.R. 4469, to authorize the Commission on Organization of the Executive Branch to procure the temporary or intermittent services of experts or consultants or organizations thereof, and after discussion consideration of the bill was made the unfinished business (pp. 11096-8).

4. PERSONNEL. The Joint Committee on Reduction of Nonessential Federal Expenditures submitted reports on Federal personnel for the months of July, Aug., and Sept. (pp. 11066-70).

5. TRANSPORTATION. Received from the President a recommendation that the authority for the Maritime Commission to operate, sell, and charter Government-owned

vessels be extended until June 30, 1949. To Interstate and Foreign Commerce Committee. (p. 11079.)

6. NOMINATIONS. Received nominations of John R. Alison to be Assistant Secretary of Commerce, Lawrence C. Kingsland to be Commissioner of Patents, and Joe. E. Daniels to be Assistant Commissioner of Patents (p. 11107).
7. FORESTRY; SOIL CONSERVATION. Received a N.Y. citizen's petition favoring S.J. Res. 142, providing for a congress to draft and recommend a program for conserving forest and soil resources (p. 11065).
8. PRICE CONTROLS. Received N.Y. and N.J. citizens' petitions favoring price controls (p. 11065).
9. ADJOURNED until Thurs., Dec. 4 (p. 11107).

HOUSE

NOT IN SESSION. Next meeting Tues., Dec. 2.

10. FOREIGN AID. The House Foreign Affairs Committee "informally approved the draft bill which provides \$590,000,000 for foreign aid." Meeting on the bill will be continued today. (p. D684.)

BILLS INTRODUCED

11. FARM LOANS. S. 1822, by Sen. Langer, W.Dak., to authorize the Secretary of Agriculture to cancel certain indebtedness in the case of deceased farmers where collection would cause undue hardship to the distributees of the deceased farmer's estate. To Agriculture and Forestry Committee. (p. 11071.)
12. FOREIGN AID; FOOD SUPPLY. S.Con. Res. 35, by Sen. Capehart, Ind., requesting that, in order to assure a sufficient food supply for domestic and foreign-aid purposes, there be an increase of 20% in 1948 acreages used for agricultural commodities and agricultural producers be encouraged to increase 1948 production of agricultural commodities in short supply. To Agriculture and Forestry Committee. Sen. Capehart discussed the measure with other Members. (pp. 11082-5).

ITEM IN APPENDIX

13. ANIMAL RESEARCH. Rep. Woodruff, Mich., inserted James R. Miller's article, "Vivisection: Lifesaver or Fraud" (pp. A4771-2).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Dec. 2: S. Appropriations, foreign aid (Asst. Interior Secy.); H. Banking and Currency, inflation control (Schwellenbach); H. Foreign Affairs, foreign aid (ex.); Joint Committee on Economic Report; Inflation control (grain exchanges); S. Banking and Currency, consumer credit controls; S. Civil Service; postage rates on foreign relief parcels. For Dec. 9 and 10: H. Agriculture, fertilizers.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised routinely, of developments on any particular bill.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HICKENLOOPER (for himself and Mr. WILSON):

S. 1820. A bill to confer jurisdiction on the State of Iowa over offenses committed by or against Indians on the Sac and Fox Indian Reservation; to the Committee on the Judiciary.

By Mr. O'MAHONEY (for himself and Mr. ROBERTSON of Wyoming):

S. 1821. A bill authorizing the conveyance of certain lands in Park County, Wyo., to the State of Wyoming; to the Committee on Public Lands.

By Mr. LANGER:

S. 1822. A bill to authorize the Secretary of Agriculture to cancel certain indebtedness in the case of deceased farmers where collection would cause undue hardship to the distributees of such deceased farmer's estate; to the Committee on Agriculture and Forestry.

S. 1823. A bill for the relief of Wilhelm Joseph Zumsteg; to the Committee on the Judiciary.

By Mr. PEPPER:

S. 1824. A bill to amend the Department of Justice Appropriation Act, 1948, by removing a limitation contained therein upon overtime compensation of employees of the Immigration and Naturalization Service; to the Committee on Appropriations.

S. 1825. A bill to provide for judicial review of determinations by the Administrator of Veterans' Affairs as to certain claims for pensions and compensation for disability or death; to the Committee on the Judiciary.

S. 1826. A bill to eliminate the requirement of the so-called pauper's oath by applicants for certain benefits provided by laws administered by the Administrator of Veterans' Affairs, and for other purposes; to the Committee on Labor and Public Welfare.

(Mr. O'MAHONEY introduced Senate Joint Resolution 160, authorizing the compilation and publication of The Freedom Book, which was referred to the Committee on Rules and Administration, and appears under a separate heading.)

COMPILATION AND PUBLICATION OF THE FREEDOM BOOK

Mr. O'MAHONEY. Mr. President, I ask unanimous consent to introduce for appropriate reference a joint resolution. The purpose of this resolution is to make available to the people of the United States, the Members of the Senate and of the House, a compilation and publication entitled "The Freedom Book." There has never been, throughout the history of the country, so complete a compilation of the documents concerned with the history of our Government, and if anyone should doubt—and I doubt that anyone would—the loyalty of the masses of the people of America to the principles of human freedom upon which this Government was founded, that doubt certainly would be dispelled by the attendance which has greeted the Freedom Train throughout the 48 States.

The American Heritage Foundation, which sponsored the train, and the Attorney General of the United States, who also contributed greatly to its journey, are to be congratulated on the work they did.

This joint resolution would make those documents available in a single volume for complete and thorough distribution throughout the United States.

There being no objection, the joint resolution (S. J. Res. 160), authorizing the compilation and publication of The Freedom Book, introduced by Mr. O'MAHONEY, was received, read twice by its title, and referred to the Committee on Rules and Administration.

AMENDMENT OF NATIONAL HOUSING ACT—AMENDMENT

Mr. TOBEY submitted an amendment intended to be proposed by him to the bill (S. 1770) to amend the National Housing Act, as amended; which was ordered to lie on the table and to be printed.

ABRAHAM LINCOLN—COMMENT BY HENRY J. ALLEN

Mr. CAPPER. Mr. President, I send to the desk an article entitled "If Abe Lincoln Lived Today," from the bulletin published by the Friends of the Public Schools. The article contains a comment of Hon. Henry J. Allen, former Governor of Kansas and Senator from Kansas, concerning Abraham Lincoln.

I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IF ABE LINCOLN LIVED TODAY

Former Governor of Kansas Henry J. Allen recently had the following comment to make about Abraham Lincoln, according to the New Mexico Freemason:

"Had Abraham Lincoln been living today: The Rotary Club would supply him with a set of books. The Lions Club with a good reading lamp. The Cosmopolitan Club with writing equipment. The Kiwanis Club with a wooden floor for the cabin. He would have the protection of the child labor law and Government old-age insurance. A kindly philanthropist would send him to college with a scholarship. Incidentally, a case worker would see that his father received a monthly check from the county. The OPA would reduce his rent by 50 percent. He would receive a subsidy for rail splitting; another one for raising some crop he was going to raise anyway, and still another subsidy for not raising a crop he had no intention of raising. Result: There would have been no Abraham Lincoln."

RADIO REPORT TO THE PEOPLE BY SENATOR O'DANIEL

[Mr. O'DANIEL asked and obtained leave to have printed in the RECORD an address by him in the form of a "Report to the people," broadcast on September 4, 1947, which appears in the Appendix.]

APPOINTMENTS TO THE BENCH—EDITORIAL FROM THE AMERICAN BAR ASSOCIATION JOURNAL

[Mr. WILEY asked and obtained leave to have printed in the RECORD an editorial relating to the selection of judges, from the American Bar Association Journal, which appears in the Appendix.]

THE CRISIS IN AMERICA'S AVIATION INDUSTRY—ARTICLE BY ANSEL E. TALBERT

[Mr. MAYBANK asked and obtained leave to have printed in the RECORD an article relating to the crisis in America's aviation industry, by Ansel E. Talbert, from the New York Herald Tribune of November 30, 1947, which appears in the Appendix.]

CALL OF THE ROLL

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	O'Daniel
Baldwin	Hickenlooper	O'Mahoney
Ball	Hill	Overton
Barkley	Hoey	Pepper
Brewster	Holland	Reed
Bricker	Ives	Revercomb
Brooks	Jenner	Robertson, Va.
Buch	Johnson, Colo.	Robertson, Wyo.
Bushfield	Johnston, S. C.	Russell
Butler	Kem	Saltonstall
Byrd	Kilgore	Smith
Cain	Langer	Sparkman
Capehart	Lodge	Stennis
Capper	Lucas	Stewart
Chavez	McCarthy	Taft
Connally	McClellan	Taylor
Cooper	McFarland	Thomas, Okla.
Cordon	McGrath	Thomas, Utah
Donnell	McKellar	Thye
Downey	McMahon	Tobey
Eaton	Magnuson	Tydings
Ellender	Malone	Umstead
Ferguson	Martin	Vandenberg
Flanders	Maybank	Watkins
Fulbright	Millikin	Wherry
George	Moore	White
Green	Morse	Wiley
Gurney	Murray	Williams
Hatch	Myers	Wilson
Hawkes	O'Connor	Young

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES] is unavoidably detained.

The Senator from Idaho [Mr. DWORSHAK] is absent because of a death in his family.

The Senator from California [Mr. KNOWLAND] is necessarily absent.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent because of illness in his family.

The Senator from Nevada [Mr. McCARRAN] is absent on official business.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDING OFFICER (Mr. CAIN in the chair). Ninety Senators having answered to their names, a quorum is present.

INTERIM EUROPEAN AID PROGRAM

The Senate resumed the consideration of the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

Mr. VANDENBERG. Mr. President, I want to proceed immediately, if possible, finally to perfect to bill for amendments. I should like to hesitate just long enough to make the following brief preliminary statement:

I express the earnest and prayerful hope that the Senate may now speedily conclude its consideration of this authorization bill.

What we do here involves something more than funds and commodities to keep the peoples and the freedoms of

western Europe alive this winter. It fundamentally involves the maintenance of morale against the forces of disintegration which seek to wreck these objectives.

This morale confronts particularly bitter challenge at the current moment.

Therefore, since I dare to believe that the Senate intends to pass the bill by overwhelming roll-call majority—for better or for worse—I respectfully suggest that, for the sake of western Europe's morale, which is under particularly critical pressure at the moment, we can serve our own objectives best—we can get the most freedom for our money—by acting now with vigor and dispatch.

If we are not going to this particular fire, let us say so and have done with it.

If we are going to this particular fire, let us go before it becomes a conflagration.

In that spirit, Mr. President, having sought, I am sure all Senators will agree, to provide the widest possible latitude for both debate and amendment, I am again urging that we undertake to conclude the measure this afternoon, if possible.

The only amendments on Senators' desks at the moment are those submitted by the able Senator from Missouri [Mr. KEM]. He has four amendments pending. After a careful canvass of them, I think I can say that three of them are without objection. I suggest that we call up those upon which we can agree first, and get them out of the way. Therefore, I will ask the Senator to call up his amendment lettered C.

Mr. KEM. I move immediate consideration of amendment C.

Mr. VANDENBERG. I suggest the clerk report the amendment.

The PRESIDING OFFICER. The clerk will read the amendment.

The LEGISLATIVE CLERK. On page 8, line 11, after the period, it is proposed to insert the following:

All information received pursuant to undertakings provided for by section 6 (d) of this act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Missouri.

Mr. VANDENBERG. I think there is no objection to the amendment.

The amendment was agreed to.

Mr. VANDENBERG. I now ask the Senator to call up his amendment lettered B.

Mr. KEM. I ask immediate consideration, Mr. President, of the amendment lettered B.

The PRESIDING OFFICER. The clerk will read the amendment.

The LEGISLATIVE CLERK. On page 5, line 11, it is proposed to strike out the period and insert in lieu thereof a comma and the following:

And to furnish on March 31, 1948, and each 3 months thereafter, information showing—

(1) an itemized list of commodities made available with funds provided under this act;

(2) the total number of persons who have received commodities or benefits made available under this act;

(3) the total amount of money received by such country from the sale of commodities made available under this act and the average price charged per unit for each commodity;

(4) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this act; and

(5) such other information concerning the distribution and use of commodities made available under this act as may be requested by the President.

Mr. VANDENBERG. Mr. President, if the Senator from Missouri will permit me, it seems to me that this is simply spelling out the essential information to which Congress is entitled, and which I should have anticipated Congress would have received anyway; but I have no objection to spelling it out.

Mr. BARKLEY. Mr. President, may I inquire—

Mr. VANDENBERG. If I may continue just a moment, I would merely ask the Senator—one question about his amendment, on page 1, in line 3. When he is asking for reports on March 31, 1948, and each 3 months thereafter, inasmuch as the entire legislation will expire on March 31, 1948, what does the Senator have in mind in respect to subsequent reports? Would it not be preferable to eliminate the words "and each 3 months thereafter"?

Mr. KEM. I think perhaps that point is well taken.

Mr. VANDENBERG. I suggest the amendment be changed in that aspect.

Mr. BARKLEY. Mr. President, in that connection, it is obvious that the total number of commodities and the description of the commodities cannot be known on the 31st of March. Those facts would have to be gathered after the last day of the operation of the act, so that it seems to me the information should be furnished on March 31, 1948, "or as soon thereafter as practicable," because the information is presumed to carry to the end of the operation of the law itself.

Mr. VANDENBERG. I think the Senator's point is well taken. With the approval of the Senator from Missouri, I suggest that we substitute for the words "and each 3 months thereafter" the words "or as soon thereafter as practicable."

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

Mr. VANDENBERG. I now ask the Senator from Missouri to call up his amendment lettered D, and, before the clerk reads it, I want to make a statement about it. I have discussed the matter with the Senator, and I think he agrees to the course I am about to suggest. Since his amendment was presented, subsection (h) has already been amended by the amendment submitted by the junior Senator from Michigan. Therefore, the amendment in the particular form submitted does not fit into the language as it now stands. In the

first place, since the amended section has already been adopted, I ask unanimous consent for reconsideration of the vote by which the amendment was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote will be reconsidered.

Mr. VANDENBERG. I wrote out the amendment, in agreement with the Senator, and I am reading it only because I fear he could not read my writing. What the Senator is undertaking to do is to add the representatives of the press and radio of the United States to those representatives of the United States who shall be given full and free opportunity to make essential observation in connection with the enterprise. He has agreed that this is done by amending the amended section, by adding after the language in parentheses, which describes the various agencies of the Government that are to be admitted, the following language:

And representatives of the press and radio of the United States, upon their request, to enter and freely and fully observe—

That accomplishes the Senator's purpose and preserves the previous Senate amendment.

Mr. KEM. "Observe and report."

Mr. VANDENBERG. Those words are already in the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment submitted by the Senator from Missouri [Mr. KEM].

The amendment to the amendment was agreed to.

The amendment as amended was agreed to, as follows:

(h) to permit representatives of the Government of the United States (including members of the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House, the Senate Appropriations Committee, and the House Appropriations Committee, or their authorized representatives) and representatives of the press and radio of the United States, upon their request, to enter and freely and fully observe and report regarding the distribution and utilization of the commodities and funds transferred or otherwise made available under this act, including the special account provided for in subsection (b) of this section.

Mr. HICKENLOOPER. Mr. President, will the Senator from Michigan yield to me so I may ask the Senator from Missouri a question?

Mr. VANDENBERG. I yield.

Mr. HICKENLOOPER. I merely raise this question in connection with the amendment just acted on. Does the amendment contemplate that any representatives of any press organization or radio station in the United States, regardless of its size or regardless of the extent of its representation, will be granted authority to go and observe, upon request of that alleged representative? I am in theory in agreement with what the Senator from Missouri is trying to do, but I could envision a great many abuses on the part of a considerable number of individuals who are alleged representatives of some press group or some organization that is of no particular size, and which has practically no interest in the matter.

Mr. VANDENBERG. Will the Senator from Missouri permit me to answer that question?

Mr. KEM. Yes.

Mr. VANDENBERG. I suggest to the Senator from Iowa that all these subsections are subordinate to the original language in section 6. I refer to the requirements that are to be written into the bilateral agreements. In each instance all these lettered subsections are subordinate to the requirement that these agreements shall be made in such detail as practicable.

Mr. HICKENLOOPER. Well, if the Senator will yield further, I merely suggest that I do not want to cut off adequate and full examination by the press and radio, but I could envision, if the provision were a mandatory one, that perhaps, under certain circumstances, a vast horde of people, who might do nothing but confuse the administration of the act, would ask to be permitted to observe.

Mr. VANDENBERG. I think there is ample latitude provided in the language of the section.

Mr. KEM. Mr. President, I should like to say, in that connection, that so far as I am concerned it seems to me that any representative of press or radio who had sufficient interest in the enterprise to go abroad and make an effort to observe the expenditure of these funds should be permitted to do so. I do not think there ought to be any picking and choosing as to what representatives can go and what representatives can observe. It seems to me that the case is one which calls for pitiless publicity.

Mr. HICKENLOOPER. I merely raised the point based upon experience, Mr. President, if the Senator from Michigan will further permit me. I know there was a substantial number of individuals alleged to be representatives of the press who a year ago this past summer went to the South Pacific to witness the atom bomb test, and it later developed that the connection of many of them with the press was very doubtful indeed, and the legitimacy of their representation could have been questioned. They were mostly there in their individual capacities. I do not mean most of the individuals who were present, but most of the few who came in this category represented themselves as being representatives of the press, and that later became somewhat questionable.

Mr. KEM. I take it that when the Senator says "representatives of the press and radio" he means bona fide representatives of the press and radio.

Mr. VANDENBERG. Yes. Now, Mr. President, I suggest that the Senator from Missouri call up his fourth and last amendment, and that it may be stated.

Mr. KEM. Mr. President, I call up my amendment lettered A.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 5, line 8, before the semicolon, it is proposed to insert a comma and the following:

And to supply each consumer or user of each commodity made available under the provisions of this act with information

printed in the official language of such country stating:

"This product or commodity is a gift to the Government of ——— by the people of the United States in an effort to prevent suffering by the people of ——— because of hunger, starvation, and cold. Payments made by the people of ——— for this product or commodity will be used for relief and work relief purposes for the people of ——— until June 30, 1948, including certain expenses in the furnishing of this assistance. No repayment will be made by the Government of ——— to the Government or the people of the United States." (The name of such country to be inserted in the blank spaces.)

Mr. VANDENBERG. Mr. President, if the Senator from Missouri will listen to me for just a few moments, I am persuaded that I can prove to him the inadvisability of his amendment, and I think he will be the first to concede the point in the presence of the facts I am about to present.

I completely share the feeling of the able Senator from Missouri that his objective is indispensable. I recognize with him that under UNRRA the distribution of American supplies often became a reproach and an outrage due to the failure to identify the source of the American generosity. That is one of the reasons why we abandoned UNRRA and went into the new post-UNRRA relief program which is now in operation. I have said several times in this debate that the post-UNRRA administration has caught up with most of the mistakes that were made by UNRRA; that we have substantially overtaken those errors and capitalized upon that experience. This is particularly true in the area of action to which the Senator's amendment is addressed. I want to prove that to the Senator, because my point against his amendment is not addressed to its objective; it is that it would be most unfortunate to try to write one formula which becomes a strait-jacket in respect to the method of notification to the beneficiaries of this aid.

I want to show the Senator and the Senate what is being done by way of current publicity, and I think the entire Senate will be very happy to contemplate the results, because it seems to me that a tremendously effective and conclusive job is being done in connection with it. I have available a very high pile of exhibits on this subject. I am content to offer the Senator from Missouri and my colleagues a few typical examples to show what is being done.

In Trieste, for instance, this placard which I exhibit appears at every ration station, and this language at the top, in Italian, says:

Mission of help from United States for Trieste.

This placard appears at every small distribution point. But that is not all. Every ration card has on it precisely the same statement regarding the source of aid from the United States. That is precisely the thing the able Senator from Missouri wants done.

Mr. KEM. Would the Senator be kind enough to read or translate the language appearing on the card?

Mr. VANDENBERG. I do not think it would aid either the Senator from Missouri or the Senator from Michigan if I were to try to read the language or try to translate it.

Mr. KEM. Does the Senator have the translation?

Mr. VANDENBERG. I will tell the Senator what I am told it says. The language on the card is substantially the same language as on the placard. The language on the placard is "Mission of help from United States for Trieste." The language on the ration card is "Assistance from the United States of America."

Mr. KEM. The point I had in mind, if the Senator will bear with me, is that I am interested to know whether it says that it is a free-will gift from the American people for which they do not expect to be paid.

Mr. VANDENBERG. Let me proceed. It does not say that in detail, but it makes the presentation I have indicated. I am told that arrangements have now been completed so that the new ration books being distributed at the present time carry an imprint indicating clearly that all basic supplies distributed under the ration plan are furnished by the United States. In addition, retail outlets are to display signs attesting to the same fact. The trucks carrying United States relief supplies from point to point are marked with small signs indicating that the supplies are a part of United States shipments. The Senator will agree with me that this is great progress in the direction in which he seeks to proceed.

Let me give another exhibit. We heard the other day, and we have heard many times, about the Russian wheat ship, the one lone Russian wheat ship which arrived in Marseilles and was greeted with great publicity, and that despite the fact that American shipments had been received without any identification whatever. That was the old UNRRA procedure. I want to show how the system operates now.

Mr. REVERCOMB. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. I yield.

Mr. REVERCOMB. The Russian wheat ship, to which the able Senator refers, did not carry a gift of wheat from Russia to France, did it?

Mr. VANDENBERG. No, indeed.

Mr. REVERCOMB. It was a sale.

Mr. VANDENBERG. Yes.

Mr. REVERCOMB. Under a plan for the purchase of Russian wheat, and under an arrangement with the French Government.

Mr. VANDENBERG. That is true.

Mr. REVERCOMB. It was quite a different arrangement from that proposed in connection with the pending bill.

Mr. VANDENBERG. Yes. We went over the subject in the Senator's absence, and the facts are as indicated.

Mr. REVERCOMB. The Senator understands that my absence was necessary, as explained at the time.

Mr. VANDENBERG. I am sure that the Senator's absence would always be necessary.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. YOUNG. Does the Senator have information as to how the program is being carried on in Greece?

Mr. VANDENBERG. I will come to that subject in a moment, if the Senator will bear with me while I proceed with a few of these exhibits.

Mr. YOUNG. My information is that a very poor job was being done of explaining to the people of Greece that the food and other materials were coming as a gift. However, I understand that a better job was being done in other places.

Mr. VANDENBERG. Referring to another exhibit about which we have heard so much, I totally agree with the Senator from West Virginia that it was sheer camouflage in respect to the story it presumed to tell, because it was not relief at all. It was a barter job. But the point was made that whenever anything came from Russia, it was greatly underscored, and that when anything came from America the source was ignored. I am saying again that this unfortunate practice has been overtaken.

I have before me a picture of the ceremony when the first relief coal reached Italy. Instead of the sordid thing that heretofore has occurred, without any identification whatever of American generosity, in this instance the ship was greeted by the American ambassador, Hon. James Clement Dunn, and by Count Sforza, the foreign minister of Italy. I have here a picture which shows the American Ambassador presenting the first piece of coal from the ship to the Italian Foreign Minister. The entire ceremony was in the newsreels throughout Italy, and was on the Italian radio. That represents the difference between what goes on now and what went on before.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. I should like to tell the Senator what he probably already knows, that that same procedure was carried out in several Italian port towns. The same procedure was followed in order to publicize America's gift to the Italian people.

While I am on my feet I should like to say that I believe that Mr. Dunn, our Ambassador in Italy, has done the best job of any of our foreign representatives in publicizing to the recipient people the methods and the generosity of the American people toward those stricken countries.

Mr. VANDENBERG. I thank the Senator. I think his compliment to Ambassador Dunn is justified.

In respect to radio broadcasts in Italy, the arrival of all relief ships, and particularly the distribution of streptomycin and the project for supplementary feeding of children in schools and kindergartens, have been covered in detail by radio throughout the operation. The newsreels, as the Senator from Maryland indicates, have covered the arrival of all relief ships. The intention is to cover the arrival of the one hundredth relief ship with a proper ceremony. But meanwhile all the arrivals of relief ships are

being noted on the Italian radio, in the Italian newsreels, and in the Italian press.

So far as labeling is concerned, necessary arrangements have been made, for example, so that the cases of evaporated milk earmarked for free distribution shall be marked with this label:

This is a gift from the American people to the Italian people.

This is similar to the label used on cases of soap which were also being distributed free.

This is an interesting point which bears upon the Senator's point of view: Arrangements have been made for publicity to appear on monthly gas bills. The National Association of Gas Industrialists has complied with the request that a notice be introduced in all gas receipts. Therefore, as of October 1947, on all receipts there is printed or stamped the following:

The gas which you are using is produced from coal donated by the United States to Italy. The coal is sold and the proceeds are expended for Italian aid.

With the afore-mentioned association are affiliated three-quarters of the Italian gas concerns, issuing about 1,400,000 receipts a month to an equal number of consumers.

I could go on indefinitely with these exhibits, but I respectfully submit that I have said enough to indicate the sharp revolution in methods of publicity which has occurred as the result of the reorganization of the relief program.

This is a very interesting exhibit: A Gallup poll was taken in the American zone of Vienna. The question was, "What percent of the food being used by the Austrians do you think is furnished by the Americans?" The correct answer was between 45 and 50 percent on the basis of calories, but the answers showed that 1,245 out of 1,362 persons sampled in the typical Gallup cross-section method thought we were furnishing more of the goods than we actually were, which would indicate that there is no breakdown at that point in our publicity.

Mr. President, the Senator from North Dakota [Mr. Young] spoke of Greece. I have no direct testimony in connection with Greece, because Greece is not involved in the bill. I was dealing at the moment with the subject in hand. However, I have before me an album of pictures showing the ceremonies of blessing of the first food shipments to arrive in Greece under the United States foreign relief program for 1947. The pictures show that these ceremonies occurred at every port whenever the relief supplies arrived. Whether or not the program in Greece has gone to any such extent, in respect to publicity, as it has in Italy, Austria, and Trieste, I am not able to say, but I shall be glad to show this exhibit to the Senator for whatever it is worth.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. YOUNG. While in Greece the Appropriations Committee, of which I am a member, had a long discussion with our officials. The subordinates of Governor Griswold contended that it was not possible to label goods in the manner in

which other countries were doing it. They were labeling them as gifts. After a long discussion and a hot argument with Governor Griswold's staff, they agreed to follow this program. As to why they did not do it before I do not know. I do not think there was any excuse for not doing so. I believe that it is highly important to label everything as a gift from the United States. The Communists say, "The United States is furnishing the goods, but they are charging too high prices." I think it is highly important to get the truth down to the consumers, the poor people who do not have access to a great deal of news.

Mr. VANDENBERG. I do not believe that any Member of the Senate disagrees with the able Senator from North Dakota. I reassert that the objective of the bill, under the language already in it, is to approach that ideal in every practical degree. The exhibits which I have been submitting are simply for the purpose of sustaining my belief that we are making tremendous practical progress in this direction.

I want very briefly to state why I think it would be unfortunate to proceed in the fashion indicated by the amendment submitted by the Senator from Missouri, and I am hopeful that he will agree with me that those who are administering this program have demonstrated their right to our confidence in undertaking to achieve the results which he would seek.

The amendment submitted by the Senator from Missouri would require definite and specific language to be used in respect to all the notifications. I respectfully submit that it is not advisable to undertake to write one formula to be covered in respect to all these gifts. I will make that point further plain by pointing to the latter part of the Senator's amendment in which he would have the standard notices read as follows:

Payments made by the people of ----- for this product or commodity will be used for relief and work-relief purposes for the people of ----- until June 30, 1948—

In the first place, the date is wrong, because the proposed act will expire March 31, 1948—

including certain expenses in the furnishing of this assistance.

Under the plan which is now contemplated, the trust funds which are accumulated as the result of the deposit of local currencies we hope are going to be used in a number of fashions which the Senator has not identified. It is the hope that the funds can be used for local publicity purposes in local radio and news avenues, which would achieve in emphasized fashion the precise result which the Senator wants accomplished; and yet, under the language of the notice as he would have it written, we would be precluded from exploring that area or moving in that direction.

Furthermore, Mr. President, I do not think it is practical, in a complex publicity problem of this nature, for Congress to try to say in one formula what the language should be in respect to notification of our generosity, or of the fact that the United States is the source of the supplies.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Texas.

Mr. CONNALLY. Does not the Senator from Michigan and, I hope, the Senator from Missouri, realize that it would be better psychology for us not to undertake to make that personal contact? Let it be accomplished either through agreements we make with the recipients, or through the French, or whatever other agency is distributing relief. It would have a much better effect coming from those sources than it would coming from us, because otherwise it would appear we were impressing it upon them from our standpoint.

Mr. VANDENBERG. I think the Senator from Texas is wholly correct. I think it is possible to overdo this business of forcing upon the beneficiaries of our grace a too personal and direct acknowledgement of the fact. I think we may rob the gift of much of its ultimate advantage.

Furthermore, I make this point to my friend from Missouri, that if it is desired to be more specific in connection with the general requirement of the law for a publicity program, the place to do it is in the bilateral agreement between the beneficiary government and the Government of the United States, in the face of what seems to me to be a very practical difficulty in doing precisely what the Senate proposes. In view of the demonstration I have given the Senate that the administrative forces of the Relief Act are making tremendous progress in the direction of achieving the result which the able Senator from Missouri seeks, I wonder if he would not be content to accept a batting average of 750 percent out of 1,000 this afternoon, and leave the development of this idea to the bilateral agreements that shall be written.

Mr. REVERCOMB. Mr. President, will the Senator yield for a moment?

Mr. VANDENBERG. I yield.

Mr. REVERCOMB. Before the able Senator persuades the Senator from Missouri, I should like to put a question. The Senator has said with some force that there should not be merely a statement prescribed in the bill. Let me ask the able Senator if there is any provision that requires placing a printed statement upon any package of relief goods sent to other countries, that is, requires it to be stated in some language.

Mr. VANDENBERG. I will read section 8 of the bill to the Senator:

SEC. 8. All commodities made available pursuant to this act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States.

Mr. REVERCOMB. Let me say to the able Senator that I recall a very recent meeting in London where that very question was raised, that of the billions of dollars that have been sent into Europe for relief there was a sad lack of under-

standing on the part of the people who received the relief that it came from this country. Thereupon someone said that the Congress had been at great fault in cutting appropriations to broadcast messages abroad. I feel that we do not want to take a step here which will lead us into such a situation that someone may say that we must appropriate more money for foreign broadcasts. We should do all we can to convey to the recipients of these gifts the knowledge that they are the gifts of this country in order to help to feed them. I think any measure we can take to impress that upon them, even though we have to specify it in the bill, is in keeping with what is wanted by the Senator from Michigan, as well as many other Senators. So anything we can add to the bill that will definitely carry through the idea of conveying the facts to the people who receive the goods would be a good addition to the bill.

Mr. VANDENBERG. I welcome the Senator's statement. I agree entirely with his objective. I simply reiterate—and with this I am through—that I think to attempt to write one standard publicity formula into the bill, particularly in the language indicated, which certainly is inadequate to the situation, would not be to encourage the result sought by the able Senator from West Virginia, but would be distinctly to curtail it, because, under the language of the amendment as proposed, the local trust funds could not be used for publicity purposes. An effort will be made to work something out with respect to local newspapers and the local radio in that aspect of the matter.

Mr. REVERCOMB. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. REVERCOMB. How does the amendment of the Senator from Missouri exclude in any way the use of other means to convey the same information to the recipients?

Mr. VANDENBERG. Because it undertakes to say to each recipient that the payment made will be used for relief and certain relief purposes, including certain expenses in the furnishing of the assistance. That would mean exclusively the administration of relief.

I am merely indicating the possibility of the Senate of the United States—and I say it with the greatest respect—having wit enough to anticipate all the various circumstances that will be involved in connection with the necessity of obtaining adequate publicity. I do not think we can anticipate the subject sufficiently to say, "This is the way you must do it." I fail to see the necessity of the provision in view of the fact that we have clear evidence of the thoroughly explained and often ingenious progress which is being made in connection with the present administration of relief.

Mr. REVERCOMB. That is the very question which has been raised here, that in the past, whatever may happen now, judging from the exhibits offered by the able Senator from Michigan, we have heard time and time again that it is advisable to make known to the recipients the fact that the gifts have come from this country. That is the reason why I endorse any step that will help convey

to them the true fact that the goods are coming from this country.

Mr. CORDON. Mr. President—

Mr. VANDENBERG. I yield to the Senator from Oregon.

Mr. CORDON. Mr. President, I am one of those who believe that we have utterly failed in our attempts to let the people of Europe know that the relief we have been furnishing to them has come to them without charge so far as the people of the United States or the Government of the United States is concerned. They do not know it. In Austria a plan much like that indicated or outlined in the amendment now being considered by the Senate has been followed—and successfully so, according to such information as we were able to gain during the short time we were in that country. The bill without any such amendment does not require, anywhere in it, so far as I have been able to determine, that any information be given to anyone that the commodity or product furnished by the United States is furnished without charge. In the bill two provisions on that subject appear, the one read by the distinguished Senator from Michigan being section 8, on page 6. I shall advert to it first. That section provides that—

SEC. 8. All commodities made available pursuant to this act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States.

I wish to call particular attention to the closing word of the section, namely, "have been furnished or made available by the United States."

Mr. President, we recall that in the debate on the pending bill the statement was made, and correctly so, that Argentina had furnished wheat to some of the countries of Europe at \$5 a bushel. Last year Russia furnished a shipload of wheat—approximately 400 tons of wheat—to France, and it was received with fanfare and with the waving of flags, but France paid for it at the going American price, in American dollars. How, then, will the ordinary, garden variety of person understand that there is any difference, so far as the wheat or the bread that is made from it is concerned, as between wheat which comes from the United States free, as a gift, and wheat which comes from Argentina at \$5 a bushel, and wheat that is sent from Russia and is paid for at the American rate?

Mr. President, if the bill can be properly amended so as to accomplish that purpose without the inclusion of specific language such as that suggested by the distinguished Senator from Missouri, I should prefer that that be done. I should like to have the language as general as possible. But if there be added to section 8, which I have just read, words indicating that the commodity furnished or made available by the United States was thus furnished or made available without charge by the

United States, such a provision would be adequate. However, no such provision is presently contained in the bill.

Again, on page 5, in subsection (c) of section 6, there is a requirement of the country receiving such aid—

(c) to give full and continuous publicity within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available by the United States under this act.

Unless we read into the word "purpose" a statement that the commodities are made available without charge, again there will be no requirement that any notice be given that this wheat or petroleum or other commodities are given to that country by the United States as a gift. I think that is the essential information which everyone wants all persons in those countries to have, if it can be given to them.

Therefore, Mr. President, I suggest that we amend section 8 so as to make it require that the stamp put on the commodities shall carry, in addition to the information that the commodities have been furnished or made available by the United States, the further information that they have been made available as a gift or without charge. Either term would be adequate. Something of that sort should be included.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. YOUNG in the chair). Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. In that connection, Mr. President, it should be stated that in the hearings and during the committee's consideration at least a hope was held out that we might obtain some strategic materials of which we are short, as part compensation for the amount of money we are making available.

We might brush off that hope, and simply say that we are not going to get anything, however small the amount might be, in the way of strategic materials needed by the United States; but still there has been lingering in the minds of most of those of us who worked on this bill in the committee the possibility that we might get something in the way of strategic materials which we need in this country and which we do not produce, in return for this gift or the availability of these funds.

If we include in the bill an amendment in the language of that suggested by the Senator from Missouri or in the language which has been suggested by the Senator from Oregon, we completely liquidate any hope of getting anything either by way of strategic materials or in any other way. Perhaps we shall not get anything, anyhow; but one of the reasons why the committee did not include a provision to the effect that the commodities furnished be labeled as an outright gift, so as to close all possibility of reimbursement in any form, was the hope that in this way there might be some possibility of recovery in part by way of obtaining the strategic materials we need.

Mr. VANDENBERG. Mr. President, what the Senator has been saying under-

scores the idea that we were leaving broadly to the terms of these bilateral agreements the uses to which these accumulated currency funds could be put, and we were leaving it liquid because we are not as yet able completely to anticipate the possibilities. I am not at all sure that anything can be done in the way of acquiring strategic materials, under the short-range plan.

Mr. BARKLEY. Possibly not.

Mr. VANDENBERG. I think that comes under the long-range plan.

Mr. BARKLEY. That may be, but in our minds it was not completely eliminated as a possibility under the short-range plan.

Mr. VANDENBERG. I say to the Senator from Oregon that I should like to change this language so as to meet his point of view substantially, but in attempting to do so I found myself facing this situation: Suppose we were to say in line 23 that "such commodities have been furnished without charge by the United States."

And suppose we did charge the cost of local administration to the fund containing the local currency. Would the Senator think we were still entitled to say that the commodities were furnished without charge by the United States?

Mr. CORDON. Mr. President, it occurred to me that if the United States does not receive payment for the commodities, they are furnished free of charge, so far as the mechanics of furnishing them are concerned. They have purchased the materials.

Mr. VANDENBERG. If that is so. I do not know whether it is so or not.

Mr. CORDON. That is merely one man's judgment, Mr. President. It may not be so.

Mr. VANDENBERG. I think an argument can be made in behalf of the Senator's point of view. If that point of view is valid I should have no objection, as far as I am personally concerned—and I ask the Senator from Missouri to follow this—to changing the language on page 6, in line 17, so as to read:

All commodities not furnished on terms of repayment in dollars.

Because we have to make one exception at the point where it is entirely possible, for instance, that cotton will be reimbursable, it is necessary to have the saving clause at that point, so it would then read:

All commodities which are not furnished on terms of repayment in dollars, made available pursuant to this act—

And so forth. Then, in line 23:

That such commodities have been furnished without charge or made available by the United States.

Mr. CORDON. Will it not be better, Mr. President, to say, "have been furnished or made available without charge by the United States"?

Mr. BARKLEY rose.

Mr. VANDENBERG. What does the Senator from Kentucky think?

Mr. BARKLEY. I do not think the chance of getting any strategic materials in this short period is great enough to

cause us to worry very much about the language of this particular bill, so I should have no objection to that amendment, so far as I am concerned personally.

Mr. VANDENBERG. May I ask the Senator from Missouri if we might not agree on that as a happy settlement of this situation?

Mr. KEM. If I may make a suggestion to the Senator from Michigan, it is that in addition to the language he has used there be added "by the people of the United States, in an effort to prevent suffering by the people of 'blank' because of hunger, starvation, and cold." In other words, it seems to me we should bring home to the recipient of our gift the fact that it is a free-will gift, in a humanitarian sense, that it is made with the purpose of relieving actual want on the part of the people.

Mr. VANDENBERG. Will the Senator repeat his language?

Mr. KEM. The language is in the amendment.

Mr. VANDENBERG. "Made available without charge"—

Mr. KEM. "By the people of the United States, in an effort to prevent suffering by the people of 'blank' because of hunger, starvation, and cold."

Mr. VANDENBERG. We can leave out "by the people of 'blank'." That is a rather difficult legislative procedure.

Mr. KEM. "In order to prevent suffering because of hunger, starvation, and cold."

Mr. VANDENBERG. I would have no objection to that, if we could settle on that basis.

Mr. KEM. I should be glad to accept that language.

Mr. FERGUSON rose.

Mr. VANDENBERG. Did the junior Senator from Michigan want to say something?

Mr. FERGUSON. I merely desired to ask a question. I wanted to know whether or not the bill specifically provided that the President, in the agreements with recipient countries, could at his option either give the relief or make a loan, as he might desire. Is that clear in the bill?

Mr. VANDENBERG. Oh, no; there is no option at all. Every commodity shipped under the bill will be covered by a deposit of local currency. That is the standard procedure covering the entire operation, unless the commodity has been furnished on terms of repayment in dollars.

Mr. FERGUSON. Then how can we say that it is a gift?

Mr. VANDENBERG. Because it is a gift in fact, inasmuch as it is required that the local currency fund shall be used for the benefit of the beneficiary country. The only point at which I reserve a doubt on the subject—and I call this to the attention of the Senator from Oregon—is that we have textually permitted Congress to pass upon what is done with the unencumbered balance of the local currency fund at the end of the enterprise. Would that, in the Senator's judgment, affect the language we are now attempting to perfect?

Mr. CORDON. Mr. President, I cannot express an opinion on that at the

moment, because there has been an amendment, which I do not have before me, of the portion of the text adverted to by the Senator from Michigan. The wording of the bill has been amended, and I should have to see the amendment before I could express any opinion.

Mr. VANDENBERG. Let us leave it this way: Let us write this language into the bill, and there will be an opportunity to survey it both in the House and in conference, and we shall at least have this target at which to shoot.

Mr. FULBRIGHT. Mr. President—

Mr. VANDENBERG. I yield to the Senator.

Mr. FULBRIGHT. Will the Senator repeat the last suggestion? I did not quite get it.

Mr. VANDENBERG. I am now moving, Mr. President, that on page 6, line 17, after the word "commodities", there be inserted the following words: "when such commodities are not furnished on terms of repayment in dollars."

I am moving to amend, on line 24, by inserting, after "available", the words "without charge," and, after "United States", by adding the words "in an effort to prevent suffering because of hunger, starvation, and cold."

Mr. KEM. Would the Senator from Michigan not agree also to use the word "gift"? It seems to me that is the very essence of the transaction—without charge, and as a gift. I hesitate to make any further suggestion as to the verbiage.

Mr. VANDENBERG. I hesitate to use the word "gift," because of the danger of misunderstandings due to the application of the system of local currency repayments.

Mr. KEM. If the Senator would permit me to say so, it seems to me that is the very vice of past transactions; there had been a misunderstanding. The recipients have regarded the things they have received as loans, and we have considered them as gifts. It seems to me we ought to get right down to brass tacks and let the commodities go out with the compliments of the donors as free-will gifts, free-will offerings on the part of the people of the United States.

Mr. VANDENBERG. What the Senator wants to do is to change the proposed words "without charge" to the words "as a gift"?

Mr. KEM. I would add, after "without charge," the words "and as a gift."

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. I hope the Senator from Missouri will not insist on that. I do not think we ought to humiliate the recipients of the gifts more than is necessary. When we say "without charge," that implies that it is a gift, so why add the word "gift"? It would simply accentuate our supposed generosity to the people who are in want. I think that would be unfortunate. The bill says "without charge." The Senator would add "and as a gift," thereby making a double statement of the fact. When it is said that it is given "without charge," that certainly ought to satisfy anybody, it seems to me.

Mr. FULBRIGHT and Mr. DONNELL addressed the Chair.

Mr. VANDENBERG. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I feel as the Senator from Texas suggests he does. I suggest further that the addition of the words "to relieve hunger, starvation, and cold" is, at least from my point of view, not altogether accurate. I am frank to say that my motive in supporting the measure is not purely humanitarian, in that I think we have a very distinct self interest. I think it is an enlightened self interest on the part of this country. I cannot believe that we are doing this solely and purely as the result of a humanitarian impulse. I do not think that those words, at least so far as I am concerned, really represent the facts in the case. I shall support the bill partly, certainly, because I think it will create a condition that will give this country an opportunity to save itself in the long run, and to create conditions that will make possible the maintenance of free governments in western Europe. I do not subscribe to the idea that either the pending measure or the proposed long-term program is solely for the relief of misery, as a personal matter, on the part of the people in Europe. I think we in this country have a very great personal interest in preserving free governments in Europe. I think the proposed addition goes entirely too far, and that the words "without charge" are factual, up to that point. To go beyond those words would be getting into the realm of motives which we may have in passing the legislation; and I, for one, do not agree that that is a correct statement of our motives.

Mr. VANDENBERG. Mr. President, I cannot satisfy all Senators.

Mr. KEM. I should like to say to the Senator from Michigan—

Mr. DONNELL rose.

Mr. VANDENBERG. I am further intimidated at the moment by the Senator's colleague arising to speak.

Mr. DONNELL. This will not be a matter of intimidation.

Mr. VANDENBERG. I yield to the senior Senator from Missouri.

Mr. DONNELL. Mr. President, this is a very minor matter, but I think it should be covered. The language which has been suggested by the senior Senator from Michigan to be inserted on line 17 reads: "when such commodities are not furnished on terms of repayment in dollars." Due to the fact that the next succeeding words are "made available pursuant to this act," unless the punctuation is rather carefully watched, it might be misunderstood as to what the "made available" refers to, whether it is to the dollars or to the commodities. I therefore suggest that, immediately after the word "commodities," there be inserted a comma, and immediately after the word "dollars" a comma, so as to read: "all commodities, when such commodities are not furnished on terms of repayment in dollars, made available," and so forth.

Mr. VANDENBERG. I agree to the commas. I think I am prepared to have a vote on the amendment as we discussed it and agreed to it with the Senator from Missouri, with the understanding that this subject will have to be open to fur-

ther inquiry, both in respect to the House consideration and in respect to conference, because I am not clear exactly where we have left ourselves, but I should like to vote on the amendment.

Mr. GEORGE. Mr. President, before the vote is taken, I wish to make a statement. Having raised objection to the emasculation of the section in the bill to which I originally agreed last week, I should like to make my own position perfectly plain. I can be as liberal in giving away the taxpayers' moneys to peoples of foreign states and to people at home as anybody, but I cannot for the life of me see why it is necessary continuously to emphasize and reemphasize the fact that this is an absolute gift. Part of it is for materials which have for 2,000 years been able to liquidate themselves when they have been provided to any people who were willing to work; part of it is for fertilizer; part of it is for cotton—a considerable proportion of it is for cotton. As soon as the cotton is landed in France or in Italy, the mills of France and Italy will pay American dollars, or the equivalent of those dollars, for that raw material, and it will not hurt the French people or the Italian people.

I know very well that very nearly all the money proposed to be appropriated is going into consumer goods, goods that are used up, and for them we will not be repaid. I understand that. Everybody understands that. In the first place, I have no desire to humiliate the French people and the Italian people by over-emphasizing that fact.

Secondly, I do not believe it to be a sound public policy to be giving away the money of the taxpayers. That money is the money of the American man and woman who has labored to make the product and to pay the tax which pays for it.

What answer are we going to make, for example only, to the GI's when they find themselves the owners of worthless homes purchased under the GI bill, and alleged to be worth several billion dollars? What answer are we going to make to them when they say, "You gave to Europe and yet you will insist upon a loan to us"?

I have not insisted, with respect to any of the consumer goods, anything that is to be used up by any of the people in Austria or Italy or France, that anybody should say anything to them about repaying us for those consumer goods. But when it comes to a staple article like cotton, which is worth a gold dollar anywhere and everywhere in the world, I cannot see why the Congress of the United States wants to overemphasize its generosity and insist that it is giving away that product.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. GEORGE. I yield.

Mr. VANDENBERG. I completely agree with the Senator's point of view, and all I am undertaking to do is to make this language fit what will be the fact. The Senator, I hope, has in mind that I also added an amendment exempting from this section any goods furnished on terms of repayment in dollars, which is the language the able Senator from Geor-

gia proposed the other day, and which I certainly think should be in the section.

Mr. GEORGE. I thank the Senator.

Mr. President, I am for the bill. I have been for it without paring it down, because I have felt that the Senate Foreign Relations Committee went far enough in its inquiry to ascertain that officials of our Government had already pared down the request of the French and of the Italians and of the Austrians to a point where we could assuredly go along with the program. I am for it. I am for it for a great many reasons. But I wanted the RECORD to show my own position on this particular matter.

While I am on my feet, with the indulgence of the chairman of the Foreign Relations Committee, I want to say that I express the hope that preoccupation with Europe will not give the erroneous impression to our neighbors in the Western Hemisphere, both to the north of us and to the south of us, that we are not likewise interested in their problems. Fortunately no great monetary outlay would be required to aid the people of the Western Hemisphere, either our Canadian neighbors or the Latin-Americans to the south of us. Fortunately also the Export-Import bank has done, on the whole, I think, a very highly constructive job in extending its credits in this hemisphere. But I do hope that we shall make it plain that our present preoccupation at the moment with European concerns does not indicate to our friends in the Western Hemisphere that we are not likewise profoundly interested in their economic recovery and welfare.

Mr. VANDENBERG. Mr. President, I want completely to agree with what the Senator from Georgia has said about pan-America, and as an evidence I should like to say to him that I have suggested to the President with some urgency that he send us immediately the Rio Treaty which, I think, is the finest thing that was ever done to make western hemispherical solidarity dynamic. I have urged that it be sent down so that on some afternoon when the Senate has a few free moments we can take it up and ratify it, because I am sure it is of such tremendous advantage to the American concept of solidarity and western hemispherical life, that it would be greatly useful to complete that chapter before we go to Bogotá in January to take up specifically the next economic task of which the Senator from Georgia speaks.

Mr. GEORGE. I thank the distinguished Senator from Michigan for the statement that he has taken up the matter of the treaty with the Chief Executive.

Mr. HAWKES. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. HAWKES. I think what the distinguished Senator from Georgia has just said is very important, but I should like to add one more thing to what he just said. I do hope that the Latin-American countries to the south of us and Canada to the north of us will not think that our preoccupation with Europe keeps us from thinking about our problems of relationship with them. I should like to have the

American people think, and, Mr. President, I believe they are thinking very seriously right now, on the subject of whether Congress is thinking about what is going to happen to the American people when we get through with all the things which are now proposed to be done by us. I merely wish to leave that thought in the minds of Senators now.

I believe I thoroughly understand how hard the distinguished Senator from Michigan has worked, and I have a wholesome respect for the work he has put in on this very important subject, but I want to say to all Senators that in all the letters I have received during the last 3 days dealing with this subject, the writers have expressed concern over the fact that what is now proposed to be done is not known as a gift. Last evening I met some very distinguished people, who said they were dumbfounded that this thing is not known as a gift. One very distinguished gentleman who has rendered great service in the armed forces said to me, "I thought we wanted the people of the world to know what we are doing, and not merely the rulers to know it." That is something to think over.

I am very heartily in favor of the amendment offered by the distinguished Senator from Missouri. I cannot see that it offends anybody to let the world know that we are making a gift, and that we are doing it from the heart, to relieve starvation and misery and suffering in the world.

Mr. LODGE. Mr. President, will the Senator from Michigan yield to me?

Mr. VANDENBERG. I yield.

Mr. LODGE. Does not the Senator from New Jersey think that it will be much more conducive to self-respect and good feeling if people who can afford to pay for what they receive do pay for it?

Mr. HAWKES. Of course I do. But I want the people of the countries to which the products are sent to know that the United States is making this gift. I want them to know there is no charge for it.

Mr. LODGE. Why should we not charge those who can pay?

Mr. HAWKES. Will the Senator permit me to finish?

Mr. LODGE. Yes.

Mr. HAWKES. I want them to know that we are doing what we are doing because we want to help them get on their feet. I do not want their rulers to tell them the story. I want the United States to make the fact known, so there will be no misunderstanding where the United States stands in this dark hour in the history of the world.

Mr. LODGE. Mr. President, will the Senator from Michigan yield further?

Mr. VANDENBERG. I yield.

Mr. LODGE. I quite agree that the people of the countries involved ought to know the fact with respect to where the aid is coming from, but for the life of me I do not see why there should not be a charge on those who can afford to pay.

Mr. HAWKES. I think we are talking about two entirely different things. I am thoroughly in accord with what the Senator from Michigan has said on the subject he is talking about. I am talking about another thing, and the Amer-

ican people know what I am talking about.

Mr. LODGE. Mr. President, it seems to me that when we come to the long-range Marshall plan, so-called, there ought to be just exactly as much mutuality in that plan as we can get, and that the recipient countries ought to put up everything they can possibly put up in exchange for what we do for them. I think it would be a fairer thing for the American people, and it is a much better thing from the standpoint of self-respect and good will abroad.

Mr. HAWKES. I think we are talking about two different things entirely. I think the American people have been dissatisfied with the way we have given away and frittered away some seventeen or eighteen billion dollars.

The distinguished Senator from Michigan answered a Senator the other day by saying that he had hoped that the mistakes of the past had been eliminated, and that the present aid program would be administered with some sanity and intelligence. I hope so, too, but I do not know on what I base my hope.

Mr. LODGE. I understood the able Senator from New Jersey to say that his constituents were objecting because we were giving away the food and other things proposed to be sent to them.

Mr. HAWKES. No, Mr. President; my constituents objected because it was not known as a gift. In my opinion, unless and until the people of the world, instead of merely a few rulers, know what is being done, we are not going to get the great coveted goal of peace. I have been in Europe a great many times over a great many years, and I know that the people in Europe do not know anything except what their governments want them to know. That is what I am talking about. I want them to know that we are interested in helping them get on their feet. Under present conditions of starvation, misery, and suffering, I want them to know that we are their friends. I want them to know that we are not warmongers. I want them to know that we are trying to make a contribution to peace and friendship in the world.

Mr. LODGE. I agree with every word of that statement.

Mr. VANDENBERG. Mr. President, let us not become bogged down in the discussion of the word "gift." The Senator from Massachusetts is entirely correct. These commodities are to be sold for local currency, except where the indigent must be fed by the government; but even at that point the local government must deposit the local currency. It becomes a gift, however, in final net result, because the local currencies are trustee for the benefit of the beneficiary countries, except in those instances in which administrative expenses and other items are involved.

Mr. HAWKES. Mr. President, will the Senator yield for just a moment?

Mr. VANDENBERG. I yield.

Mr. HAWKES. I do not want the Senator from Michigan to think that I do not know what he has been saying. I talked with him the other day, and I think I understand the thing perfectly. I am talking about this relief being a gift

so far as the United States of America is concerned. We shall not get the things back.

Mr. VANDENBERG. That is substantially true.

Mr. KEM. Mr. President, since there seems to be considerable objection by certain Senators to the use of the word "gift," I shall be glad to withdraw that suggestion and accept the Senator's language. For my part I do not see any reason why we should not call a spade a spade; but if there is an indisposition to do so in some quarters, I shall be glad to withdraw the suggestion.

Mr. VANDENBERG. If the Senator is willing to do so, I think it would improve the amendment. Therefore, with that elimination, may the amendment be submitted for a vote?

The PRESIDING OFFICER (Mr. YOUNG in the chair). Does the Senator from Missouri withdraw his amendment?

Mr. KEM. No.

Mr. VANDENBERG. The Senator withdraws his original amendment in order to vote on the amendment which I have suggested.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

Mr. WHERRY. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, line 17, after the word "commodities", it is proposed to insert "when such commodities are not furnished on terms of repayment in dollars"; in line 24, after the word "available", it is proposed to insert "without charge"; and at the end of line 24, it is proposed to strike out the comma and insert "in an effort to prevent suffering because of hunger, starvation, and cold."

Mr. HOLLAND. Mr. President, I should like to ask the Senator from Michigan a question.

I have been unable to follow closely the amendments to the bill. On page 1, line 10, we find the words "and prevent serious economic retrogression." Those words are in the original text of the bill. Are they still in the bill?

Mr. VANDENBERG. Yes.

Mr. HOLLAND. If that be the case, may I ask the distinguished Senator if it is not true that the insertion of the last part of the proposed amendment, which purports to limit our purpose to the relief of cold, hunger, and starvation, negatives the inclusion of this earlier term and conflicts with it? It seems to me rather clear that it would, and it seems to me that the amendment would not allow for the fact that under the provisions of the bill, according to the report, the bill is clearly designed to furnish such materials as fertilizer and other agricultural equipment—whatever that may mean—pesticides, fibers, and various other things which certainly do not pertain to the immediate relief of cold, hunger, and starvation, but instead relate to the prevention of serious economic retrogression during the 3-month period.

Mr. VANDENBERG. I think the Senator has a point. Would the Senator from Missouri object to adding that phrase? I think it is necessary in order to make the bill harmonious.

Mr. KEM. Will the Senator repeat the phrase?

Mr. VANDENBERG. The Senator from Missouri has used only a portion of the phrase appearing in line 10 on page 1 of the bill. Adding that phrase to the amendment would make the amendment read "in an effort to prevent suffering because of hunger, starvation, and cold, and prevent serious economic retrogression."

Mr. President, may we have a vote on the amendment as so modified?

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Michigan.

Mr. VANDENBERG. Mr. President, as I understand, the Senator from Missouri withdraws his other amendment.

Mr. KEM. Yes.

The PRESIDING OFFICER. The amendment, as modified, will be stated.

The LEGISLATIVE CLERK. On page 6, line 17, after the word "commodities", it is proposed to insert "when such commodities are not furnished on terms of repayment in dollars"; in line 24, after the word "available", to insert "without charge"; and at the end of line 24, to strike out the period and insert "in an effort to prevent suffering because of hunger, starvation, and cold, and prevent serious economic retrogression", so as to read:

SEC. 8. All commodities, when such commodities are not furnished on terms of repayment in dollars made available pursuant to this act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available without charge by the United States in an effort to prevent suffering because of hunger, starvation, and cold, and prevent serious economic retrogression.

The PRESIDING OFFICER. Without objection—

Mr. FULBRIGHT. Mr. President, I object.

Mr. CONNALLY. Mr. President, there has been no vote on the amendment. We are objecting.

Mr. VANDENBERG. Let there be a vote.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Michigan [Mr. VANDENBERG].

The amendment as modified was agreed to.

GOVERNMENT-OWNED VESSELS—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. YOUNG in the chair) laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Interstate and Foreign Commerce, as follows:

To the Congress of the United States:

The present authority of the United States Maritime Commission to operate,

sell, and charter Government-owned vessels which were built during the war will expire on February 29, 1948.

It is now clearly apparent that this authority must be continued beyond that date in order to prevent a break-down in vital shipping services.

Over 1,200 dry-cargo vessels are now chartered to American citizens by the Commission. The bulk of this fleet is devoted to carrying vital relief cargo, chiefly coal and grain exports. Its continued operation will be essential in furnishing aid to foreign countries during this winter. Other portions of this chartered fleet are devoted to essential coastwise and intercoastal services.

Under its authority to operate vessels, the Maritime Commission, through general agents, is now operating emergency passenger vessels and tankers. It is necessary to continue the authority for the operation of these passenger vessels if we are to meet essential needs for which no other passenger service is available. While the number of tankers operated by the Commission is being steadily reduced as tankers are sold under the Ship Sales Act, those which remain unsold must be kept in operation to assist in averting a serious world-wide shortage of petroleum.

In order to avoid needless disruption of the vital services now being provided with Government-owned ships the present authority of the Maritime Commission should be renewed well in advance of its expiration date. I recommend, therefore, that the Congress give consideration to this matter during its present session.

There are other questions concerning the maritime industry which will require consideration of new legislation in the near future. These questions relate to the shipping requirements of the European recovery program and the long-range requirements of our own merchant marine. Our most immediate need, however, is to assure the maintenance of essential shipping services by continuing in effect the present provisions of law which make possible the use of Government-owned ships.

Accordingly I recommend that these provisions of law be extended until June 30, 1949.

HARRY S. TRUMAN.

THE WHITE HOUSE, December 1, 1947.

INTERIM EUROPEAN AID PROGRAM

The Senate resumed the consideration of the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

Mr. BROOKS. Mr. President, we have before us for immediate consideration Senate bill 1774, which is a bill to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis. It is to be cited as the "European Interim Aid Act of 1947." Its purpose is stated to be—

to provide immediate assistance in the form of food, fuel, and other commodities urgently needed by the people of Austria, France, and Italy—to alleviate conditions of

intolerable hunger and cold, and prevent serious economic retrogressions which would jeopardize any general European economic recovery program based on self-help and cooperation.

The bill comes as a measure of relief in another emergency. It is presented as a stop-gap provision and authorizes appropriations not to exceed \$597,000,000. It provides that—

This act, however, shall not imply obligation to give assistance to any of the countries mentioned, nor shall it imply or guarantee the availability of any specific commodities.

Thus, it comes in old familiar form, but once it is passed it will be argued that since the figures of five hundred and ninety-seven million is stated, the full amount should be appropriated, and it will also be argued that since certain commodities have been mentioned, we are duty bound to make available, from our own economy or others, the specific commodities.

It will, of course, be the duty of the Appropriations Committee, on which I have the honor to serve, to survey the need and availability of such commodities, and fix the amount of appropriation to be made.

I merely cite these facts as the historic technique by which such programs are prepared, promoted, and pushed to final conclusion.

There is a fundamental charitable characteristic of all Americans that responds to the pathetic appeal to help people who face starvation, freezing cold, and disease. The pages of our history are filled with the constant response to such appeals. We will respond again.

However, this appeal, limited as it is to three countries, is linked to and is a part of a much larger program that includes many other countries, which will amount to billions of dollars, which will not only add greatly to our already heavy national debt, but bring such a tremendous and perhaps tragic depletion of our limited resources and supplies that we may endanger our safety, raise our prices to heights that will create demands for Government controls and regimentation of our entire economy and life, which will give us the same governmental restrictions that create a chronic barrier to production and incentive to work in the countries we aid abroad.

As a matter of fact, the President, in addressing the special session of Congress, asking for this first-step interim aid, spent little time on the request for aid, and the balance of his effort in asking for all-out and complete authority to ration, fix prices, and regulate American life to a far greater degree than was ever asked for before in time of peace.

I think it might be wise to remind this body that since the beginning of World War II, the United States has distributed in the form of foreign gifts and loans of various kinds, over \$66,000,000,000—reverse lend-lease amounted to roughly \$7,800,000,000—thus leaving the total of over \$58,000,000,000, which we gave to foreign countries, of which almost thirteen billion went to Russia and her satellites.

At this point I ask unanimous consent to have the list of countries and the figures printed in my remarks.

The PRESIDING OFFICER (Mr. CAIN in the chair). Is there objection?

There being no objection, the list of countries and figures referred to were ordered to be printed in the RECORD, as follows:

Europe—outside iron curtain:

Great Britain.....	\$35,730,161,000
Netherlands.....	867,035,624
Belgium.....	638,598,000
France.....	6,091,173,000
Germany.....	431,127,000
Austria.....	167,670,000
Italy.....	1,749,244,265
Spain.....	13,681,074
Portugal.....	1,335,866
Greece.....	788,104,000
Norway.....	102,729,612
Sweden.....	4,111,000
Denmark.....	80,000,000
Iceland.....	70,399,000

Total..... 46,735,369,411

Russia and satellites:

Russia.....	11,681,393,782
Finland.....	124,003,832
Poland.....	502,501,412
Czechoslovakia.....	243,602,138
Hungary.....	3,000,000
Yugoslavia.....	374,036,000
Albania.....	40,502,284

Total..... 12,969,039,448

Asia Minor and Iran:

Turkey.....	215,582,000
Lebanon.....	90,000
Iran.....	30,260,429
Iraq.....	45,000
Saudi Arabia.....	44,531,000
Yemen.....	1,000,000

Total..... 291,508,429

Asia outside Russia:

India.....	50,000,000
Japan.....	294,971,000
Korea.....	66,641,000
China.....	2,834,908,280

Total..... 3,246,420,280

Africa:

Liberia.....	27,237,000
Egypt.....	12,860,000
Ethiopia.....	9,752,000

Total..... 49,849,000

Antipodes and Philippines:

Philippines.....	1,427,230,000
Australia.....	37,394,000
New Zealand.....	5,707,069

Total..... 1,470,331,069

North America:

Canada.....	174,697,166
Mexico.....	187,475,663

Total..... 362,172,849

Central America:

Guatemala.....	2,436,700
Honduras.....	1,791,500
El Salvador.....	2,697,500
Nicaragua.....	6,982,000
Costa Rica.....	8,954,607
Panama.....	2,618,704
Cuba.....	69,761,473
Haiti.....	12,209,000
Dominican Republic.....	4,972,932

Total..... 112,424,416

South America:

Colombia.....	\$57,848,452
Ecuador.....	25,197,134
Venezuela.....	10,306,078
Peru.....	21,953,000
Brazil.....	500,442,477
Bolivia.....	28,621,228
Paraguay.....	8,203,000
Uruguay.....	22,278,704
Chile.....	105,142,330
Argentina.....	583,000

Total..... 780,575,403

Grand total..... 66,017,790,335

Reverse lend-lease:

Great Britain.....	6,752,073,000
France.....	867,781,000
Belgium.....	182,942,000
China.....	3,368,000
Netherlands.....	2,368,000
Russia.....	2,213,000

Total..... 7,811,049,000

Balance..... 58,206,741,335

Mr. BROOKS. Mr. President, I wish to remind Members of the Senate that each bill carried the avowed purpose of promoting our national defense, our general welfare, our foreign policy. Always we were told that it was to promote peace, gain security for ourselves, and freedom for oppressed people.

It is obvious that despite our unprecedented sacrifice, military effort, and victory, we are less secure today than before, and hundreds of millions of oppressed people are milling about in insecurity, in fear, and in want. We face the future with dangerously depleted natural resources and a greatly impaired financial position.

Daniel Webster said on the floor of the United States Senate on January 26, 1830:

When the mariner has been tossed for many days in thick weather and on an unknown sea, he naturally avails himself of the first pause in the storm, the earliest glance at the sun, to take his latitude and ascertain how far the elements have driven him from his true course. Let us imitate this prudence, and, before we float further on the waves of this debate, refer to the point from which we departed, that we may at least be able to conjecture where we now are.

I believe that is a fair suggestion today. How did we get where we now are? Who piloted the ship of state to this unhappy situation? Why was our military victory so barren of the fruits we were promised? Why is the future so filled with fear and frustration?

The answer is that we followed foolish policies, and we have followed the propaganda of the same administration for 15 years.

Everyone who studied history knows that Great Britain was a great secure power only as long as there was a reasonable balance of power, both military and economic, in the hands of several European states. Her constant fear was the concentration of power in the hands of one European state with expansionist desires. Twice we went to war in Europe at Great Britain's urgent cry for help. Twice we were told it was to our national interest to prevent Germany from dominating and oppressing the Continent.

Everyone knew that Russia has had an age-old desire to expand and that England's policy has constantly been to use other states to help her prevent that expansion. Everyone knew that the philosophy of the Soviets was to oppress people, wipe out human liberties, and eliminate individual rights. When she invaded and raped Finland, subjugated Latvia, Estonia, and Lithuania, when she allied herself with Germany, invaded and divided Poland, she showed conclusively her character, purpose, and intent.

When Germany attacked Russia, both nations constituted two evil forces, both enemies of everything we hold dear, dissipating each other's strength.

Our leaders, with those of Great Britain, embraced Russia as an ally and started to glorify her and pour our wealth and supplies into her hands. Some of us were ridiculed and condemned by the administration propagandists when we insisted that the Soviets were not our true allies, but were merely cobelligerents fighting an invader. Everyone knew that she shared none of our ideals, but had contempt for human freedoms.

The war leaders of both the United States and Great Britain joined Russia in a pledge to utterly destroy and annihilate Germany, Italy, and other Balkan allies, without regard to the fact that when this was accomplished there would be no European country left with physical or material resources adequate to form any substantial resistance to Russia with her vast reserves of territory, manpower, and natural resources, in her long-range expansion program.

In spite of these realities, our own national administration allowed Communists to infiltrate into our Army, into our Federal Government, and even into the Government propaganda agencies, where they did their work so well that even our leaders believed their propaganda. They gave in to her, granting secret concessions that encouraged her expansion, and to this very day they are sending her goods that can be used in war production.

Not only did we help conquer Germany with unbelievable and indescribable destruction, but we imposed a postwar policy of destruction that leaves her in rubble and hopelessness. Today there is no German state; Italy is too weak for war or peace; France is impoverished and unstable; England is in the hands of a Socialist government that destroys incentive on the part of both capital and labor alike. There is not a single strong government in western Europe capable of stabilizing its currency, balancing its budget, and creating incentive for work and production, which is the only possible hope of providing resistance to communism. The constant loaning or giving of money to Socialist governments under the blackmail threat of their going Communist will never succeed. It will only prolong the agony.

In our own country the same administration, with many of the same individuals now serving in different capacities, warn us of the danger of Russia after they helped make her the colossus of Europe. Having armed her with American weapons, motor vehicles, machine

tools, transportation and communication facilities, they say that we must now restore our former enemies and allies alike in an effort to restrain and contain this monster of the Continent whom they helped make great.

To do this, they ask for vast sums and supplies out of our limited resources, and at the same time ask for unprecedented powers to regulate, restrict, and restrain the normal enterprise of the American people that will inevitably bring about shortages and black markets worse than existed during the war.

Let me say here and now that there can be no argument about the desirability of America's responding to the call of humanity for food and fuel to stave off starvation, freezing, and deadly disease. There can be no argument about the desirability of having the countries of western Europe stable, strong, and protective; but several things must be made crystal clear.

Although we are still the freest people in the world, we are on the verge of giving up that freedom for controls which the President himself calls police-state methods.

Although we are the most productive people on earth, we are only 7 percent of the world's people; we occupy only 7 percent of the world's area; and we produce in our bumper years less than 12 percent of the world's food supply.

Although we are the richest people on earth, we are carrying the largest debt ever carried by a solvent country in history.

Although we are the most charitable people on earth, from our limited supply we cannot feed all the hungry, we cannot clothe all the naked, we cannot fire all the furnaces and hearthstones of the universe.

Therefore, we must place our limited help in food, fuel, fertilizer and other supplies where they will give strength and incentive to work that will result in production of food, fuel, and fertilizer, and machines that will in turn result in consumer goods that will meet the demands of a world that is sicker today than it has been in the memory of man.

We simply cannot go on financing and subsidizing socialist governments who foster and follow practices that destroy incentive to work and retard possible production.

When we were led into war we found ourselves in another tragic dilemma that the military and State Departments could not meet.

We called the best minds of production to the cause. The best minds of management, labor, and agriculture were called on for the know-how, direction, and leadership, and only in that manner did we get our needed wartime production.

With a sick world writhing in rubble, disillusionment, and despair, hamstrung with restrictive bad practices in agriculture, manufacture, and monetary affairs, a major operation is needed today.

In this tragic hour, resulting partly from our own past folly, neither the State Department nor the military can qualify as a competent surgeon.

Production is the medicine required in a sick world. Any program of spending American dollars will fail unless it is directed by patriotic qualified leaders in American agriculture, industry, and labor, to direct the use of those dollars to produce food, coal, steel, transportation equipment, as the first step up the hospital stairs on the way to recovery.

These men must come from outstanding American enterprise now employed as outstanding leaders of their fields in American private enterprise. They must not come from hangers-on around Government bureaus which live only to issue Government edicts, and on Government funds produced by men of enterprise. They must be skilled in the American philosophy of private productive enterprise, and be inspired by the challenge of serving humanity by teaching and leading men who will work in the ways of greater accomplishment.

We cannot tell other peoples what kind of government they must have, but as representatives of free people we have no right to vote away our own people's freedom, either. We have no right to vote away their finances unless it results in helping people who will work and produce the necessities of life.

Having visited the countries of western Europe for first-hand observation, and having studied carefully the reports of many competent observers, I shall have more to say on production at a later time.

I shall support this interim-aid bill, but in voting for this bill, authorizing the appropriation and use of money for food, fuel, and fertilizer for people in distress, I do so with full realization of the necessity of careful study of the need, the present available supply and its effect on our own economy, and the manner in which it is to be administered to insure the humane purposes of the charitable people of the United States.

Mr. President, the mere suggestion that we are buying time with American dollars and by depleting our resources, is not enough.

The time we have bought with the precious blood and cooperation of America was used to make Russia the colossus of Europe. With that time she has expanded her terrorism and her oppression, until more millions stand in fear than ever before.

The important question is, what will we do with the time we propose to purchase?

Dollars will not do the job. We must have a new approach and a new program offered to inspire incentive to work, a new plan to inspire production.

Work and production constitute the only remedy and solution for the Old World facing hunger, cold, and disease. Any future program must be turned over to men who know how to work and produce under the free enterprise of America, and not left to men who want to limit, regulate, and restrain America's freedom. Merely to pile another mistake on the mistakes already made will ultimately mean utter ruin for us as well as for the rest of the world.

Mr. CAPEHART. Mr. President, I rise to discuss the bill from what I consider to be a practical standpoint. We are about to vote approximately \$600,000,000 of our food and material to assist Europe. Then we shall take up the so-called Marshall plan, which calls for approximately \$20,000,000,000. Both those plans require food and materials. We are already short of materials. The best proof of that is, of course, the fact that we have inflation, and the cause of inflation is a shortage of materials and a shortage of food.

I have been doing a great deal of thinking about this problem. I shall vote for the interim relief bill, but I am wondering when we in Washington and we in the Senate and the Members of the House of Representatives are going to realize that we do not grow corn on the floor of the United States Senate or in the Congress, we do not produce wheat and flour or foodstuffs here, and neither are they produced by the President of the United States.

Mr. TOBEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from New Hampshire?

Mr. CAPEHART. I yield.

Mr. TOBEY. I am interested in what the Senator from Indiana is saying. We do not grow corn on the floor of the Senate, but some corny things happen around here. [Laughter.]

Mr. CAPEHART. Mr. President, I do not object to being asked to yield, and I shall yield to other Senators who ask me to do so. I am serious in referring to the matter of production. I have prepared a concurrent resolution, which I shall ask the clerk to read. After we have voted on the interim relief bill, I shall ask unanimous consent for the consideration of the resolution, so that it may be adopted today.

So, Mr. President, I send the concurrent resolution to the desk. I am not offering it at this time, but I ask that it be read.

The PRESIDING OFFICER. Without objection, the concurrent resolution will be read.

The legislative clerk read as follows:

Whereas the American people are now consuming food at a rate far in excess of that prevailing before World War II; and

Whereas the United States has generously furnished and proposes to continue to furnish within the limits of its ability basic food commodities to the peoples of countries where conditions of hunger prevail; and

Whereas recent crop forecasts and trends in agricultural production indicate the probability that the quantities of certain basic food commodities likely to be produced in the United States in the near future will be below the quantities of such commodities normally produced; and

Whereas any serious reduction in the production of such commodities might result in exhaustion of our supplies and carry-overs of such commodities and might impair the diet of the American people and their ability to assist the hungry in freedom-loving nations; and

Whereas an expression by Congress of the desirability and necessity of increasing the production during 1948 of those agricultural commodities which are in short supply will be effective in inducing persons engaged in agricultural production to devote additional acreage to production during 1948; and

Whereas the executive branch of the Government is possessed of certain powers which may be so exercised as to encourage additional agricultural production: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that, for the purpose of assuring a sufficient supply of food to provide an adequate diet for the American people and to enable them to furnish food to relieve the intolerable conditions of hunger prevailing in certain foreign countries, 20 percent more acreage should be used during 1948 for the production of agricultural commodities which are in short supply than were so used during 1947 and that the President and the various officials, departments, and agencies in the executive branch of the Government exercising functions related to agricultural production should take all necessary action within their powers to assist persons engaged in agricultural production to achieve the objective of producing during 1948 additional quantities of those agricultural commodities which are in short supply.

Mr. CAPEHART. Mr. President, you have heard the concurrent resolution which I propose to offer and ask unanimous consent to have considered immediately following the vote today on the interim-aid bill. I have had a copy of that concurrent resolution placed on the desk of each Senator, in order that every Senator may have an opportunity to study it.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. CAPEHART. I am delighted to yield.

Mr. WHITE. The Senator from Indiana is simply giving notice that he will ask unanimous consent to offer this resolution; is he?

Mr. CAPEHART. I am giving notice that I shall ask unanimous consent to offer the resolution and have a vote taken on it immediately after we finish voting on the interim-aid bill.

Mr. WHITE. As a matter of caution, I wish to indicate that I shall have to object to any such request.

Mr. CAPEHART. The Senator from Maine has a perfect right to object to it. That leads me to this point: We are going to vote approximately \$600,000,000 to furnish food to the starving peoples of Europe, when we have a shortage of food in our own country; and we shall have a greater shortage of food in our own country next year, and we are going to be called upon next year and the year after next and the following year to furnish unlimited amounts of food to foreign countries. Where is the food to be obtained? Who is to raise it? How are we to get it? How is enough food to be produced for our own uses, in order to reduce the price of food at home and insure enough food to feed the people of Europe, if more food is not grown?

I know of only two methods by which to increase the supply of food in America. The first is by planting more acres; the other is by producing more per acre. Those are the only two ways of producing more grain. Why do Senators object to a plan calling for increased production of food? What will be the result a year from now if more food is not produced? How is the price of food to be reduced if production is not increased?

The concurrent resolution I am to offer would have no effect as a law. It is in-

tended only to set forth a declaration of principle on the part of the Senate and the House of Representatives, and to express the desire that the President and our entire Government do everything possible to assist the 15,000,000 American farmers during the year 1948 to produce more food. That is all I am asking. That is all the concurrent resolution seeks to do.

It may be impossible to adopt the resolution at this time, under the rules of the Senate, but if it is possible for the Senate to adopt it and send it to the House of Representatives along with the bill we pass providing interim aid to Europe, and if the House of Representatives will adopt the resolution and send it to the President, I feel certain it will encourage the starving peoples of Europe, and it will also encourage the housewives of America who are called upon from day to day to pay inflated prices for food. I am sure American housewives would appreciate that the Congress and the administration were taking steps to cure inflation, and to make certain of a larger production of food.

In the United States Senate we speak in terms of money. Money cannot be eaten by a hungry person. Of what use to the hungry man is money, unless he is able to buy food with it? The time has arrived when our Government, and we as the representatives of the people, should be giving more thought to the production of food and other goods, instead of consuming time in discussions of rationing and the distribution of commodities that are scarce. Inflation cannot be curbed, except temporarily, through rationing and price control. Price control, even if continued forever, would not produce a single pork chop, a single bushel of corn, a single bushel of wheat. Those things are produced back home, on the farms. I trust that if the proposed concurrent resolution cannot be adopted today, it will be agreed to at a later date.

There are about 4,000 counties in the United States, with 4,000 county agricultural agents. I recommend that the President and the administrative departments organize those 4,000 agricultural county agents. I hope the President will ask those 4,000 agents to organize a voluntary committee in each county, inviting farmers and businessmen to participate, to the end that the committee, headed by the county chairman in each of the 4,000 counties, may take an inventory of the farms in each county, and will consult with the farmers and others who are interested locally as to how more food can be produced in 1948 in each county. It is now December, and now is the time when it should be done.

I do not know whether my able colleagues are aware of the fact or not, but at the moment it looks as though the production of winter wheat next year would be about half what it was in 1947. Think of it! One-half as much production of winter wheat in the country in 1948 as there was in 1947! If that be an accurate estimate, and we are to expect a production of only half as much winter wheat next year, then why should we not take steps to increase the acreage of spring wheat? If there is to be a

shortage of winter wheat, let us take steps to increase the number of acres planted to spring wheat, to corn, and to soybeans.

I believe the Federal Government is the proper instrumentality for doing this, and all I am trying to do, all I want the Senate to do, is to take steps to change our thinking into a philosophy of plenty rather than a philosophy of scarcity, and how can that be done better than by advocating increased production of foodstuffs and assisting the farmers to that end?

I recently issued a release describing a plan of plenty, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

Declaring that President Truman's program is a return to planned scarcities, United States Senator HOMER E. CAPEHART, Republican of Indiana, tonight proposed a "plan of plenty" to defeat the inflation spiral and produce the goods necessary for European relief.

Senator CAPEHART, after charging that the Truman program would "not produce a single additional pork chop," presented a 14-point plan for increasing farm production by tilling 20 percent more acreage and boosting workweek limitations from 40 to 44 hours with additional tax exemption to compensate workers.

The Capehart plan was revealed by the Senator in his opening statement on the American Forum of the Air, a radio program.

In his opening statement, Senator CAPEHART said:

"The program offered by our President yesterday which is a return to wartime controls will not produce a single additional pork chop, a single additional ear of corn, a single additional bushel of wheat, a single additional pair of shoes, or a single additional automobile.

"That which he proposed yesterday is the same old philosophy of scarcity under which this Nation has been living for the past 15 years.

"I wish to propose a program which, if adopted by our Government, will increase the number of pork chops, will increase the number of bushels of wheat, ears of corn, pairs of shoes, and automobiles—a program based on a plan of plenty—a program based on production—one that will permit this Nation to assist the world because it will produce in this Nation not only our own needs, but likewise a surplus to be distributed throughout the world—and it will likewise reduce prices—and it is in the best American tradition."

The following is Senator CAPEHART's program as outlined by him:

"Increasing food production—

"1. Advocate and provide assistance for the tilling of 20 percent more farm acreage in 1948.

"2. Allocate steel and scarce materials to the farm machinery manufacturers to increase production.

"3. Make available sufficient funds to permit farmers to borrow for the purchasing of more fertilizer and lime.

"4. Make available sufficient funds to permit farmers to borrow for the purchasing of seeds and for the purchasing of breeding stock to increase the meat supply.

"5. Make available sufficient funds to permit farmers to borrow for the purchasing of machinery.

"6. Make available sufficient funds for the cost of distributing free seeds for the planting of peace gardens by urban and suburban residents.

"7. Make available sufficient funds to permit fertilizer manufacturers to borrow for purposes of increasing production.

"8. Allocate scarce raw materials to fertilizer manufacturers.

"INCREASING PRODUCTION OF MINERALS AND MANUFACTURED GOODS

"1. Enact legislation increasing the legal work week from 40 hours to 44 hours for 2 years.

"2. Increase tax exemption provisions to compensate workers for loss of overtime pay for the additional 4 hours.

"3. Appropriate funds to be used for increasing production of minerals in the United States.

"4. Study the possibilities of lowering tariffs on scarce imported minerals.

"5. Immediate requirement that the Federal Government release its enormous stock piles of food and materials that can be used in relieving food shortages or can assist in increasing materials production.

"6. Control raw material inventories."

Mr. CAPEHART. Mr. President, I am aware that the increased production of farm products will be opposed by some on the ground that it may result in a surplus. I would ask, Is starvation in Europe more important than a possible surplus of farm products within 1, 2, 3, or 4 years? Are not present prices of food in the United States more important than the fear of a surplus in farm products at some time within the next few years?

The plan of increased farm production will be opposed also on the ground of soil depletion. I would ask, Is the depletion of a few thousand or a few hundred thousand acres of soil more important than the feeding of the hungry people of Europe? Is it more important than breaking the back of the threatened inflation in this country? I wish that someone on the floor of the Senate or elsewhere were able to convince me that the problem of inflation could be solved, that the Marshall plan could be carried through, that the peoples of the world could be fed, and that the spread of communism in Europe could be stopped, in any manner except by increased production within our own country, both of foodstuffs and commodities of every kind.

I say that the situation today is serious. There are threats of a third war, and we are told—and I think it is true—that we shall have to feed the world for a number of years; yet we do not at the moment have sufficient foodstuffs in our own Nation, except on the basis of inflated prices. What are we thinking about? Is there danger of a third war? If there is, then we should be planting more acres and growing more food; we should be producing more materials in this country. If the world is going to depend upon us for food, then by all that is good and holy let us set about to grow more food. Why argue about inflation unless we are willing to do something about it? The something we can do is producing greater quantities of food. Why do we not resolve that we are going to do whatever is necessary; that we are going to impose whatever controls are necessary, if and only when those specific controls will produce more goods, when they will result in greater production of merchandise? That is the way to

solve the threat of inflation. Why should we be fearful of surpluses? Why are we fearful of the next 2 or 3 years, when many a Senator has stood on this floor and told us that the world is on fire, and that we are likely to have a third world war, that the threat of communism must be stopped?

In one breath gentlemen tell us that, and then the next moment we hear that people are opposed to the increased production of foodstuffs in America through the planting of greater acreage, on the ground that the soil may be depleted.

I regret I do not have the ability to sell our Government and Members of the Congress on tackling the problems of inflation and communism on the basis of increased food production. When we send the interim aid bill to the House of Representatives this afternoon, I am of the opinion that if we attach to it a declaration of principles, by the unanimous consent of 96 Senators, stating that we urge our farmers to produce 20 percent more food next year, that we want the President to use every power at his command to assist the farmers to produce more food, the housewives of America would be forever grateful to us. My opinion is that the hungry, starving people of Europe would thank us and say that we were doing something that was practical and constructive.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LANGER. Do I correctly understand from the Senator's remarks that last year in Indiana 20 percent of all the tillable land lay idle?

Mr. CAPEHART. I am glad the Senator asked the question. I have figures received from the Department of Agriculture to show that there is a possibility of increasing our acreage of tillable land next year by approximately 20 percent. It is impossible to set a definite figure of 20 percent. Perhaps it is 21 percent, perhaps 19 percent or 18 percent or 15 percent. But what we should keep in mind is the idea that we would be saying to the peoples of the world that we are going to do everything we can to grow more food. The idea is that we would be saying to the wage earner of America that we are going to try to break the back of high food prices by growing more food. The principle involved, the idea underlying the proposal is that we are doing something constructive, that we are trying to grow more food, so that we may be able to help people who are in need. Needy people cannot be helped particularly by giving them money unless there exists something for which they can spend that money. That was clearly brought out the other day by the Senator from Michigan in his explanation of what is happening in Europe at the present moment. The farmers of Europe grow a certain amount of food, but that food does not go to the housewives, nor to the people in the cities because there is no way of transporting it to them, therefore so far as that food is concerned the money they have is no good. The food grown in Europe does not do the people of the cities any good unless they have sound money with

which to buy it, and if they have money it does not do them any good unless they have food to buy with the money they have.

I am glad the Senator from North Dakota asked me the question. I wish I could say something which would stir up an old-fashioned fight on the floor of the Senate and on the floor of the House of Representatives on the subject, because I know that every Senator and every Representative would put his mind to the question and do all possible to whip the inflation threat. We can whip inflation by producing more merchandise. If we are going to make kings and queens out of our people, if we are going to raise the standard of living of our people in this country, and the standard of living of people throughout the world, we can only do so by being able to supply them good food, and by being able to produce automobiles and other luxuries of life. Such production cannot be brought about solely by means of money. Money is only a medium through which these things can be produced.

Mr. President, I hope my concurrent resolution will be adopted. I shall consult with the majority leaders to see if it is not possible to have it adopted. Perhaps I have overlooked something in connection with it. Perhaps some technicality exists by reason of which the resolution cannot be adopted. I realize it should be referred to a committee, but I believe that by unanimous consent of the Senate we might consider and agree to the resolution. I believe—and I am sincere in that belief—that such a declaration of principle on the part of the United States Senate would be received by the American people and the people of the world as something that was worth while.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. BUTLER. I agree with the Senator from Indiana thoroughly in his statement that the only answer to a shortage in any commodity is an increase in production, and the only way by which to secure an increase in production and an answer to the problem which faces us today is to make it profitable for the people to produce that particular commodity. I do not want anyone to get the idea that I think farmers generally are underpaid today. I think farmers generally are quite satisfied with the prices they are receiving as compared with the prices of the things they are obliged to buy. However, I should like to remind the Senator from Indiana, and my other colleagues, that in order to encourage production in other lines something else must be done.

Let us consider petroleum. Congress authorized the payment of taxes on profits in the petroleum industry on the basis of the capital gains, which limited the tax to 25 percent. We did that in order to increase the production of petroleum to answer a war need. We passed the same sort of provision to take care of the production of lumber in the Northwest. In order to increase production, lumber men were permitted to pay their profits tax on the basis of capital gains.

I introduced a bill in the Senate a few days ago the purpose of which was to tax wheat and rye profits on the same basis, and I suspect that there may be some even in the Senate Chamber today who think that that may smack of class legislation.

I remind such Senators that the precedent has been set, that it is not class legislation; that I have not asked it as a permanent arrangement, but I have asked it as a temporary arrangement during the crop year 1947-48, to do exactly what the Senator from Indiana has requested be done, that is, to increase the production in order to answer our problems.

The wheat farmer and the rye farmer has been denied the opportunity of selling his goods in the world market due to the regulations we have imposed on import licenses. Through that arrangement he has been denied about \$1.50 to \$2.50 per bushel on the value of his commodity today. I think he has paid a pretty good tax already by way of the lower price he has been receiving, and he is not complaining too much over that. I do think, however, that in order to increase the movement at this time, and get the wheat and the rye to the market temporarily, we should pass the bill I introduced the other day in connection with the pending measure.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. CAPEHART. I am happy to yield.

Mr. YOUNG. I am sure the able Senator from Indiana does not want to leave the implication that the farmers are not doing their part now. I think the record will show that the farm production has been the highest it has ever been in our entire history. The production last year of wheat was approximately double what it was in normal years.

In my opinion most farms' cultivated acreages have been expanded out of all proportion to their economic good, and I believe that by further increasing their acreage they might bring disaster upon themselves unless there should exist some price support or price guaranty as against very low prices that may well result from such expansion in the event the United States would not continue to ship abroad as much in another year as is being shipped abroad now.

May I ask the Senator from Indiana if, along with such a program as he proposes, he would agree to a continuation of price supports on a fair level for another year or two?

Mr. CAPEHART. Mr. President, there is nothing in my concurrent resolution or nothing in anything I have said respecting discontinuing any price support. All I am trying to do, and I am fearful I shall fail, is to encourage our Government, through a declaration of principle on the part of the Congress, to do everything within their power to help the farmers to produce more. The farmer has been producing. He is producing today. But he is not producing enough. What he is producing simply is not enough. There are not enough foodstuffs produced in America today to supply our own demands and to help feed the world. Even what we are producing today, as

large as the production is, is still so little that prices are getting to the point where they are inflationary. If prices continue to go up and up and up we will have a situation in this Nation which none of us will like.

Mr. YOUNG. What the farmer is worried about now is the food self-sufficiency program many Americans are trying to carry out in Europe, which is far beyond anything Hitler or Mussolini endeavored to bring about. We are trying to make Europe self-sufficient in respect to food, something which it has never been possible for them to do. If now we were to extend our production beyond what we now have, what will happen to our surpluses as soon as we quit giving our money away to other countries, or as soon as they get into production? It seems to me that what will happen is that thousands of farmers would face bankruptcy.

Mr. CAPEHART. The farmers should have some assurance with respect to prices, in the event what the Senator speaks of should happen. But the Senator's line of thinking represents a defeatist attitude. Are we going to permit people throughout the country to starve? Are we going to permit inflation? Are we to permit prices to continue to go up and up always because we are fearful that if we produce more in order to feed hungry people, we will have a great surplus of food? Or because we are fearful that prices will come down below what our farmers can produce for?

Mr. YOUNG. Mr. President, in the period from 1929 to 1940 this country was cursed with surpluses, and as a result prices went down to a point far below the farmer's cost of production. If we do not acquire permanent markets in Europe, such a thing may happen again. That is what every farmer is worried about.

Mr. AIKEN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. AIKEN. I should like to call the Senator's attention to the fact that just before we adjourned last July the Senate authorized the appointment of a committee to make a study of the trends and needs of agriculture, and to work out a long-range program for agriculture, and made an appropriation for that purpose. The committee was appointed, and has been working for the last 8 weeks on this very problem. We expect in the course of another 4 or 5 weeks to have a report on the hearings, which were held as far west as Denver and as far south as Memphis and Columbia. We will also have recommendations to make to the Senate looking toward the long-range agricultural policy. These recommendations and the report will cover all phases of agriculture, including all the points that have been touched upon here today, such as the maintenance of soil fertility, the disposal of surpluses, and the income which a farmer might be expected to receive.

Mr. President, I wish to say that when the Senator from Indiana says that the formulating or declaration of a long-range agricultural policy for the production of food is vitally necessary, he is

dead right about that. I hope that when the recommendations are made to the Senate there will not be delay in acting upon them. We are not going to get food production or fiber production in this country until the producer can know what to expect. He is afraid of surpluses; but there ought not to be any surpluses. If people are fed, clothed, and sheltered, there will not be surpluses. But there have been before, and it is vitally necessary that we consider this subject not later than early in the next session of Congress.

Mr. CAPEHART. Mr. President, I am well aware of what the Senator and his committee are doing, and I wish to commend them for it.

Mr. THYE. Mr. President, will the Senator yield for a brief observation and comment in relation to the production question?

Mr. CAPEHART. I yield.

Mr. THYE. Let me say to the Senator from Indiana and to every other Member of the Senate that we must look back over the past 7 years in order to determine what course of action the United States must take in order to assure ourselves that we can have full production in every respect. If we look back, we find that during the past 7 years we have had the highest production at any time in the history of the United States. How did we do it? We did it by the aid of Almighty God, in this respect, that we had excellent weather, with the exception of the corn weather last July. We did not have the necessary machinery on the farm with which to do the job. During the past 4 or 5 years the producer has never been able to buy the machines which should have been purchased. We must overcome that situation and correct it as speedily as possible. An adequate supply of machines can come only through increased production in factories, or a lessened export business so far as farm machinery is concerned.

So far as increasing the acreage by 20 percent is concerned, I should want to know in what respect there would be a diversion of crops before being willing to accede to such a policy. I should want to know whether we were to plow up additional grazing lands in order to accomplish such increased production; and if so, I should want to see the area and know the history of the particular area before I would consent to such a plan, because we might do ourselves more damage than could be repaired by next year's benefits or any future benefits.

I should want to examine the Government's policy, to see whether it would deplete our crops to export beyond a reasonable amount. I should want to examine the conduct of the Department of Agriculture and the Department of State to see whether they had exhausted every effort to obtain crops from some other area.

Only after such an investigation and analysis would I say that we might proceed to plow up more of our grazing land. That is the only place where we could find additional acres. We cannot find them in any tillable area of the

United States, except in the extreme western area of the agricultural belt, because only there will be found acreage that has not already been plowed up and planted to crops.

Mr. President, I recognize that the Senator from Indiana is attempting to increase production. But let me say to him that in recent years we have had the biggest production in our history, under handicaps almost unheard of. The farmer has not had the necessary help or machinery; and yet, because of good weather conditions and favorable cropping, he has been able to produce what he has produced. He has done so by the aid of his wife and children, by working night and day, and often on Sunday, to accomplish it. He has almost exhausted himself in the attempt to produce what this Nation and the world needed in food stocks.

Mr. CAPEHART. Mr. President, I certainly shall not quarrel with the able Senator from Minnesota. However, in my opinion, if there is one thing that is worse than depleting a few hundred thousand acres of land and creating a surplus in the market, it is uncontrolled inflation, which would bankrupt the Nation. Unless we are careful, we may be headed in that direction.

Mr. THYE. Mr. President, will the Senator yield for a brief observation?

Mr. CAPEHART. Let me finish my reply.

I disagree with the able Senator from Minnesota when he states that the only place to find a few extra acres to till is out West. All one needs to do is to drive up and down the highways in almost any section of America. He will find thousands upon thousands of acres which are not under cultivation. Under the plan about which I am speaking, they might be put into cultivation.

Under the plan which I am advocating, this problem would be put up to the farmers in their own counties. The county agricultural agent in each county would be given the responsibility of surveying his county, talking with his farmers, and trying to figure out the possibility, in each of the 4,000 counties in the United States, of increasing production. I know that we have had large production. The farmers have done a remarkable job, but it has not been enough.

Mr. THYE. Mr. President, will the Senator yield for one further comment?

Mr. CAPEHART. I am happy to yield.

Mr. THYE. We have been exceedingly lucky as a people during recent years, because of the reasonable amount of rainfall in the so-called arid area of this Nation, where we have been growing great crops of wheat. In the event that we should break up too much grazing land and have just 1 month of dry weather such as we experienced in some sections of the Nation last July, and such as has been experienced in the Panhandle Wheat Belt of Texas during the past fall, and just 24 hours of strong wind which would create a dust condition in that arid area, more crops would be destroyed in a period of 24 hours than would be compensated for by all the additional cropping we could get by plow-

ing up a few acres of grazing land which should not be plowed up.

If we plow up our pasture land and exceed the normal margin of safety in pasturage, we shall destroy our pastures and destroy production in dairy products.

So far as the tillable or cultivated area of the United States is concerned, I believe that if we were to conduct a close survey and receive reports from the county agents, they would advise us that we have already tilled more acreage than is economically safe in the United States. But if we should find that we have not, I would go along with the Senator's program.

Mr. CAPEHART. Mr. President, the Senator misses the point entirely. He is talking about plowing up acreage where the wind might create a dust condition. It was never our intention to do that. It was our idea that there should be a declaration of principle on the part of the Senate that our Government might, through cooperation with the 4,000 county agents in America at the grass-roots level, turn the problem and the responsibility over to each county and each county agent, saying to them, "We need more food in order to feed the starving people of Europe and bring prices down. What can you do?" Our idea is to put the problem up to each county. If there were conditions in a given county such as the able Senator from Minnesota describes, that county would not be able to increase production.

We have another example of taking the defeatist attitude that nothing can be done. My answer to Senators who have spoken against this plan is that the alternative is price control and rationing. We cannot beat this problem, and we cannot control inflation on any other basis than by producing more or going to rationing or price control.

Mr. President, I now ask unanimous consent to submit the concurrent resolution for appropriate reference.

There being no objection, the concurrent resolution (S. Con. Res. 35) submitted by Mr. CAPEHART was received and referred to the Committee on Agriculture and Forestry.

Mr. WHERRY. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 7, it is proposed to strike out the period at the end of the first sentence in section 10, line 8, insert a colon, and the following: "Provided, however, That nothing in this act shall be deemed to authorize the issuance of any proclamations, orders, or regulations in any way controlling production or prices, or allocating deliveries of any commodity within the United States."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

Mr. WHERRY. Mr. President, section 10, on page 7, has already been amended, in line 6, after the words "Secretary of State", by striking out "or any other official or officials of the Government."

That was done, I believe, to restrict to some degree the broad provisions of the first paragraph. The language now reads:

And he may delegate to the Secretary of State any of the powers or authority conferred on him under this act.

That modifies to a great extent the broad provisions. I assume that it would be very difficult for one to interpret this section as indicating that the President might at any time promulgate rules and regulations imposing price ceilings in order to effectuate the purposes of the act.

But, Mr. President, I do submit that, inasmuch as the intention is as I have stated, it will not hurt anything to add this language to the section. I feel in my own mind that we can interpret broadly the provisions of section 10, and that if it should become necessary, the President has the authority to do the very thing I am trying to eliminate by the amendment offered.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WHERRY. I shall be glad to yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator from Nebraska has discussed this amendment with both the distinguished minority leader and myself. The Senator from Kentucky [Mr. BARKLEY] and I agree that there is nothing in the bill which could provide the President with any such power as is proscribed by the amendment. Since that is the situation, my own view is that the amendment is unnecessary. On the other hand, since it does not collide with any provision of the bill, I am perfectly willing to accept it.

Mr. BARKLEY. If the Senator yield before accepting the amendment, I happened to think of one suggestion. I agree with all the Senator from Michigan has said; but the amendment has to do with delivery within the United States. I suppose that what the Senator is trying to do is to cover things delivered for consumption in the United States, because delivery within the United States might even apply to those things delivered to a steamship in a harbor of the United States and intended for foreign destination under the bill. I think if we would modify the language so as to apply it to goods delivered for consumption within the United States the Senator would accomplish his purpose.

Mr. VANDENBERG. I doubt whether there is anything in the bill which would permit anything of the sort—domestic, foreign, national, international, ethereal, earthly, or otherwise.

Mr. WHERRY. If the Senator does not mind, I will leave the language as I have submitted it. I am not attempting in any way to block deliveries of commodities to be shipped overseas. I am attempting to eliminate any allocations of very scarce materials if and when the President feels it necessary to make such allocations. It can be debated in connection with other legislation.

Mr. VANDENBERG. That is the entire point. The Senator is not tying it solely to this bill?

Mr. WHERRY. That is correct. I should like to have it accepted the way it is written.

The PRESIDING OFFICER. The question is on the amendment submitted by the Senator from Nebraska [Mr. WHERRY].

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, do I correctly understand that the Senator from Idaho wishes to offer an amendment?

Mr. TAYLOR. I do, Mr. President.

Mr. VANDENBERG. I thought I had a hard and fast contract with the Senator from Idaho.

Mr. TAYLOR. That was with reference to another amendment. Does the Senator from Michigan mean to apply it to all amendments?

Mr. VANDENBERG. The Senator from Michigan cannot be blamed for being hopeful.

Mr. TAYLOR. I want to live up to any agreement I make.

Mr. VANDENBERG. I do not think the Senator is foreclosed.

Mr. TAYLOR. I should be glad to make the same deal on this amendment I made with respect to the other.

Mr. VANDENBERG. In view of the fact that there is some doubt about the situation, could we agree to be rather prompt and brief in our discussion of this amendment?

Mr. TAYLOR. I shall not be too long with it.

The PRESIDING OFFICER. The clerk will read the amendment offered by the Senator from Idaho.

The LEGISLATIVE CLERK. The amendment is in the nature of a substitute, to strike out all after the enacting clause and insert as follows:

That this act may be cited as the European Interim Aid Act of 1947.

SEC. 2. It is the purpose of this act to provide immediate assistance in the form of food, fuel, and other commodities urgently needed by the peoples of Europe, to alleviate conditions of intolerable hunger and cold and prevent serious economic retrogression which would jeopardize any general European economic recovery program based on self-help and cooperation.

SEC. 3. The President shall allocate to the United Nations the sum of \$597,000,000 to carry out the purposes of this act. The United Nations shall use this sum for the purpose of alleviating human suffering through the winter of 1947-48, through the procurement of food, seed, fertilizer, coal, petroleum and petroleum products, other fuel, fibers; pesticides; medical supplies and such other commodities as it finds necessary for the accomplishment of the purposes of this act as set forth in section 2; also through the transportation and storage of such commodities and the payment of accessorial and administrative expenses and expenses for compensation and travel of personnel for carrying out the purposes of this act. No funds appropriated under this act shall be used for the purchase of arms, armaments, or munitions of war.

SEC. 4. There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this act. This act, however, shall not imply any obligation to give any assistance, nor shall it imply or guarantee the availability of any specific commodities.

SEC. 5. All commodities made available pursuant to this act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, in-

delibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States.

SEC. 6. The United States delegate to the United Nations shall take appropriate steps to encourage other countries to make available to recipient countries such assistance as they may be able to furnish.

SEC. 7. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this act have been completed, shall transmit to the Congress a report of operations under this act. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 8. If any provision of this act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other circumstances shall not be affected thereby.

Amend the title so as to read: "A bill to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to be distributed by the United Nations on an emergency basis for the relief of hunger and without regard to race, color, creed, or political belief."

Mr. TAYLOR. Mr. President, I think that my interest in the United Nations and my earnest desire that the United Nations shall become strong enough to keep peace in the world are well known.

At the time of the Greek-Turkish proposal—it would probably be more appropriate to say the Greek-Turkish fiasco—when Senators were debating the subject on the floor, the Senator from Florida [Mr. PEPPER], I, and a few other Senators urged that Greek-Turkish aid be handled through the United Nations. We were told that that could not be done. That was stated by those who were in favor of the United States taking unilateral action. At that time it was said that the United Nations had no money to handle the proposition. We said, "Well, we will spend the money anyhow. Let us give it to the United Nations and let them spend it. If it works out well it will strengthen the United Nations; if it turns out badly, then we shall not be to blame." But, no; we would not submit it to the United Nations. The matter would be handled unilaterally.

We all know what has happened. The situation in Greece today is worse than it was when we took over. In fact, I have a clipping on my desk, together with several other clippings—I shall not bother to read all of them—which says that the Army is driving to try to get control of the situation in Greece. That is, the Army does not want civilian control; the Army wants to run it.

I have another clipping, and I assume from it that the Army has taken over, because the heading on the clipping reads: "General decline is seen in Greece."

"Old General Decline" is over there in person. The situation in Greece is getting worse momentarily, day by day, year by year. I think it is about time we pulled out and brought the "general" with us. We shall be asked for more

money for Greece and Turkey very soon.

I remember that at the time the Greek-Turkish aid bill was enacted the Senator from Florida and I protested that we were spending too much money for guns; that we should spend more for bread and less for guns. But the legislation was put through. Recently the ratio was changed, so that we are to give them more guns. The ratio was approximately \$3 worth of guns to \$1 worth of food. Now I suppose it is \$3.50 worth of guns and four bits worth of food. That is what is the matter with all of our European aid. We send too many guns and too little food.

Mr. Marriner S. Eccles of the Federal Reserve Board suggested timidly—I suppose it was timidly, because his statement received very little space in the newspapers—that it might be a good idea to send more food to Europe and fewer guns. When suggestions like that are made very little notice is given to them in the newspapers. Any day anyone gets up and says that we should fight the Russians he can get headlines.

The Senator from Wyoming [Mr. O'MAHONEY] said that it was time to urge peace instead of war. I found his statement buried in another newspaper article with no heading on it at all. A gentleman from the other end of the Capitol came back from Europe and said that the Yugoslavs were killing our boys right and left over there, and the newspapers whooped up headlines over that statement. That was a good one. The next day that statement was denied. I saw the denial in the newspaper. I will give them all credit. The denial was right next to Dick Tracy.

So it goes, Mr. President. Those who want peace and plug for peace are absolutely smothered; their voices are unheard; but anybody who wants to talk for war receives all sorts of attention. I should like to be on that side; it would be very pleasant to be one of those folks.

What has happened in Greece? We decided to handle it on our own. Our action in Greece was the most severe blow that has been dealt the United Nations. At the time, the Senator from Florida and I suggested that the United Nations should seal the border and hold a free election; that we were convinced that they would have a democratic government in Greece. But that idea was voted down. Since then we have urged and finally got the United Nations to take over the job of preventing outside interference in Greece; that is, by way of her land borders. We have got someone to hold the door for us while we go in and kick the Greeks around. That is what it amounts to. We are not permitting the United Nations to handle the internal problem in Greece. All we have them doing is to act as a policeman to see that no one else interferes. We want to do all the interfering ourselves.

So, Mr. President, the amendment in the nature of a substitute, which I have submitted, is practically the original bill, with the exception that it routes the aid through the United Nations, and gives it money to spend to feed hungry people, and not to be used politically.

All the aid we have given, these billions of dollars, Mr. President, have made us

no friends. On the contrary, all this money, all this giving, this aid, this generosity on the part of the American people, has made enemies in the positive sense, because we have tried to tell everyone in the world what kind of government they should have and what kind of economic system they should have; and people simply do not like that. The world has grown absolutely cynical about our aid. The people of the world feel that we are not interested in feeding hungry people, but that we are trying to gain a selfish advantage by withholding bread from hungry people. So they are out to get all they can possibly get from us.

Mr. President, I have before me an interesting example of that situation. I hold in my hand a little article by Leonard Lyons, appearing in the Washington Post. In it Mr. Lyons has this to say:

LEONARD LYONS

NEW YORK.—Brazil's Dr. Oswaldo Aranha told some United Nations delegates and Col. H. H. Josephs the apocryphal—

The word is a good one—

story of San Marino, the tiniest and oldest state in Europe, whose representative was sent here to get help under the Marshall plan.

The little country of San Marino wanted some help under the Marshall plan, so its representative came to the United States and said to Secretary Marshall, according to this article:

"We have an economic and currency problem," he said, "and we need \$100,000" * * * "Have you any Communists in your country?" Secretary Marshall asked. The man said, "No; no Communists"—proving that this story must be apocryphal, because the World Almanac lists 18 Red members in San Marino's Grand Council * * *. "Sorry, we can't give you the credits," Marshall told him. "No Communists, no Marshall plan credits."

On his way home the man conferred with Premier Ramadier of France, related his plight and asked: "So can you lend us some of your many Communists?" * * * "Sorry; no," Ramadier replied. "We need all the Communists we have, because France needs a lot of credits from Mr. Marshall."

Mr. President, that story indicates the way the world looks at us. The Hindus get no food because they have no Communists and are not smart enough to start any of them in business. So the Hindus are in bad shape.

So, Mr. President, the world is absolutely cynical about aid from the United States. The countries of the world are lined up with their cups in their hands, waiting to get all the help from us they can get, and after getting it they will go ahead and have whatever economy and whatever form of government they wish to have.

Therefore, Mr. President, under the circumstances I am offering this amendment, which provides that this aid shall be handled through the United Nations. If we really want to make friends we should simply give, and not attach any strings to the gift. If we give without any strings attached, perhaps we shall get credit for really being generous.

As the situation is today, the other nations of the world simply look upon us as Uncle Shylock, the clever old schemer, who is trying to buy friends all over the

world. But, Mr. President, friends cannot be bought; they will not stay bought after they are bought.

So, Mr. President, if we really wish to give our substance, let us do it through the United Nations, and let us let them feed people, as provided by my amendment, without discrimination, without regard to race, creed, color, or belief.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. TAYLOR. I am happy to yield to my good friend, the Senator from North Dakota.

Mr. LANGER. Does the amendment in the nature of a substitute include a provision for aid for any nations besides the three covered by the bill?

Mr. TAYLOR. The countries are not named. Under my amendment, it will be up to the United Nations to decide who is the hungriest and where the need is the greatest, and my amendment will let the United Nations take care of the hungry people.

That is all I have to say on the amendment, Mr. President.

Mr. VANDENBERG. Mr. President, the substitute submitted by the able Senator from Idaho obviously would destroy the entire structure of the proposed program. I think the issue is very clear, and I ask for a vote on it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment was rejected.

Mr. VANDENBERG. Mr. President, I think that completes the action on the amendments. I should like very much to have the bill go to its third reading, after which I shall suggest the absence of a quorum; and thereafter if any Senator wishes to speak on the bill, he will be at liberty to do so.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. VANDENBERG. Now, Mr. President, I shall proceed to suggest the absence of a quorum, if—

Mr. PEPPER. Mr. President—

Mr. VANDENBERG. Does the Senator from Florida wish to speak at this time?

Mr. PEPPER. I am reluctant to wait to speak until a quorum call is had because if I were to do so, Senators might think I had been waiting until the quorum call had been completed, before I began to speak, in an attempt to have a larger audience. So I am perfectly willing to speak at this time.

Mr. President, I wish to have the RECORD show that I was one of those who voted with the Senator from Idaho [Mr. TAYLOR] in support of his amendment. The RECORD will also show in a few moments that I shall also be among those who vote for the passage of this bill.

However, inasmuch as we are now making momentous history, I should like the RECORD to show that I have a few observations which I humbly submit upon this subject and certain aspects of it.

I commend the President of the United States for the weight he has so magnifi-

cently thrown behind those in other parts of the world who need aid, and for his stalwart defense of democracy. I warmly commend the distinguished Senator from Michigan [Mr. VANDENBERG] for the magnificent leadership he has given to this bipartisan program which now is before the Senate. He has certainly exhibited all those excellent personal qualities which make his colleagues and his fellow countrymen admire and esteem him in his personal capacity so highly.

However, there are certain aspects of the matter which give me grave concern, Mr. President. One has already been mentioned by the Senator from Idaho, namely, that this is another instance when we have bypassed the United Nations Organization, the effect of which cannot be but further to weaken the confidence of the world in that organization as being the hope for the prosperity and peace of mankind.

When we had the Greek-Turkey matter before us for consideration, the able Senator from Michigan, in following a course which I wish he could see fit to pursue in connection with this measure, led the fight for an amendment, by a sort of collateral method, to bring jurisdiction over that program into the United Nations Organization. The President was personally allowed to discontinue the Greek-Turkish aid authorized by Congress when he saw fit to do so, and the United Nations Organization was given the same power and authority by the Congress itself. It could be said, therefore, Mr. President, that we were not completely ignoring the United Nations Organization, not completely bypassing it, even if our conferral of jurisdiction upon it was rather an afterthought and a postlude to the initial consideration of the subject.

But in connection with the measure now before us, Mr. President, we do not find in this bill a single word to the effect that the United Nations Organization will have any jurisdiction over any aspect of the subject. So surely those who wish to find in this measure a bypassing of the United Nations Organization can find nothing but support for that interpretation of this proposed legislation.

Mr. President, if an arm of the body is not used, it withers and dies away; it loses its strength and power. The same thing applies to institutions: If they are not employed, Mr. President, they lose their vitality and their force. The League of Nations was not used by the powers of the earth; and, like a member of the body or an institution that fell into disuse, Mr. President, it withered, and later it died.

Today, Mr. President, instead of throwing our full strength and power behind the maintenance and support of the United Nations Organization, we are going steadily ahead along a bypath which circumvents the United Nations and tends to put world confidence in the alternative, instead of in the United Nations Organization itself.

So, Mr. President, I should prefer to waste and lose some money if use of the United Nations had that effect, rather than see the United Nations Organization waste and lose its power and

prestige before the nations and the peoples of the world.

Therefore, Mr. President, I merely wish to be one of those who voice their protest, and I desire to submit the humble observation that it is a grievous mistake to bypass the UN, and that when we look back from the perspective of history upon this decision, I believe we shall find that it would have been better to have given the aid we provide through the United Nations Organization, rather than otherwise.

As the Senator from Idaho has pointed out, this matter of giving relief and aid to the peoples of the world should be based upon need and not upon any other considerations. I thought I had it here upon my desk, but I find I have omitted to bring with me a copy I have been furnished by the Secretary General of the United Nations Organization, showing the proceedings of that body in December 1946, when the representative of the United States, Mr. Adlai Stevenson, assured the nations of the world in that forum that, although in abandoning UNRRA we proposed a relief program that was unilateral in its inception and responsibility, although no doubt we expected to correlate it in some general way with other nations, we pledged ourselves to the principle that relief should not be related to politics, it should not be related to religion, or any other consideration except the plaintive appeal of human suffering and need. A baby, Mr. President, does not have any politics, it only has a tender body to be nourished and sustained, or to be allowed to die and wither away.

So, Mr. President, if we have departed from that principle in distributing relief, to distribute it instead upon the basis of politics, we will have repudiated a solemn statement which our representative made not longer than a year ago, when that subject was under consideration in the United Nations Organization in the great State of New York. In fact, we gave that assurance when we and the United Kingdom destroyed UNRRA. That was the first mistake, Mr. President, I venture to say that we made in the field of international relief. UNRRA stands out as one of the magnificent instances when the nations of the earth have worked together to relieve human suffering without regard to politics, geography, or any other consideration. Mr. President, Fiorello LaGuardia, a voice that is now stilled, and whom I wish to honor, headed UNRRA in its last days. The last vigorous protest that that great soul and courageous heart made before the United Nations in December 1946 was that there must not be the criterion of politics in the administration of succor to meet human need. And if Fiorello LaGuardia were living today, Mr. President, and he saw that the aid under this bill was limited only to Austria and to France and to Italy, knowing as we all know that they were not the only people whose men and women and children were hungry, I believe, as I live, that that great, brave voice would be raised in protest to this Congress and to this country, because he thought, Mr. President, that the way to administer relief was the way it was administered by the good Samaritan.

Search the Scriptures and see whether the good Samaritan laid down any criteria of politics, whether he asked what the philosophy was of the man who had fallen among thieves on the road to Jericho, before he gave him aid and assistance. So, Mr. President, I say that this Nation, through its representative, Mr. Adelaide Stevenson, when we abandoned UNRRA, which we should have continued, said, when we administered charity and gave relief it should not be upon the basis of political considerations thereafter, and if we have forsaken that objective and policy, Mr. President, it runs contrary to the position we solemnly took in the United Nations in December 1946.

So, Mr. President, I say that we err when we circumvent the United Nations Organization. Some say, "Well, but look what happened—they gave money to this country and to that and to the other, which were not in accord with our political concepts, that were at odds with us in international conferences."

But, Mr. President, I would rather spend upon human suffering a few hundred millions, even in a country which is not yet in political accord with us, than to spend billions upon a military establishment against the possibility of having to fight that country. I am willing to make a comparison, Mr. President, in the amount of dollars it would take for us to give human relief upon a needs basis to the nations not now in accord with us with the nearly \$11,000,000,000 in the budget for the Military Establishment for this fiscal year. So, Mr. President, I say that in terms of dollars and cents it is not a mistake for a United Nations Organization to try to minister to human need wherever it exists, without regard to other considerations.

Now, Mr. President, there is a field in which we may take into account the attitude of the country with whom we make an accord. There may be instances of where we would not wish to enter into an obligation with a country that did not share our political beliefs. That might be, for example, in the case of mutual defense, of disarmament, and of the discovery and of the disclosure of confidential information one to another, in the sharing of common weapons of defense; and the like. But, Mr. President, one cannot make friends by denying succor to those who have acute human needs. Will it be thought that those little children who will grow up in the so-called enemy countries will love America any better because their emaciated bodies attest the fact that their fathers were not in political accord with the dominant philosophy of the United States Government? Or would it not be better that they grow up remembering that the strength they have perhaps came from an indulgent and a rich America which was willing to condone even their affronts in order that we might try to build a healthier and a sounder world?

Now, Mr. President, I have here before me a pamphlet, *World Food Appraisal for 1946-47*, that comes from the World Food and Agricultural Organiza-

tion of the United Nations, issued December 26, 1946, from Washington, U. S. A. On page 2 of that pamphlet I find the following:

This is table 1, Estimated Calorie Consumption Levels, 1946-47, in Relation to Prewar Levels. On one side I find 1,800-2,100 calories per capita daily consumption for prewar levels. Then I find that parts of India have, as estimated at that time, less than 80 percent of this prewar diet figure; it is the lowest of all the countries here that consumed 1,800 to 2,100 calories daily per capita. India, with 80 percent of her prewar diet; Korea, the Philippines, other parts of India, and Java, with 80 to 95 percent of their prewar diets; Mexico, Colombia, Iraq, Iran, Central America, and Peru, with over 95 percent of their prewar diets—all of them between 1,800 and 2,100 calories per day. They are all lower than the number of calories per day for the people in France and Italy. Then I have also on the same page of this table the countries that consumed in prewar years 2,100 to 2,400 calories of food per capita per day: Parts of China and Malaya, now having only 80 percent of their prewar diets; other parts of China, Algeria, Tunisia, and Portugal with 80 to 95 percent, and countries with over 95 percent of prewar diet are Indochina, Siam, Caribbean area, Egypt, tropical Africa, Burma, South Africa, Syria, and Lebanon, but all of them under the level of 2,100-2,400 calories on an average per day. I notice from the report of the State Department, the interim European aid program, Senate Document No. 108, Eightieth Congress, I find on page 24 that the average of the rural diet in Italy today is about 2,200 calories as compared with the prewar average of 2,550 calories per capita. I believe, in the case of France, the number as given in this same document, is something like 2,100 calories per day. Their prewar diet was 3,000 calories on an average per day. So all those countries are less in average calorie consumption per day on the part of their people, than the countries of France and Italy, although I believe Austria now has a lower per-capita caloric diet of 1,600 calories as compared with a level of 2,700 to 3,000 in prewar years.

Again, I read from the report of the World Food Organization. Here is the 2,400-2,700 calorie group: Parts of Manchuria, less than 80 percent; French Morocco, Greece, other parts of Manchuria, and Italy, 80 to 95 percent. Then, also, Chile, Brazil, Palestine, and Turkey, over 95 percent of prewar diet, 2,700 to 3,000; Rumania, Austria, Germany, under 80 percent; Poland, Spain, Hungary, Union of Soviet Socialist Republics, Bulgaria, Yugoslavia, Belgium, Uruguay, Cuba, Finland, the Netherlands, 80 to 95 percent; Czechoslovakia and Paraguay over 95 percent of prewar diet; 3,000 to 3,330, United Kingdom, France, Switzerland, Norway, 80 to 95 percent; Sweden, Canada, Australia, Ireland, Denmark, United States, Argentina, and New Zealand over 95 percent of prewar diet.

So it is rather apparent, Mr. President, that the aid program has not been related to the caloric or nutrition needs of the suffering people of the world. It

is also rather clear, Mr. President, that this program has not been limited to the countries that are deserving of our help on the basis of need, for surely no one would say that the world is so well off that it does not have need for this kind of aid, from any cause, except Austria and Italy and France. What impression, what inference, Mr. President, will those who question our motives derive? They will say that, contrary to what we said in 1946 when we abandoned UNRRA—and we and the British did it, in spite of the fact that an overwhelming majority of the members of the United Nations pleaded for continuation of UNRRA—and to answer the direct question as to whether it would drift down to the level of politics, we assured them no; but I say, Mr. President, surely we would not say that only these three countries out of all the countries of the world today have a claim upon American charity.

So, Mr. President, first I regret that we have not carried this matter as we should through the United Nations Organization, where there would be no veto power, where arrangements could clearly be made that there be an honest supervision of the expenditure and the distribution of these funds and these products, and where the whole world would be able to see that we were doing what we were doing in order to try to help mankind, to try to help nations, who might be our purchasers, to get back on their feet, and that our motives were pure, untainted with any suggestion of selfish economic or political interest.

Mr. President, the next observation I wish to make is that we all know that one of the principal motivations of this aid is not the appeal that it makes to our sense of charity and sympathy, but that it is a weapon in an ideological war. I am not saying, Mr. President, that we do not honestly think that we are on the defensive in that war, and I am not saying that we are not on the defensive, but whether you use a weapon in a war upon the defensive or upon the offensive does not change the fact that it is a weapon that is being used in a war.

Mr. President, I now want to throw out a word of warning from recent history about that policy. I want to remind Senators to review their own memory of the history of the world since 1917. Let me take just about five political events in that many countries.

In 1917 the Bolsheviks came to power in the Soviet Union. They established what we know and call a Communist order. What did Lenin do when he took over power in the Soviet Union? Did he immediately attack his neighbors? Well, history does not say that. It says on the other hand that he gave the Baltic States their freedom, their emancipation from membership in the Soviet Union, in what had been old Imperial Russia. History also says Lenin freed the provinces of Kars and Ardahan in Turkey. It says also that he gave up the oil concessions gained by Imperial Russia in the northern part of Iran, under a burst of fraternity and brotherhood. They had something of the revolutionary spirit like that of the French

in the days of their revolution, when they proclaimed *liberté, égalité, and fraternité*, and they included the race of men in French fraternity. They were enjoying the fruits of freedom, and they wanted the peoples of the earth to share them, the way a religious convert wants to go out and tell his fellow men of his religious experience, like Saul after his experience on the road to Damascus.

Mr. President, they were invaded at one time by a total of some 13 different nations who tried to upset the new government that had gained power in what had been Imperial Russia. That effort failed. There gradually came to be a sort of stability in that country. The government that had won authority seemed to be strong enough to retain authority, and they began to make trade pacts with one country and another.

Finally, by 1933, the new President of the United States, Franklin D. Roosevelt, felt that he could with propriety recognize a government that had been in power from 1917 to 1933, and recognized it. That same government has been in power ever since, attesting to the fact that whether good or bad, it seems to have been able to maintain itself in its own land. Leaving out, Mr. President, the efforts which have been made by the Soviet Union to reacquire territory just before and after World War II, I believe history will say that they did not threaten the security of their neighbors up until the beginning of World War II, with the exception, as I said, of Finland, as one of the incidents leading up to World War II.

Mr. President, I mean to say that here in the United States we were not making speeches every day against the Soviet Union prior to 1938. We were not arming ourselves almost with ghastly fear of an attack from them. Nor were the countries of Europe or the Middle East, so far as I recall, or as the history that I have read tells the story. Now that is what I believe we all remember of what happened to the world from a Communist state established in 1917.

Let us now go a little bit further down to the Mediterranean. Around 1922 another tumultuous political event occurred. A man named Mussolini marched on Rome. Why? To crush the Communists. To put down disorder. To restore law and order. To make the trains run on time. In a little while homage was paid to this man from everywhere, this man who had delivered the land from the Communists, Benito Mussolini, Il Duce. Even Mr. Winston Churchill was one of those who commended him, who praised him. He was not alone. I remember, Mr. President, in 1938 standing in the streets of Rome and watching a parade which Mussolini reviewed. I stood on the opposite side of the street from him, and I remember how—and I suppose it was stimulated by his Fascist henchmen—he got the crowd to chant, "Il Duce! Il Duce! Il Duce!" in something that was almost fanatical in their praise and their worship of him. Many people in foreign lands said in their hearts, "Thank God, a strong man like Mussolini has put down those Communists and got the trains to run on time, and given

Italy again a feeling of strength and security."

Senators will remember that on the side of the Colosseum Mussolini had three white marble maps placed. One map showed what mighty Rome, imperial Rome, once was in extent and reach. A second showed the narrow boundaries to which Italian power had shrunk before Mussolini. A third map showed how Italian territory had increased because Mussolini had attacked pitiful little Haile Selassie and the tragic Ethiopian people, had taken their territory, acquired that kingdom, and had started a career of conquest to restore the majesty of old Rome—to build a new Roman Empire.

I am saying that this Fascist state, which so many people praised for crushing the Communists, was not in power very long before it made a mockery of liberty. It started out by filling its enemies with castor oil, and wound up by cutting their throats, putting them to death.

The first act of conquest begun in that part of the world was in Ethiopia. That started World War II. What did Mussolini do a little later? He joined the Axis with Hitler and moved World War II closer. I do not know what the Communists of Italy would have done. That is only a subject of speculation. But I know what the Fascist, Mussolini, who crushed the Communists, did to the nations and to the peace of the world.

Now, Mr. President, what else did this Fascist Mussolini do? After his attack upon Ethiopia and his axis with Hitler, Mr. President, at an appropriate time, when he thought fair France was prostrate, he stabbed her in the back with what he thought was a fatal blow. I will never forget President Roosevelt's stab-in-the-back speech made at Charlottesville, Va., about the dastardly deed of this dictator, Mussolini, stabbing prostrate France in the back when he thought France was defeated by the Axis, of which he was a principal member.

Now let us move to Germany. In Germany they also had a revolution after World War I. There were some Communists there. There also was great disturbance and agitation. There was acute inflation. I have said it many times on this floor, but I will say it again, that I rode along the roads of Germany with a former German officer and he pointed out a balcony to me and said: "There is a balcony on which my men shot a dozen Communists." He pointed to a bridge and said, "There is the bridge on the opposite side of which my men hanged 10 Communists." He was in charge of a regiment in that area fighting the Communists. And Hitler was looked upon by many people as being a deliverer of Germany from the chaos and the confusion and the domination and the contagion of communism. Mr. President, I do not know what the Communists would have done if they had gained power and remained in power in Germany. But 400,000 dead Americans attest to what Hitler did. And the tears that have coursed down the cheeks of mothers and loved ones who have lamented their loss also bear testimony to what we got when we got Hitler.

In Spain there was a democratic movement that grew up there from the people, it appeared. They protested against a feudal regime that remained in their country, and which suppressed the rights of the people, economically, politically, and otherwise. The people rose up and seemed to win their revolution through peaceful means. I do not know whether it was good or bad, but they seemed to have won it themselves, as we won ours. They established a government, Mr. President. They set up a parliament. They initiated certain reforms. Then there was a counterrevolution, and an army officer named Franco seemed to be selected to head it up. And who helped Franco? Hitler and Mussolini. I will not emphasize the fact, but as I remember it only the Soviet Union came to the aid of the people who had won their own freedom from their own oppressors and set up their own government. It will be a dark chapter of democratic failure that the Soviet Union was not joined by France and England and by us and all the other democratic loving countries of the world to protect the peoples' government in Spain. We let the Spanish people be slain in a war waged by Hitler and Mussolini, not by the kind of infiltration that is now spoken of across the border of Greece. It was no little affair, in which the people of the country obtained supplies or training from across a neighboring border. Hitler and Mussolini sent tanks, airplanes, and legions of regular soldiers to fight the Republicans of Spain and thus intervening in an internal civil war, opening the first chapter of World War II.

We still have Franco. I read from this place a document from the State Department which told the places where Franco succored German submarines. There are American boys, the sons of American mothers, sleeping today in the cold waters of the Atlantic because Franco repaired and fitted out German submarines to sink American ships in the Atlantic Ocean. Yet Franco is still there master of one of the citadels of fascism today.

In Argentina there was another army officer who took a leaf out of the book of Hitler and Mussolini. He has imitated them as perfectly as he could. I refer, of course, to Peron. If we look at his program in Argentina we see that nearly everything he does is an imitation of Hitler or Mussolini. That is fascism.

What has happened? A courageous man named Spruille Braden in our State Department did not like fascism, and he stood up and fought it the way American men fought it upon the far-flung battlefields in World War II. They hated it and they tried to crush it. I honor Spruille Braden. He lost his job trying to fight fascism in Argentina. We decided to make a deal. We say we will not appease Communists but I wonder what history will say about the understandings we have reached with the Fascists?

At any rate, I know that Spruille Braden lost his job, and later we made peace, apparently, with Argentina, and we met with her again, in spite of the fact that we know, as our own solemn

publication from the State Department shows, that she gave aid, comfort, and sanctuary to our enemies while we were fighting in World War II.

Thus, Mr. President, if we take the history of the world since 1917, I do not know of a Communist country that has gone out, prior to this war, as an aggressor upon its neighbors, and taken their territory. Perhaps there have been such. If there have been such, let them be named and denounced. But I do know that the people who thought the world was going to be tranquil and peaceful when the Communists were destroyed by the Fascists got a Fascist-made war for their pains—World War II.

Mr. President, why am I saying that? I am saying it because it seems that England, we, and many other countries have an idea that lingers in our minds, that we never can do business with the Communists, that we never can establish any kind of concord or sensible and honorable working arrangement with them, but that if we can get the Fascists in, we shall be able to get along with them somehow or other. The British thought they could get along with Hitler. They always thought they could make a deal with him, up to the last minute. I have heard it said that Hess thought it worth a flight to England to make one more effort to make a bargain with England before Germany attacked Russia.

Mr. President, I say those who believe that the world will be peaceful and safe if we destroy the Communists and replace them with Fascists are defying the known lessons of history. We have General De Gaulle over in France. Does any Senator wish to say that it is a democratic platform that General De Gaulle is proposing to his countrymen? Despite his brilliant war record, he now talks as Hitler did, about the new order, about the new kind of state, about the new France. Whenever we hear one of these fanatics begin to talk in such terms, we can be sure that he is a zealot who is a dictator at heart, and will become one if he gets the opportunity. He is not saying to the French people, "I am going to make this country something of which the French people, thank God, will be proud, because they will be strong, and it will be their country." No; he is going to make it over as God made man, in his own image. That is what he wants to do.

Two or three days ago I saw a statement in the newspaper by one of our high representatives. I do not know whether the newspaper quotation was correct or not. By inadvertence I failed to bring it with me. Perhaps Senators saw it. However, I understood that one of our high representatives said 2 or 3 days ago that, if in France, it came to a choice between Communists and De Gaulle, we would have to side with De Gaulle.

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAYLOR. It was not unexpected to the Senator from Idaho to see that little breaking of the ground, so to speak, in preparation for the acceptance of De Gaulle at some time in the future. Just the other day, before that item appeared in the newspapers, I was talking

with a radio commentator, and I told him that I would wager that we would be found to be supporting De Gaulle as of this day. That was about a week ago. He was sure that we would not do a thing like that, so I bet him \$10 that we were supporting De Gaulle at that minute. But, of course, we shall have to postpone payment of the wager for 5 years, until the truth can be told. We do not find out these things at the time. But I am confident that the aid we are voting here today will be used to bolster De Gaulle. I will wager that the French people will be given just as little as possible this winter. They will be allowed to starve it out and freeze it out; and in the spring when the flowers are blooming and the warmth is in the air again, De Gaulle will ascend, and aid will be forthcoming in large volume.

Mr. PEPPER. I thank the able Senator from Idaho.

I should like to make one further reference. General Marshall seemed to have made a very fair appraisal of the situation over in China when he came back. In substance, he said, in the words of Shakespeare, "A plague on both your houses." From his knowledge of and intimate relationship with the existing Chinese Government, he did not think that was the kind of government which we could support. Yet, Mr. President, if we do not watch out we shall find ourselves, as some have already proposed, starting another program of assistance and succor to the present government. If we do, I do not see how there is any hope for reconciliation of the conflicting interests and establishment of some kind of truly democratic government, which General Marshall recommended in his report on China.

Mr. President, I do not want us to have to do business with the Communists all over the world, but I want to warn my fellow countrymen against thinking that they have won peace when they use the Fascists to destroy the Communists. I know that history shows that we paid a high price for the Fascists whom we have supported and sustained when, by their evil careers, they obtained power in their several countries.

Mr. President, I merely wish to warn against a democracy like America being found in the company of Fascists or neo-Fascists in any part of the world. If we are going into other countries to set things in order, then, Mr. President, in God's name and in the name of America's traditions and her dead patriots, let us select some people who really are democratic; and if we must give them arms and support, let us give them and say: "Before God and nations, this is what we stand for." I do not want us to become identified with every reactionary collaborationist, Fascist-minded government in the world upon the false reasoning that we must do it in order to stifle the danger of communism. I doubt if communism in Germany could have done worse for the world than Hitler did. I doubt if communism in Italy would have cursed mankind more than Mussolini.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BALDWIN. I do not wish to appear as an advocate of any political group in Europe. But I am at a loss to understand how De Gaulle can be classified with the collaborationists. Did the Senator mean quite that?

Mr. PEPPER. Not in De Gaulle's case. I think no man would question General De Gaulle's past patriotism or the magnificent struggle he made in World War II. But in the cases of Peron and Franco, I call them Fascists and I call both of them collaborationists. I am glad that the Senator gave me an opportunity to correct what might have been the impression that I included General De Gaulle in the category of collaborationists. I do believe that he is a Fascist, but I do not say that he is yet a collaborationist with the Germans.

Mr. President, I have but one final word. One of the great documents of our time was a document produced by the Committee on Economic Cooperation in Europe. Sixteen nations submitted what we call the Marshall plan. Senators may recall that there were a few very definite assumptions in that report. I mention it because we all know that the proposal before us is intended to be the substantial beginning of that program.

One of those assumptions was that by 1951 eastern and western Europe could economically and politically be put together again. Because of that assumption a demand was made for about \$7,000,000,000 less than would otherwise have been requested.

The framers of that report had to admit that, if eastern and western Europe could not be put together again, western Europe would collapse, or it would require at least \$4,000,000,000 a year out of the pockets of the taxpayers of the United States of America.

The second assumption was that there would be political stability and economic progress in the Far East, especially in the East Indies and the Indonesian-Malay-Burma area. I think they intended to say that that area must become free of its old oppressors before those people could get their economy going again and ship into the world markets, especially into western Europe, the critical materials which they possessed in that rich part of the world. That, too, Mr. President, was one of the assumptions upon the possibility of the discontinuance of our aid by 1951.

The third assumption is that there will be a resumption of multilateral trade among the nations of the world; that dollars will be circulating in the world's economic bloodstream like corpuscles in the bloodstream in the human body; that those people would be able to pluck those dollars out of the bloodstream with their own commodities. That is the third assumption. That does not exempt eastern Europe. That does not exempt any part of the world. It means world multilateral trade.

The fourth assumption is one which comes very near to us—a stable productive economy in the United States of America.

For myself, Mr. President, I do not think we have been fair to England. I

have at times upon this floor been critical of England's foreign policy, but I have previously expressed, as I shall now express, my praise when I thought there was a reversal of that foreign policy. What England has done in withdrawing from Palestine by next August, in giving India her emancipation and in freeing Burma is in line with the course of the future. It is in the spirit of a new day. It is getting away from the narrow and selfish colonial imperialism which time has passed by and which eventually had to go. The labor government has had the courage, in the face of bitter political criticism from that lovable and wonderful old Tory, former Prime Minister Churchill: I say in the face of stalwart opposition, the labor government, which believes in democracy a great deal more than does Winston Churchill, has had the courage to give these people their freedom, which they have the right to enjoy.

I believe a new England is being born, and I, for one, am proud and glad to see it. There will always be an England, because the heart of that great people is fundamentally sound and they can read history and the portents of the times. They borrowed \$3,750,000,000 in goods. They did not borrow dollars; they borrowed goods. Yet we let inflation take away one-third of the goods they borrowed from us; and I am afraid we needled them a little bit about being our debtor, along with it. They are a people with a keen pride, Mr. President. They do not like to be reminded that they owe us money. I guess none of us do.

What are they doing today? They have not even an A card gasoline ration for a single subject in the United Kingdom. They have not the basic gasoline ration for a single British citizen who can take his family and ride a hundred yards down the road in an automobile, unless he can justify it on what we would have called a C card during the war. They are tightening their belts and gritting their teeth and saying again they will see it through. They are trying to cooperate under the Marshall plan, but they have made up their mind that if they have to halve their rations they are not going to be needled by constant reminders that they are someone's debtor. I will wager that they will come through, too, in the long run.

I think when a Socialist government is struggling for its life against the reactionary Tories we might have been as generous as we have been in the past and have been a little more considerate of them. But I have the impression that when a Socialist government gets into trouble there are not many tears shed in some parts of our country. As I have read the newspapers, a candidate for President has gone so far as to say he would not like to have this country lend any money or give any aid to a country which has a Socialist government. But all Europe is Socialist. There is hardly another private capitalistic country like ours in the world today. Even Australia and New Zealand are so far beyond us that there is no similarity between their government and our capitalistic system. And yet this gentleman, I am afraid, putting blinders upon his mind, is obscuring

his vision, is counseling us to give no financial assistance to a Socialist government, while others tell us that Europe is inevitably bound that way and that we will have to go along with them or we shall have to destroy that kind of a system.

That leads up to this, and I am through. Senators are overwhelmingly, I suspect—and I shall be one of them—going to support this program. I raised a question with the senior Senator from Ohio [Mr. TAFT] last Friday as to what was going to be done regarding the high cost of living. I thought that was related to this subject, and I explained why I thought so. I have been to my State and to some other States, and hardly a day passed that I did not hear a great many people say, "Why don't you folks do something for us up there in Washington?" The people of our country are being very painfully pinched by the high prices which are prevalent everywhere, which are lowering the living levels of the American people. The nourishment of the American family is going down.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the Senator from Maryland.

Mr. TYDINGS. I cannot imagine that any Member of the Senate or of the House, or any citizen of the country who has given the matter any thought, can hold to the idea that embracing either the temporary or the long-term plan of relief will not cause the American people to embrace a great many sacrifices and hardships; and if anyone is voting for this plan with the idea that we can operate it without giving up any more than abstract matters he is doing so with a very false understanding of the economies that enter into it. In my judgment, we cannot provide this aid to Europe without sacrifice on the part of our own people. I shall support it, but I do not want anyone to think that it can be done without sacrifice.

Mr. PEPPER. The Senator from Maryland never spoke the truth more forcefully than in what he has just said. If we think we shall be able to save these people from collapse, to restore markets for American goods without sacrifice and hardship, both in terms of deprivation of commodities and the payment of taxes, we are laboring under a delusion and a snare.

Here is what I am afraid of next spring—and I say it out of my heart. I have been hearing what has been said in the Senate and what the people are saying in my State, and what citizens tell me more and more, day by day, not only from the poor, but from people in the middle-income groups.

People, for example, are having to pay 98 or 99 cents a dozen for eggs and 98 or 99 cents a pound for bacon. I have figures for families with incomes less than \$500 a year. In 1942 they had only 2,500 calories per capita. These figures are from the Bureau of Human Nutrition of the United States Department of Agriculture.

In the group earning from \$500 to \$999.99 they had only 2,600 calories.

The group getting from \$1,000 to \$1,499.99 had only 2,700 calories per capita.

The group earning from \$1,500 to \$1,999.99 received 2,700.

Figures were given out the other day indicating that the median of American income per family is \$2,300. Half of the families make less than \$2,300 a year and half make more than that. What kind of a standard of living is possible today for people making less than \$2,300 per family? The majority of the children of America, Mr. President, that have to fight our wars and build our strength in the future are living in families of four, on an average, where the gross income is less than \$2,300 a year.

Mr. President, to give a little further detail I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table of figures showing the caloric units per capita for given family compositions on a decent low diet at present prices, the value of such diet, and the percentage of the family income which would be spent on such diet.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Figures showing the caloric units per capita for given family compositions on a decent low-cost diet at present prices (August 1947), the value of such diet, and the percentage of the family income which would be spent on such diets

Family group	Average caloric units in low-cost diet	Value of low-cost diet
First group: Veterans attending school, wife and child 3 years old.	1,982	\$550
Second group: Aged couple, 65 years of age.	2,330	435
Third group: Family of man, wife, and child, 13 years and 8 years of age.	2,741	930

Percent of value to average family income:

First group, 51 percent of \$1,080.
Second group, 72½ percent of \$500.
Third group, 93 percent of \$1,007 for families with incomes under \$1,500 in 1946; 61 percent of \$1,517 for families with incomes under \$2,000 in 1946.

Mr. PEPPER. Mr. President, if the condition gets worse by next spring, if we do not have an effective system of, or whatever we call it—I started to say "price control"—I will vote for the best one that can be devised, if it requires price control, wage control, and controls over everything else, and if that is the only effective way the result can be achieved I will vote for every one of them. I will leave it to those who are the leaders to find the best and most effective way to bring down present prices or stabilize them at the present level and bring those that are below and out of relation up to the level where they should be and stop them there; I say if we allow these prices to go until next spring, when we are to vote on the permanent Marshall plan, there will be so much annoyance and dissatisfaction in this country that any Senator who votes billions of dollars for Europe will probably get defeated in the next election. One-third of the Senate and all of the House of Representatives must come before the people in November 1948.

Mr. President, I am for the Marshall plan and I am for this plan. Neither goes far enough; neither includes enough

people. The whole program must be on a broader basis. But if we start this program and do not go through with it the people in western Europe will hate us more than the people in eastern Europe, because we would be letting them down when they have considered that we have given them a promise.

Once a boy told me to jump on a fellow who was much larger than I and had been pushing me around. He said, "Jump on him; I will help you whip him." I jumped on him, but this boy was nowhere around when the big fellow got through whipping me.

So I am afraid that if we are not careful, that is what will happen to the nations we now propose to help if we begin and fail to see them through. If they cut loose from eastern Europe, and we fail them, they will have to crawl on their hands and knees to eastern Europe to get food, and then we shall hardly have a friend left among them.

Mr. President, I did not mean to trespass upon the time of the Senate so much. I merely wished to say that I think it would have been better to provide for the administration of this program through the United Nations Organization, and that I think that it we are going to dispense charity we should not have our charity tainted with self-interest, and that if we are going to see our way clearly in the future, we must make sure that we shall not be in the company of or supporting the Fascists, and that in the last analysis if we are going into this enterprise we should make sure that we are prepared to see it through, even if the cost to us in the United States is great. How many of those who will vote this afternoon for this bill are prepared to say, "If it defeats me next November, I will see it through; I will vote controls upon the people, if necessary; if necessary, I will vote to retain the present high taxes?"

Mr. President, in summary, when we have solemnly set a course, let us pursue it, though the storms rage; but, Mr. President, when we embark this mighty and glorious American ship of state, laden with its precious cargo, the American people, upon the dangerous seas of this troubled world, then in God's name let us be sure that our whole safety and the safety of all those who depend upon us is not imperiled by a false compass.

Mr. CONNALLY and Mr. REVERCOMB addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. CONNALLY. Mr. President, are those of us on this side of the aisle in the Senate?

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. REVERCOMB. Mr. President, at this time, in the closing hours of this debate, I do not wish to take much time to discuss this subject. But I wish to comment upon some of its features.

I have not been privileged to be present during the entire debate or to hear all the discussion. I have been absent because of circumstances entirely beyond my control. However, I feel that

there is one feature of this bill which I desire to discuss with my colleagues for a short time; namely, that this measure is the second step in an apparent policy, which is new for this country, of donating and giving by legislative action the public moneys for the aid of another country. I speak of the feature of this measure—and I think the people of the United States should fully understand it—which represents a policy of making a gift of money, an outpouring of money, from the Treasury of the United States and from the pockets of the people of the United States. It is in no sense a loan. The recipient governments are not called upon to say to us that they will repay; they are not called upon to issue bonds or indebtednesses of their own; but we are asked to give to them, without any promise whatsoever of return, the moneys of this country. I have long doubted the right, under our obligations to the United States, to vote to give away to other countries and to other governments the wealth and the moneys of the people of the United States.

Let me say that in the past I have voted for the appropriation of funds which went generally everywhere to meet suffering and hunger, and I wish to do so and continue to do so. But when we advance moneys directly to the governments of other countries, I feel that that should be done upon a sound basis, and certainly upon the basis of a loan.

Some months ago I made a statement before this body that we were beginning a course of action, a new policy, when we were called upon to advance money to Greece and Turkey as a gift. Many said, "Oh, no; that is not the beginning of a new policy. We are doing this just to meet the circumstances of this particular case." I say to you, Mr. President, that today is a second step under a policy of gift to governments. The appropriations we have previously made for the aid of the needy have been made in the direction of direct help, not through the governments of other countries; except in some instances, as I recall, UNRRA did sell some of its goods through certain of the governments of Europe, and the abuses there are outstanding and well known today.

But why could not this bill have been framed upon a basis of payment or a promise of repayment? What right have we, as the representatives of the people of the United States, to give their money to the government of another country, however high the ultimate use and purpose of doing so?

It has been stated here today that we should not do anything or should not write into this bill anything that would embarrass or cause humiliation to the recipient people. I recall that earlier today, when there was discussion upon the amendment offered by the able Senator from Missouri, it was said that if it were adopted it might be a matter of humiliation to the recipients. Let me say upon that point that the people of France, Italy, and Austria are proud people. It seems to me that they would much prefer—for it would be a sounder and better and prouder position for

them—to have their governments say, "We will issue obligations for this needed money," rather than to have their governments say "We are the recipients of the alms of another country." I point that out with good reason.

For instance, let us consider the Government of France. The national debt of France—and I ask my colleagues to note well these figures—is, I am advised, only \$16,000,000,000. The debt of the United States and the people of the United States is \$260,000,000,000. The per capita debt of France, if its population be 40,000,000, is \$400 per person. The per capita debt of the people of the United States today—the people whom you and I represent—is \$2,000 for each man, woman, and child in this country. So we have the anomalous situation of the great debtor nation and the great debtor people giving money and being asked by their own Government to give money to other countries, without any contract or agreement for or any return or recompense. I do not have at hand at this moment the corresponding figures in regard to the situation of the governments of the other proposed recipient countries and their debts or obligations.

So, Mr. President, although I believe there is not a Member of this body who does not subscribe to the idea of helping those who are in need and helping those who may face hunger anywhere—not only in these three countries, but anywhere—and although I believe that no Member of this body would do anything to stop that aid, nevertheless when we advance money to the constituted government of another country, it seems to me it should be advanced upon a sound and businesslike arrangement and basis. How far are we going in the future under this policy of giving away the wealth of the United States without any promise or obligation for its return?

I know the arguments are ably made by the advocates of this bill that this money is an outpouring by the United States to stop the spread of communism which might grow out of the chaos which would come with want and hunger. But do not the governments to whom we are giving this money and do not the peoples who are to receive it have a feeling themselves, today, that they do not want communism? Are they not willing, through their governments, to say at least, as we have said to the American people every time we took money from them, "We want to issue an obligation for this," and to deal as government to government upon a sound basis? I believe that is a fault in this bill. Perhaps it is not such a grave thing in this particular instance, but the danger lies in the marking of the beginning of a future policy by this Government to take the wealth of this land and give it away without promise of return.

Oh, it said that this gift will be in defense of our own policy as to Europe. Let me ask those who advocate that position and who advocate the pending measure, are not the people who receive the benefit just as much interested in a defense against communism? If they are not, then all the money we can give them will not help them. If they are,

certainly they ought to be willing to make some evidence of agreement upon a sound basis of businesslike dealing between man and man, between government and government.

I deplore the idea, Mr. President, not so much for this particular bill—I want to see aid go to western Europe where it is needed—but I deplore the idea that is basic in the so-called interim-aid measure, which is but a prelude to one that we know to be coming, that this country, without exacting one obligation, one promise of return, is to pour out the money of our people to other governments. Let the people of this Nation know, and let it be carried to them so that they may understand it. The money we are giving, the goods that we may send, do not go directly into the hands of the people as they did formerly in times of need, when they were distributed by the Red Cross. That money and those funds and those goods go into the hands of the respective existing governments of the recipient countries, and by those governments the goods are sold to the people. When they are sold, the money the people pay will not come back to the Government of the United States or to the people of the United States. It comes back to and remains the property of the recipient government. Let that be understood.

I am not criticizing the method of distribution; I think it would be better to have these funds and goods go into the hands of the receiving government and there be distributed; but, Mr. President, I think when that is done, the government that receives the money and the goods should stand upon the solid basis of saying, "We, a sovereign country receiving this loan, consider it a loan, and pledge our obligation to repay it." That is a weakness in the bill, Mr. President, however good the purpose of the measure may be.

Mr. MALONE. Mr. President, after several days' debate I should like to keep the record straight in regard to the relief bill. The record of the debate is clear on the amendment I offered last Thursday, November 27, that I am in favor of feeding the people of Europe who are hungry, by reason of an emergency, and who can take care of themselves after they make another crop. We cannot take on a lot of star boarders for 5 or 10 years, therefore we must distinguish between the emergency hungry and those who have been hungry periodically for several generations. It will be understood, Mr. President, that next year's crop will be the third since VJ-day. I wanted, through my amendment, to give this assistance to the countries of Europe—France, Italy, and Austria, and in the same manner, if we offer any additional emergency aid to other countries of Europe, just the same as we gave it to the victims of the Galveston, Tex., flood, or to the victims of the earthquake in San Francisco, Calif. If it is an emergency—and I believe it is—although it is an emergency which I believe has been brought on as much by the manipulations of the currency systems by their trick governments playing around with the economic system as by any other

method, we should make the good-neighbor gesture and give them such aid as we can afford. Regardless of the cause of the food shortage, winter is here, and so is the emergency; so we are willing to give the necessary food and fuel.

If the recipient governments are to charge the hungry people for the food and fuel, however, I would favor requiring such governments to pay the money received into the Treasury of the United States in their own money. In other words, in France, let it be paid in francs, in the kind of money that is used in France, but, instead of the price that they fix on their money, 117 francs to the dollar, let it be paid in the number of francs to the dollar that would be offered on any exchange for the franc, which is nearer 400 francs to the dollar. Let the free exchange be fixed in this manner at the time of the transaction.

In that connection I should like to offer, Mr. President, for the *RECORD* a very able editorial from the *Washington Times-Herald* of this morning, outlining the move that has been made by Italy, which I think is a very good one to fix currently the free dollar exchange of the lira. I was there about 3 weeks ago, and they were then giving about 550 lira to the dollar, while it was about 650 on the street; but they have now fixed a method so that every month the value of the lira will be fixed in accordance with the importers' offer for the dollar on the Italian stock exchanges at the time such evaluation is made.

There being no objection, the editorial was ordered to be printed in the *RECORD*, as follows:

ITALY FREES LIRA

The lira is the Italian unit of money, as the dollar is the American and the pound the British. Its prewar value was about 5 cents, or 20 to the dollar.

Those good old days ended after Italy got into the war. We wouldn't know what, if anything, the lira was worth when the Germans were running Italy with Mussolini as their Charlie McCarthy.

From the liberation of the country by the Allies until 1946, the lira's value was pegged at 100 to the dollar, or one-fifth of prewar.

The Italian currency has been devalued three times in the last 2 years, finally skidding to a rate of 350 to the dollar.

That rate was official and legal—meaning the Italian Government insisted that this was what the lira was worth in terms of buying power, whereas everybody including the Government knew that such was not the case. Result: Black markets in Italian money and a general financial discombobulation.

Last Thursday Premier Alcide de Gasperi's administration decided that all this was going to stop. It further cut the lira's valuation to 589.47 to the dollar, which was slightly lower than what the money had been selling for on the black market.

Further, the lira is to be revalued every month, and these adjustments are to be based on what importers will offer for the dollar on Italian stock exchanges at the time each revaluation is made.

Thus Italy becomes the first country which has been controlling its currency to cut that currency loose from controls and let it find its true level in terms of what the money actually will buy. What it will buy is determined by such things as the country's productivity and production, the state of its foreign trade, and the confidence that its own people and others have in the country's government.

Those things determine any currency's buying power and its strength on world exchanges. Currency controls are maintained by countries which know darn well their money units are none too strong.

CONTROLLING MONEY AND FREEING TRADE

The well-known economist and writer, Henry Hazlitt, says that these currency controls are to blame for most of the postwar world's financial miseries, and that the bulk of those miseries would dry up and blow away if all these countries would do as Italy has just done.

Mr. Hazlitt's thesis is worked out in detail in his new book, *Will Dollars Save the World?* D. Appleton-Century Co., New York and London, 1947, 95 pages, \$1.50.

Hazlitt is for the dropping of all price controls in other countries, as well as of money controls—and he is against restoration of price ceilings in the United States.

His reasoning is that such things are artificial and arbitrary interferences with the law of supply and demand; that they make black markets, discourage people from producing in hope of reasonable profits, and generally paralyze both home and foreign trade.

If they were all thrown overboard, he claims, the situation would right itself in a hurry, there would be no more dollar famines in Europe, and virtually the whole Marshall plan would become unnecessary.

That may be somewhat on the overoptimistic side. The fact remains that war-devastated Europe has very little as yet to export, while the United States' production is at record levels. Until Europe gets more of its factories going, it is hard to see how trade in and out of Europe can be balanced.

But in the Hazlitt theory's favor there is this fact: Italy for many months now has been well known to be just one big black market—meaning its people have gaily ignored the multitude of price controls, and have bought and sold their labor and their goods for what they were worth in reality. And Italy, for all the tumult kicked up by its Communists, has been staging a remarkable economic comeback.

We note, too, that General MacArthur, over in Japan, has been able to stabilize Japanese economy to such an extent that Jap chinaware is creeping back into the United States market—good stuff, we're told, and at virtually prewar prices. MacArthur, so far as we've ever heard, is no believer in price controls, restrictions on individual effort, and other great brain gadgets.

It seems just possible that Italy, in taking the plunge into free-moving money, has given a strong boost to its own economy, and may have started something which will eventually lead all of western Europe out of the economic swamps. Here's hoping, anyway.

Mr. MALONE. Mr. President, the money, then, from France in francs, for example, could be used to buy nickel and chromite from New Caledonia, a French possession, which we need very badly. New Caledonia, located in the Pacific area, is only one of the French possessions, and such funds in the French currency could be used to purchase other materials from France and her empire areas. I intend to vote for the bill without these changes since I am for emergency relief, although I think it is wrong in principle.

Now, Mr. President, I want to point out that this is the same administration that so fears communism at this time that we are ready to recommend sixteen or nineteen billion dollars be expended over the next 4 years, to be thrown into the countries of Europe without any hope of return, which recog-

nized Russia as a blood brother in the first place during the first few months of their administration in 1933 without any safeguard whatever. This is the same administration that shipped scrap iron and oil to Japan out through the Golden Gate in San Francisco right up to within a few weeks of Pearl Harbor, and then sent the boys out in the Pacific to catch that same scrap iron with their bare hands, coming back out of Japanese guns. This is the same administration that has furnished more than \$250,000,000 worth of material to Russia, made up of power equipment, high-octane gas, manufacturing machinery, tool steel, and other equipment that could be used against us in a war, while at the same time they were recommending an appropriation of \$400,000,000 to stop the spread of communism at the Greek border, according to the President's own words. At least the administration is consistent—it is always on every side of important questions.

I want to point out one other thing. What we would like to do and what we can do may be entirely different things. It is time we take into account what our economic system will stand. It is my humble opinion that the economic system that it required all of our people 140 years to build has been wrecked in the last 15 years. It has been wrecked by a succession of acts leading to inflation. It has been wrecked by appropriations made by this Congress, approximating \$275,000,000,000 more than has been paid into the Treasury during that period, therefore the system is at this moment just as susceptible to inflation, through additional appropriations above the amount needed to run the Government each year, as a toy balloon is to air. The economic system simply inflates and absorbs any additional substantial appropriation in the same manner as a toy balloon inflates from additional air and there is no additional purchasing power. I merely cite the appropriation made to Great Britain last year, of \$3,750,000,000. Within a few months, they came back and said that they had missed their estimates simply because through subsequent inflation it would only purchase about half what they estimated it would buy and they were entirely correct. What do they think is going to happen when we appropriate \$6,000,000,000 more? It may not be one-half, this time—it is very likely to be more like one-fourth. In other words, the ability to create purchasing power by appropriations of the Congress of the United States has been dissipated. We are not able to create purchasing power any more, above the amount that it takes currently to run the Government, for the very simple reason, or at least for one good and sufficient reason, that we cannot increase our productive capacity in proportion. I think the Congress is as helpless as a baby to create additional purchasing power. We could appropriate \$100,000,000,000 and send it to the countries as easily as we could appropriate six, and probably have about the same purchasing power. Of course, as the President has now recommended, we can put our finger back on the snout of the teakettle without pulling the fire

from under it, knowing full well we are going to be scalded and that it is just a question of time. We can start blowing on the thermometer again and make ourselves feel warm, while our feet are freezing; but in the long run, the economic factors are building up and boiling up underneath, just the same as they always do. When the explosion comes this time, Mr. President, I think we shall be just like the aviator who hit the Empire State Building—they have not identified him yet, and when we wake up, we shall be trying to borrow money from the European countries.

It may not be generally known, though it is in the papers every few days, that England at this time is making a trade treaty with Russia. It may not be generally known that France is doing the same thing. It could be that they will be on our side when we are successful, if we are, in getting into a war with Russia; but Mr. Bevin, who is one of the officials of the English Government, and Mr. Wilson, high in the councils of the same Government, say that probably they will remain neutral. If that is true, if they are going to be neutral, or if they are going to be on the other side, it may be a serious question how any money advanced through the Marshall or any other plan will be used.

Mr. President, I covered a considerable part of the United States this summer before going to Europe, and I am going to pay a tribute to the housewives of America. I think they are the best economists in the world. But there is a point beyond which even they cannot go.

In this connection, the Secretary of the Treasury made a very significant statement about 4 or 5 months ago. Very little attention was paid to it, and he received little in the way of headlines. He simply said that the 1947 dollar in relation to the 1939 dollar was worth 50 cents. What he said, Mr. President, in my language was that in 8 years we halved the purchasing power of every income in America; the purchasing power of every insurance policy in America, the purchasing power of every liquid asset in America—in 8 years we cut in half every savings account in America. That was 4 or 5 months ago. If we continue to appropriate money, perhaps we will halve it again in much less time.

Mr. President, in my humble opinion the President of the United States, when he said that we must come back here in special session, to stop inflation and keep on appropriating money, might just as well have said to me, "As an engineer, I want you to go down to the Potomac River and build a dam on that river and not retard the flow." I would have said, "Mr. President, in deference to you I will go down and look it over, but unless it is very different than our western streams I must turn down the job." The two things are incompatible and neither can be done. We must make up our minds. In other words, if we keep on appropriating money we will keep on increasing inflation, and the inflation will be there just the same even if we have our finger on the snout of the teakettle and start blowing on the thermometer again. It might make us feel better while the entire system is getting

ready to blow up. We are going to have some hungry people in America this winter, and cold too. That may be news to many people but I do not think it is. With meat costing a dollar or a dollar and 20 cents a pound and going up every time we in Congress appropriate more money to throw at random throughout the world, about 75 percent of the housewives of America are not buying the good cuts of beefsteak on the stands; they are buying the tag ends, while taking a lingering look at the good cuts of meat, and filling up the pot with potatoes, carrots, and other vegetables, and the kids do not like it and the housewives do not, either. I hope that the people of America begin to make their wants felt in words of one syllable to this Congress right soon.

Mr. President, I should like to know who it is that arrives at these long-range decisions; who it is that says it is for the good of our country that we put out the kind of money proposed in the Marshall plan. I agree with the senior Senator from Michigan that when Senators vote on the pending bill today it does not commit them to the Marshall plan, but I want to read one line from Mr. Lovett's testimony given before the Committee on Foreign Relations. He said:

Mr. Chairman—

And I am skipping a few lines—

generally speaking this interim appropriation means a preface to the longer-range program (Marshall plan).

So it is very clear what they think it is. So it would be well I think for a few people beside the State Department to take a little interest from now on in making decisions as to just how far we are going in the appropriation of the sweat dollars of 49,000,000 taxpayers to help Europe when as a matter of fact we may need the same money more ourselves in a very few months.

In 1917 we were sold a bill of goods that the Kaiser had a one-way ticket through Europe, England and on to Washington, D. C.; in 1939 we were sold the same bill of goods that Hitler had the same one-way ticket—and now Joe has the ticket. It could be that a few plain Americans should begin to check the routing this time.

Take these Socialist governments of Europe—and that is what they are. In my book there is only one difference between the Socialist and the Communist forms of government and that is the route they take. The end is the same, and that is government ownership. They have adopted the principle of nationalizing industry, and say frankly that they want to continue to do it. I had an hour's conversation with Sir Stafford Cripps of England, and he was very emphatic in saying that they needed the money from the United States under the Marshall plan for England, and in about a half hour in the course of the same conversation he said that they intended to continue the nationalization of industry, and that steel plants were next on the program.

Any person or group of persons who advocate the overthrow of our Government by force, no matter what they call

themselves, are traitors to their country, and should be dealt with as such. What are they doing? In my humble opinion they have driven more of their local capital underground by their policies in Europe than they are asking us for under the Marshall plan. In other words, businessmen and private industrialists will take the business risks, but they cannot take the risk of nationalization and socialization of their capital, and they are not taking them. It is my opinion that that is what has tied up the capital of Europe.

Further there is more American private capital to be invested in European countries at this time than there has ever been in the history of this country. But there again, they cannot take the risk of nationalization of their invested capital. They are ready and willing to take the business risks. If these nations really want to try out their schemes they are of no interest to us so long as they can finance them, but when they come to us to borrow money to finance their trick governments and their social schemes, then it becomes of very great interest to us.

I have already submitted for the RECORD a very able editorial from the Times-Herald of this morning, with respect to the fixing of the price exchange of the currencies of Europe. Now that Italy has changed and intends to let the lira hit its own level through a free exchange with the dollar, it is my humble opinion that recovery will be tremendously encouraged in the next few months.

France fixes, and has fixed for some time, the value of their franc. Right at the moment, or at least when I left Paris a few days ago, the official rate was 117 francs to the dollar. One can walk out of the hotel where one gets the official exchange, or to the bank, and stand on the corner looking a little uncertain and immediately one is approached and offered up to 400 francs in exchange for the dollar.

What does that mean? It simply means that at the official rate you are overcharged 3½ times for anything you buy from them. It means that to the extent that they are overvaluing their money they are overcharging anyone who buys their goods outside their country. When they fix the rate of exchange at 117 francs to the dollar and you buy \$1 worth of goods, it means that you are paying just about three and one-half to four prices for them. Therefore, it has slowed up their exports, and there is no chance to increase them until they allow a free exchange along the lines that Italy is doing.

Another thing that perhaps is not entirely too clear. As I have previously said, I agree with the Senator from Michigan that a vote on the pending measure does not commit a Senator to vote for the Marshall plan. But the Marshall plan, as Mr. Lovett said before the Foreign Relations Committee, is a part of this preliminary plan. The Marshall plan simply contemplates giving the money from our Government to another government to go into business. In other words, to rehabilitate industry.

I had a couple of hours' talk with Mr. Monnet, of France. He was very care-

ful to explain the Monnett plan, and I followed him right up to the point where the Government was to own the plants rehabilitated with our money. He is a very fine thinker and has one of the best minds in Europe. He said he wanted to put in more electric-capacity generators. He wanted to substitute new machinery for old machinery, and that our money was needed to do it. I said: "Mr. Monnett, do you mean that you want our money to buy the machinery for your Government and replace the obsolete machinery in your factories, and you want to put in power supply owned by the Government, and that all of this is to be clear of debt?" He said: "That is correct." I said: "Mr. Monnett, that may be all right over here, but I know of no generators, I know of no piece of machinery of any magnitude in any of our electric plants in America that is clear of debt. We amortize such investments in the United States over a period of anywhere from 10 to 50 years, just a little less than the life of the machinery, and as the machinery turns out its product it pays for itself, and pays the interest on the money. Just like Boulder Dam, which has been amortized over a 50-year period, which is paid each year, plus 3 percent interest.

So we are putting European governments in business, Mr. President, and there will be 16 such governments which the United States will be putting into business through the Marshall plan in a way that our Government will not itself do.

Mr. President, I want to close by saying that I shall vote for the bill, although as I have made clear I do not like the way it is set up. I should like to see the food and fuel in question go to those countries and put into the hands of a hungry people, free, but nevertheless I will vote for it because there is no time to do anything else, in view of the position of the administration. I agree with my colleague from West Virginia [Mr. REVERCOMB] that the Congress of the United States should not be so free with the taxpayers' money. Mr. President, I am certain we do not have the moral right, and I doubt whether we have the legal right, to continue appropriating large sums of money and giving it away throughout the world without hope of return, simply on the judgment of the State Department—and I might say in passing with plenty of Communists in that set-up.

It must be remembered that every appropriation we make represents the work, blood, and sweat of the 49,000,000 taxpayers of America—and that Congress cannot launch blithely on another 15-year period of random appropriations without hope of repayment—to establish a world WPA—our economic system simply will not stand it.

The PRESIDING OFFICER. The question is on the final passage of the bill.

Mr. VANDENBERG. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	O'Daniel
Baldwin	Hickenlooper	O'Mahoney
Ball	Hill	Overton
Barkley	Hoey	Pepper
Brewster	Holland	Reed
Bricker	Ives	Revercomb
Brooks	Jenner	Robertson, Va.
Buck	Johnson, Colo.	Robertson, Wyo.
Bushfield	Johnston, S. C.	Russell
Butler	Kem	Saltonstall
Byrd	Kilgore	Smith
Cain	Langer	Sparkman
Capehart	Lodge	Stennis
Capper	Lucas	Stewart
Chavez	McCarthy	Taylor
Connally	McClellan	Thomas, Okla.
Cooper	McFarland	Thomas, Utah
Cordon	McGrath	Thye
Donnell	McKellar	Tobey
Downey	McMahon	Tydings
Eaton	Magnuson	Umstead
Ellender	Malone	Vandenberg
Ferguson	Martin	Watkins
Flanders	Maybank	Wherry
Fulbright	Millikin	White
George	Moore	Wiley
Green	Morse	Williams
Gurney	Murray	Wilson
Hatch	Myers	Young
Hawkes	O'Connor	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. On this vote I understand that if present he would vote as I am about to vote. I vote "yea."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES] is unavoidably detained.

The Senator from Idaho [Mr. DWORSHAK] is absent because of a death in his family.

The Senator from California [Mr. KNOWLAND] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

If present and voting, the Senator from New Hampshire, the Senator from Idaho, the Senator from California, and the Senator from Ohio would vote "yea."

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. EASTLAND], who is absent because of illness in his family, would vote "yea" if present.

The Senator from Nevada [Mr. McCARRAN], who is absent on official business, would vote "yea" if present.

The Senator from New York [Mr. WAGNER], who is necessarily absent, and who has a general pair with the Senator from Kansas [Mr. REED], would vote "yea" if present.

The result was announced—yeas 83, nays 6, as follows:

YEAS—83		
Aiken	Capehart	Fulbright
Baldwin	Capper	George
Ball	Chavez	Green
Barkley	Connally	Gurney
Brewster	Cooper	Hatch
Bricker	Cordon	Hawkes
Brooks	Donnell	Hayden
Buck	Downey	Hickenlooper
Bushfield	Eaton	Hill
Butler	Ellender	Hoey
Byrd	Ferguson	Holland
Cain	Flanders	Ives

Jenner	Millikin	Stewart
Johnson, Colo.	Morse	Thomas, Okla.
Johnston, S. C.	Murray	Thomas, Utah
Kem	Myers	Thye
Kilgore	O'Connor	Tobey
Lodge	O'Mahoney	Tydings
Lucas	Overton	Umstead
McCarthy	Pepper	Vandenberg
McClellan	Reed	Watkins
McFarland	Revercomb	Wherry
McGrath	Robertson, Va.	White
McMahon	Russell	Wiley
Magnuson	Saltonstall	Williams
Malone	Smith	Wilson
Martin	Sparkman	Young
Maybank	Stennis	

NAYS—6

Langer	Moore	Robertson, Wyo.
McKellar	O'Daniel	Taylor

NOT VOTING—7

Bridges	Knowland	Wagner
Dworshak	McCarran	
Eastland	Taft	

So the bill (S. 1774) was passed.

PROCUREMENT OF TEMPORARY OR INTERMITTENT SERVICES OF EXPERTS OR CONSULTANTS

Mr. AIKEN. Mr. President, when the Congress passed legislation setting up the Commission on Organization of the Executive Branch of the Government last summer, the act unfortunately carried no provision whereby the Commission could engage temporary or intermittent services of individuals or other organizations, and it did not relieve any member or employee of the Commission from the provisions of sections 169 to 113 of the Criminal Code, which prohibit any officer or employee of the United States from acting as agent or attorney in prosecuting any claim against the United States, and which prohibit any Member of Congress or Government employee from receiving any compensation for services rendered or to be rendered in connection with any contract, claim, and so forth, in which the United States is a party or is interested before any department or commission.

The Commission has been set up, as everybody knows, with the Honorable Herbert Hoover as Chairman, and the Honorable Dean Acheson as Vice Chairman. They are ready to go to work. They need help. They need a great deal of the kind of help that simply cannot take a civil-service examination and qualify in that way to work for the Commission. Furthermore, some of the members of the Commission itself are members of large firms which may conceivably, in the course of their business, do some business with the United States Government. The Commission is a very important one, but, unfortunately, it cannot function freely until the law is amended. The House recognized this fact, and last week made it a point to bring out a bill amending the act unanimously approving it. It has now come to the Senate and has been referred to the Committee on Expenditures in the Executive Departments.

Mr. Hoover is ready to engage assistance for the Commission, and would like to do so. In order to permit that to come about and to let the Commission get under way and engage the services of men whom it needs, or other organizations which it needs, it is necessary to have action of this body concurrent with the action of the House. My pur-

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued December 3, 1947
For actions of December 2, 1947
80th-1st, No. 156

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HIGHLIGHTS: House committee reported revised interim foreign-aid bill. Rep. Halleck announced probability that Rules Committee will clear foreign-aid bill today, general debate will begin Thurs., and reading for amendment will begin Mon. Rep. Anderson strongly criticized recent change in foot-and-mouth disease program-said USDA misled Congress. Rep. Youngblood blamed foreign aid and price supports for high prices. Rep. Martin, Iowa, introduced bill to permit income from livestock-poultry sold in Dec. 1947 to be reported for 1948 taxes. Rep. E.A. Hall, N.Y., introduced and discussed bill to provide foreign rehabilitation through American Extension Service agents.

HOUSE

- FOREIGN AID.** The Foreign Affairs Committee reported without amendment H. R. 4604, a revised foreign-aid bill (H. Rept. 1152) (p. 11127). The bill provides for aid in the amount of \$590,000,000 for France, Italy, Austria, and China.
Majority Leader Halleck announced that the Rules Committee is to consider the bill today and that general debate on the proposal will probably start Thursday. He expressed the hope that general debate can be concluded this week and that the bill can then be read for amendment, beginning Monday. (p. 11115.)
Rep. Youngblood, Mich., blamed foreign aid and price supports for high prices (pp. 11111-4).
Rep. Stevenson, Wis., criticized assistance for countries which have "black markets" and objected to donation of commodities to governments which sell such commodities to their people (pp. 11109-10).
Rep. Bolton, Ohio, reported on her trip to Europe and the Near and Middle East (pp. 11120-6).
- FOOT AND MOUTH DISEASE.** Rep. H. Carl Andersen, Minn., said "it is regrettable that the program...in Mexico has been practically abandoned... Members of Congress were led to believe that the vital work of eradication was proceeding properly... Congress has been misled by the officials of the Department of Agriculture... I cannot support the program now proposed to spend millions of dollars in Mexico for a vaccination program." He also inserted an article by Alfred D. Stedman, "Foot-Mouth War Collapse Perils Cattle Industry" (p. 11119.).
- ADJOURNED** until Thurs., Dec. 4 (p. 11126).

SENATE

NOT IN SESSION. Next meeting Thurs., Dec. 4.

BILLS INTRODUCED

4. FOREIGN AID. H.R. 4604, by Rep. Eaton, N.J., to promote world peace and the general welfare, national interest, and foreign policy of the U.S. by providing aid to certain foreign countries. To Foreign Affairs Committee. (p. 11127.)
H.R. 4614, by Rep. E.A. Hall, N.Y., to provide for the rehabilitation of foreign countries being financed with American aid by making available to them the services of American county agricultural and home demonstration agents. To Agriculture Committee. (p. 11127.) Remarks of author (pp. 11116-7).
H.R. 4616, by Rep. Kunkel, Pa., to provide for changing the postal rate on relief packages for foreign countries. To Post Office and Civil Service Committee. (p. 11127.)
H.J. Res. 268, by Rep. Norblad, Ore., to provide that information shall be made available to the public relating to the nature and extent of foreign property holdings within the U.S. To Foreign Affairs Committee. (p. 11127.)
5. LIVESTOCK AND MEAT; TAXATION. H.R. 4618, by Rep. Martin, Iowa, to amend the Internal Revenue Code to permit producers selling livestock or poultry in Dec. 1947 to defer reporting the gain from such sale until the following taxable year. To Ways and Means Committee. (p. 11127.)
6. PERSONNEL; SALARIES. H.R. 4624, by Rep. St. George, N.Y., to provide temporary additional cost-of-living compensation for officers and employees of the Federal Government and of the D.C. Government. To P.O. and Civil Service Committee. (p. 11127.)
7. EMERGENCY POWERS. H.R. 4626, by Rep. Walter, Pa., "to amend the Second Decontrol Act of 1947." To Judiciary Committee. (p. 11127.)
8. FLOOD CONTROL. H.R. 4607, by Rep. Bland, Va., to provide for a preliminary examination and survey of Bennetts Creek, York County, Va., To Public Works Committee. (p. 11127.)
H.R. 4608, by Rep. Bland, Va., to provide for a preliminary examination and survey of Pecks Creek, Richmond County, Va. To Public Works Committee. (p. 11127.)
9. TRANSPORTATION. H.R. 4619, by Rep. Robsion, Ky., to revise, codify, and enact into law title 46 of the U.S. Code, entitled "Shipping." To Judiciary Committee. (p. 11127.) Remarks of author (p. 11126).
10. VETERANS' BENEFITS. H.R. 4621, by Rep. McDonough, Calif., to amend the Servicemen's Readjustment Act to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefore. To Veterans' Affairs Committee. (p. 11127.)
H.R. 4623, by Rep. Sikes, Fla., to increase the maximum duration of veterans' on-the-job training program from 2 to 4 years. To Veterans' Affairs Committee. (p. 11127.)
11. PRICES. H. Res. 384, by Rep. Crawford, Mich., providing for the appointment of a select committee to investigate Government policies which have been the cause of cheapening the currency of the U.S. and to study to what extent such policies have increased prices of goods, services, and commodities. To Rules Committee. (p. 11127.)

ITEMS IN APPENDIX

12. FOREIGN AID. Rep. Stevenson, Wis., inserted his recent statement to constituents, "Does Aid to Europe Mean Regimentation and Higher Prices," commenting on C.S. Farrington's statement before the Joint Committee on the Economic Report regarding allocation controls (pp. A4779-80).
Rep. Cole, N.Y., inserted Gov. Thomas E. Dewey's (N.Y.) recent speech on aid to China (pp. A4785-7).
Extension of remarks of Rep. Keating, N.Y., in favor of reduced postage



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 80th CONGRESS, FIRST SESSION

Vol. 93

WASHINGTON, TUESDAY, DECEMBER 2, 1947

No. 156

Senate

The Senate was not in session today. Its next meeting will be held on Thursday, December 4, 1947, at 12 o'clock meridian.

House of Representatives

TUESDAY, DECEMBER 2, 1947

The House met at 12 o'clock noon.

Rev. Russell Wharton Lambert, minister, the First Methodist Church, De Kalb, Ill., offered the following prayer:

Almighty and Eternal God: at the close of a national season of thanksgiving, we lift our spirits unto Thee, seeking ways to translate our many blessings into means of service to our countrymen, our Nation, and our world. The spiritual power for that service comes only from Thee, our Creator, our Father, and our eternal hope.

In these days when all the earth yearns for peace and security, in these hours when the cry of need is heard across the world, and in these moments when the future is being born for good or evil, grant us wisdom and spiritual vision that we might acquit ourselves like true sons and daughters of Thee.

Restrain those within every nation who seek selfish ends through means of deception, jealousy, hatred, bloodshed, or other evil. May all men see the frightful futility that comes from fighting Thee and the life-giving liberty that comes from loving Thee.

Grant to our President, our Congress, our diplomats, and to all other representatives of our Government the power to discern Thy holy will, that every word and act may be guided by Thy holy spirit. Unite us in a Christlike mission to mankind so that Thy divine purposes may be realized on earth.

In the sincerity of faith in Thee, in the knowledge of Thy revelation to the minds of men of good will, and in the hope of a just and enduring peace, we pray. Amen.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Miller, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1774. An act to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

THE JOURNAL

The Journal of the proceedings of Friday, November 28, 1947, was read and approved.

COMMITTEE ON FOREIGN AFFAIRS

Mr. EATON. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have permission to meet during the session of the House today and also that I might have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

EXTENSION OF REMARKS

Mr. JOHNSON of Indiana asked and was given permission to extend his remarks in the RECORD.

Mr. ROBERTSON asked and was given permission to extend his remarks in the RECORD and include an editorial from the Country Gentleman.

Mr. STEVENSON asked and was given permission to extend his remarks in the RECORD and include an article entitled "Congressman STEVENSON Reports From Washington."

PERMISSION TO ADDRESS THE HOUSE

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

AID FOR EUROPE

Mr. STEVENSON. Mr. Speaker, the people of the Third District of Wisconsin during the recent recess of Congress have given me a clear idea how they feel about aid for Europe. My people are sympathetic and do not want their neighbors across the sea to freeze or go hungry. However, in view of conflicting reports about the European situation coming from Members of Congress who have just returned from England, France, and Italy, as well as conflicting reports from others who have been in Europe in and out of the Government service, the American people want to know the real facts about conditions in those countries.

Our people should know how relief for Europe is to be administered. They are most critical of the methods and the general plan of relief as carried out by UNRRA, and they do not want United States relief for Europe placed in the hands of UNRRA, only to be handed over to corrupt foreign politicians and to European black markets. They also want it clearly understood that their sacrifice of money, fuel, and food to help the hungry and needy people of Europe shall not become a mockery by foreign politicians and dictators so as to enhance their own political and financial standing.

Our people have heard a lot about the hoarding of food and fuel by the very individuals who are clamoring for our charity. They are disgusted with black markets at home. Reports of black markets run by foreign governments and by citizens of foreign countries asking for our aid and relief is abhorrent to our people. Our people will refuse to give aid

to build up foreign political parties or foreign ideologies. In short, our people want to help those in distress in Europe, but they are definitely opposed to building up foreign dictators and their political machines. They want to help the people of Europe physically and spiritually to become free and independent, but they refuse to endorse the ideologies or political principles of any foreign government.

And so our people want it made clear to the people of Europe that aid and relief, charity and good will from us shall not be interpreted as endorsement or support of any particular person or persons, group or groups, party or parties that happen to be in authority at the time such aid and relief are given.

Our people also want it made clear that our resources are limited and that our relief and aid cannot be continued without end; that we are not initiating a permanent world-wide relief administration. On the contrary, our people want the people of Europe to realize they must solve their own economic problems; that foreign governments must stand on their own feet and produce food, fuel, and other commodities for their own preservation.

The stopgap aid bill as passed by the other body provides that all aid to Europe in the form of food, fuel, goods, and other materials shall be given to the Governments of Italy, France, and Austria, and those governments may sell such food, fuel, and commodities to any group, party, association, as the Government may see fit, for which such government shall be paid in the currency of that particular country, and the money so received therefor shall be used for the benefit of the government or group currently in power in such country. But any food, fuel, or other relief given by the United States to those governments must be paid for by the people who receive the relief, thus being available only to such people who have the funds to pay for them. Such relief is therefore not guaranteed to the hungry, to the poor and the needy people who should be the recipients of our aid and relief.

I am informed that only about 30 percent of the entire amount called for in the bill, approximating \$600,000,000, will be used for food relief. Most of it will be used for the purchase of oil, coal, scrap iron, steel, and other commodities. We are giving France ten million to pay Brazil an old debt and about thirty million to pay an old debt to Belgium. France asked for eighty million to apply on her debt to Belgium. We will also pay ten million to France to take care of her contribution to the International Monetary Fund.

The bill also provides for \$145,000,000 to pay for imports going to French north Africa. These imports will not go to France, but to the north African colonies of France. It has even been suggested that we pay Venezuela for oil shipped to Europe by that country under the provisions of the bill.

Mr. Speaker, my people want to help the hungry and needy people of Europe in their distress, but I am not so certain they favor the provisions of the bill and

the administration of its provisions as called for in the bill passed by the other body on yesterday.

EXTENSION OF REMARKS

Mr. KEATING asked and was given permission to extend his remarks in the RECORD in three instances; to include in one remarks regarding a bill he is introducing today, in one an address delivered before a rally of the United Nations, and in one a statement by the policy committee of the Rochester, N. Y., Association for the United Nations.

Mr. O'HARA. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Minnesota [Mr. KNUTSON] may extend his remarks in the RECORD upon the subject of Federal Tax Outlook, by Dr. Roswell Magill. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$159.75, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. LECOMPTE asked and was given permission to extend his remarks in the RECORD and include an article appearing in the Fremont (Iowa) Gazette.

Mr. MURRAY of Wisconsin asked and was given permission to extend his remarks in the RECORD in two instances and include in each official letters and reports.

Mr. LEFEVRE asked and was given permission to extend his remarks in the RECORD and include an article appearing in Saturday's New York Sun.

Mr. BEALL asked and was given permission to extend his remarks in the RECORD and include an address delivered by Donald McCoy.

SPECIAL ORDER GRANTED

Mr. MERROW. Mr. Speaker, I ask unanimous consent that on Monday, December 15, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 1 hour.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

VETERANS' BURIAL ALLOWANCES

Mr. ROSS. Mr. Speaker, I have introduced today a bill to amend Public Law 368, Eightieth Congress, approved August 5, 1947, so as to provide a \$200 allowance to the next of kin for private interment of repatriated war dead of World War II. There have been approximately 13,600 of these war dead returned to their families within the past 2 months. The present

amount of \$75 established by regulation and allowed to the next of kin by the Memorial Division of the Quartermaster General, Department of the Army, for burial expenses incurred for interment in private cemeteries has proven to be inadequate.

I have received numerous complaints from residents of my district, local newspapers, and veterans' organizations, pointing out the great variance between the sum of \$75 allowed by the Department of the Army and the actual burial fees involved.

The Catholic War Veterans and the New York Daily News have been actively and thoroughly investigating this appalling condition. They have found that the majority of the families experience financial hardship because of the inadequacy of the \$75 allowed.

A study of Public Law 383, as amended by Public Law 368, indicates to me that it was the intention of the Congress that the Federal Government should reimburse families for funeral expenses incurred in an amount sufficient to fill all the needed requirements of a proper burial. I am now of the firm opinion that in everyday practice the \$75 provided is but a futile gesture insofar as the majority of families are concerned. A survey shows that a great number have found it necessary to borrow additional money, use their life savings, or dispose of their war bonds—war bonds which were paid for by the deceased—in order to give their son or husband a decent burial.

The general public has little, if any, knowledge of the cost of specialized funeral services. On the other hand, established creditable national organizations representing the funeral directors report that in the past 3 years these costs have mounted 49.5 percent. Families reliving the death of their loved ones, aware only of their grief, can hardly be expected to give thought to such matters as the opening of graves and the maintenance and expense of supplying limousines to undertaking establishments. They are totally unaware of the many factors making a funeral in these days an expensive matter.

These families have made a most notable, most worthy contribution to our country, in that the lives of their loved ones were terminated, and too often in early tender years. I suggest, Mr. Speaker, that it is the will of the overwhelming majority of all our citizens that this Government provide more adequately for the proper burial of our heroic war dead.

Mr. Speaker, we have met in this special session to consider legislation providing emergency aid. I submit that no aid is more worthy of consideration than providing sufficient funds for the proper burial of our heroic dead of World War II. I strongly urge the Congress give immediate consideration to this bill. This is the very least we can do in memory of our brave dead, who never faltered, never hesitated, to give their all, that our country might emerge from the terrific conflict victoriously. Bereaved families of our war dead can never be repaid for their profound loss, and I am

sure a grateful nation does not want to add to the suffering of these families by having them bear the burden of financial embarrassment and hardship in order to have their deceased loved ones buried close to them, where they may care for their graves. Before God this is our sacred duty, for has not the Divine Master, himself, told us: "Greater love hath no man, than that he lay down his life for his brother."

Our gallant dead have proven their love beyond question, having made the supreme sacrifice. I submit it is our obligation to keep faith with them, and not unnecessarily burden their families with this added sad expense. The \$75 now allowed is hardly sufficient to meet even two of the more than a dozen items required for interment. As a nation which has expended billions for warfare, Mr. Speaker, I urge that the Congress take prompt action on this vital measure to meet our obligation to those who have suffered irreparable loss. In the immortal words of Gladstone: "Show me the manner in which a nation cares for its dead, and I will measure with mathematical exactness its respect for the laws of order and society."

EXTENSION OF REMARKS

Mr. SEELY-BROWN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BRADLEY asked and was given permission to extend his remarks in the RECORD in two instances and include editorials from California papers.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD and include an editorial from the New Orleans States.

Mr. BLAND asked and was given permission to extend his remarks in the RECORD on the American merchant marine and include a letter from the president of the National Federation of American Shipping.

Mr. HEBERT asked and was given permission to extend his remarks in the RECORD and include an article from the New Orleans Item.

Mr. ALLEN of Louisiana asked and was given permission to extend his remarks in the RECORD.

Mr. ANDREWS of Alabama asked and was given permission to extend his remarks in the RECORD and include a speech recently delivered by Col. O. P. Lee, of Alabama.

Mr. JOHNSON of Oklahoma asked and was given permission to extend his remarks in the RECORD and include a bill he has introduced.

Mr. TEAGUE asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. JARMAN asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. SPENCE asked and was given permission to extend his remarks in the RECORD and include a letter in regard to the inclusion of tobacco as incentive goods in connection with relief to Europe.

Mr. BARTLETT asked and was given permission to extend his remarks in the

RECORD and include a newspaper article.

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD within the limits of the 1-minute rule on the record of the East New York Savings Bank, of Brooklyn, N. Y.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EAST NEW YORK SAVINGS BANK

Mr. KEOGH. Mr. Speaker, the lights should shine not only when the world is bright and at peace but particularly when it is dark and dismal. Such a light emanates from a great section in the Borough of Brooklyn. When, during the period from 1917 to 1947, the deposits in the savings banks of the country were increasing 301.3 percent; in New York State, 369.4 percent; in New York City, 400.6 percent; in the Borough of Brooklyn 650.6 percent, the deposits of the East New York Savings Bank in Brooklyn were increasing by the stupendous figure of 5,919.0 percent. While, during the same period, the number of depositors in the savings banks of the country was increasing by 103.4 percent; in New York State by 101.3 percent; in New York City by 147.2 percent; in the Borough of Brooklyn by 230.4 percent, the number of depositors in the East New York Savings Bank was increasing by 1,948.2 percent. The foregoing is a simple and lasting monument to the thrift, confidence, and optimism of thousands of typically American residents of the East New York and Brownsville sections of Brooklyn and is a forceful tribute to the officers and staff of the bank, particularly its president, Judge Edward A. Richards. The people of East New York reflect to the world the light of their confidence in the United States.

PERMISSION TO ADDRESS THE HOUSE

Mr. YOUNGBLOOD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include editorials from a Detroit newspaper, the Detroit News, of November 26, 24, 25, 27, and 28.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

FOOD AND HOUSING CONDITIONS

Mr. YOUNGBLOOD. Mr. Speaker, if we are endeavoring to combat communism in this world, it is only good common sense that we begin at home. Right down in my own city of Detroit communism is rampant. They have a stranglehold on the labor unions. I cannot conceive the idea of deflating the American dollar any lower than it is at the present time by giving money for foreign aid to people who do not have the will to work while our people here at home are eating out of garbage cans. There is convincing evidence that this is being carried out on a wholesale scale, particularly in the city of Detroit. People are crying for lower prices on food while the executive department of this Government is abusing its prerogatives by cornering the market on foodstuffs and preventing them from going into the open

market. The destruction of 100,000,000 bushels of potatoes is one example. Another is buying eggs in order to maintain prices; poultry is another example.

Now, getting back to combating communism, we are asked by the President to feed hungry Europe to prevent the spread of communism therein. With one gesture of the right hand and with another gesture of the left continuing to feed fuel to the fire by permitting exports to communistic Russia, particularly with reference to the export of trains and locomotives which, I warn you, will carry Russian troops in the direction of the American Continent to kill our American boys in the not too far off future.

I object to any further continuance of this nonsense.

Price controls cannot be made workable—that is a foregone conclusion—they have failed. The American people cannot and will not be regimented and coerced, nor stand idly by while their liberties are stripped from them.

[From the Detroit News of November 26, 1947]

PARK CHILDREN EAT FROM GARBAGE PAILS—
PICTURE OF MISERY AND WRETCHEDNESS AT
ROUGE BARRACKS GROWS WORSE

(By Robert S. Ball)

It seems now that the News did not go far enough in describing the dreadful conditions at the River Rouge Park Shelter—strictly temporary—operated by the Detroit Public Welfare Commission.

The News did not know about the children from the River Rouge barracks eating from the garbage pails back of houses in Warrendale and other nearby suburbs.

Now it does know about it, because the Warrendale Kiwanis Club and the Married Couples Club telephoned about it, and these reports simply compound the picture of misery and wretchedness which was drawn in Monday and Tuesday's editions with the temporarily housed victims of daily evictions as the subject matter.

Maybe it is nice for most of us to have these forlorn characters out at Rouge Park where, during the cold, bleak winter months, we will not be forced to see them.

Out of sight, out of mind, the saying goes—and besides, the calendar, with so much to buy and so many plans to make.

But the kids out at River Rouge are foraging among the garbage pails of the better neighborhoods, and their parents are living almost like pigs anyway, so what the heck?

There will be turkey wings and necks in the garbage pails by tomorrow night, which is better fare than is being offered now in the alley cafeterias.

And there will be cast-off Christmas trees come December 26, which will increase the fire hazard in the cardboard-and-tarpaper shacks which are the best dynamic Detroit can provide for its destitute citizens.

KIWANIS STUDIES IT

Even before Monday's story was published of the conditions in the temporary shelter at Rouge Park, Michael Kinney, former Ford Motor Co. social-service worker, had conducted his own investigation as chairman of the Warrendale Kiwanis committee.

"I went into many of the barracks with my committee members, and conditions were revolting in some of them," Kinney said.

"Some of the children were dressed in flimsy rags, some had on only cotton panties, and one child ran out of the hut entirely naked.

"It was chill and damp in these places, and why some of those ragged kids were not down with pneumonia I don't know.

"We saw the fire hazards, the poor sanitary conditions, and all the rest of the dreary situ-

ation. If an epidemic starts, our community would be the first to suffer."

ASK FOR ASSISTANCE

Kinney said his group already had appealed to the local and State medical authorities for assistance in immunizing the 100 juvenile shack dwellers against contagious diseases, and planned to distribute food baskets there today.

Dr. Bruce H. Douglas, city health commissioner, said his staff would cooperate in the vaccination program, but offered the opinion that "the people out there are better off than if they were crowded together in a single shelter."

Are they? Perhaps so, insofar as the spread of contagious disease is concerned.

In the "single" jam-packed, stuffy, malodorous shelter on Scotten Avenue there is inside plumbing and sufficient heat so that little bodies are not blue with cold. And the cockroaches, while perhaps more numerous, are somewhat less vicious to contend with.

There is a heated water supply on Scotten Avenue, so that the kids can have a bath oftener than once a month and the women can do their washing without toting water half a mile and heating it on a rickety stove.

DREAR AND BLEAK NOW

But the summer camp atmosphere of the Rouge Park barracks has been dissipated with the coming of snow and wind and rain and the damp cold of winter.

What seemed like a beautiful playground during the lush months of summer now is but a windswept, muddy expanse of bleak terrain which must be traversed by tired souls in quest of water and groceries.

And the summer cottage type of construction the Army deemed adequate for its military police units here is a daily mockery of the otherwise comforting word "shelter."

The Zedakah Club, a charitable organization of Jewish women, looked into the case of one mother and her seven children living in one of the cardboard firetraps, and were so horrified that they are determined to raise enough money to buy a house for the victims.

LITTLE HELP FOR ANY

The mother, a wisp of a woman who has been ill, cannot carry water the great distance between the public hydrant and her hutment. Her oldest child is only five, so there is little help there.

In fact, there is little help for any of these people, whether or not there is a wage earner in the family.

For it is said there are no vacancies in Detroit; particularly are there no vacancies for couples with children. Single folk and childless couples fare somewhat better.

But for the future citizens of the United States, for the little boys and girls who are expected somehow to grow up and become substantial members of the community, there is no room.

Only a temporary shelter, of the type provided for the displaced persons of Europe. And perhaps not quite so good.

TAKE THE CASE TO WASHINGTON!

We do not believe the welfare commission should give up so easily on the proposal that unused barracks buildings at Fort Wayne be used as living quarters for Detroit's evicted and homeless families.

The current touch of winter, with snow and ice and chilling blasts, makes it especially urgent that the children and women and men, for example, living a miserable existence in tar-paper shacks in Rouge Park, be given warm shelter.

The welfare commission's position is that since the Army decided to keep Fort Wayne for use by the Army, the Organized Reserve, National Guard, and Federal administrative agencies, use by the city is impossible.

That is not necessarily so.

Go to Washington. Go to Washington and show the Army the pictures and Rex G. White's story in the News and remind the gentlemen responsible that human beings are living in such misery on the eve of Thanksgiving and with Christmas just a few weeks away.

Daniel J. Ryan, welfare director, says the only relief the city can provide for the families in Rouge Park is hot water in the single washroom and toilet hut at the barracks.

That is not enough.

To comply with the recommendations of the fire marshal, fire extinguishers have been supplied at the barracks, and a fire guard is being maintained, but that does not provide warmth.

We suggest that a delegation be sent at once to Washington to tell the whole story of distress. Fort Wayne probably will not care for all the persons to become homeless in Detroit later, but it will serve to empty the Rouge Park shacks before Christmas.

[From the Detroit News of November 24, 1947]

PIG PEN SHELTERS INVITE DEATH AT RIVER ROUGE PARK (By Rex G. White)

"Detroit, one of the wealthiest cities in the United States," etc.

This is a quotation from a tourist travel book. Remember it, please, as you continue on into the tale of the open road to death and disaster that is the story of the River Rouge Park Shelter, where more than 150 human beings are living in cardboard houses under threats of destruction that a breeder of hogs would not permit for his livestock. Pigs have a value.

The Detroit Public Welfare Commission, faced this fall with a sudden rush of destitute families evicted from their homes and with the emergency shelters in the city packed to the doors with human misery and alive with vermin, looked about for further housing.

They took over the military police barracks at River Rouge Park, and into those shacks they have dumped some 30 families with 100 or more children.

Conditions are appalling. The barracks are built of a cardboard type of material and over it is plastered tarpaper. One can drive his fist through the walls at any spot. There is no water, no toilets, and the only heat comes from tiny square cookstoves with tin pipes running to the roof.

THIRTY DOLLARS A MONTH FOR FIRE HAZARD

There is only one exit. In many of the barracks the stove is placed at the front, between the door and the so-called rooms. It was estimated that a fire starting in any one would destroy the building in 5 minutes or less. Some of the places reportedly have a fire extinguisher, but what good it would do is a question.

The "apartment" or unit assigned to each family consists of a section of the building with three-quarters high partitions, also of paper, some cots, a table, plain chairs, and the coal cookstove.

For this the tenant is charged \$30 a month, if he is working. If there is no adult with an income, the welfare commission does not collect rent.

Field workers employed by the welfare commission realize the situation.

"It is a worry that is on my mind night and day," one said. "The fire hazard is terrible. Fire department officials have been out, but all they did was order the ash cans to be kept far away from the sides of the building."

"I know they do not like the set-up, but there is nothing we can do. The fire department did have a fire alarm pole set up in the middle of the area."

SHUN BATHS, FEARING PNEUMONIA

Dozens of the children have not had a bath of any sort in more than a month. The mothers say they are afraid to bathe the children in washbasins because the barracks are so cold they fear pneumonia.

Many of the children are suffering from head colds now. Rooms devoted to public baths are in smaller barracks, with cement floors and overhead shower pipes. There was no heat in the bath buildings, and the water was icy.

The store where food may be bought is more than half a mile from the nearest barracks across open fields. In snow or rain only adults or large children could make the trip.

Windows are small, high up, and either nailed shut or so warped they cannot be opened. There is no ventilation of any sort. The tenants point out they could not have the windows open in any event because of the cold.

"Military police lived there," attendants point out, forgetting that young men hardened to the last degree through training and wearing the finest and warmest of wool and heavy shoes are a far cry from sickly children dressed in rags.

YELLS PIERCE ILL WOMAN'S EARS

Many of the partitions are broken and have wide cracks, so there is no privacy.

"My wife has heart trouble," said one man. "We live between two other families. They have about 15 kids, and there is nothing between us all but the paper partitions. Imagine a sick woman trying to get well or rest with 15 children yelling and running in the room."

"If the thermometer drops down to below freezing, I don't know what will happen. Stoves will be overheated, and there is almost sure to be a fire. Any fire in one of these barracks will mean a dozen dead children."

The mild weather of the past few weeks has been a godsend. As it is, the rooms are so chilly the younger children refuse to get off the beds because the uncarpeted floors are too cold for their feet.

SEND OUT HEALTH INSPECTORS

Several families there have as many as 10 small children. One family has 7 children with the eldest only 5, there being 2 sets of twins. The washing is done on the little cookstoves in pails. There is no place to hang the clothes for drying except from strings near the stoves, adding still another hazard.

Cots, which are furnished, are so close to the ground that some families will not allow the children to sleep on them because of the drafts that sweep across the floor.

Instead, they take the children into their own cots or beds regardless of discomfort. Because of the lack of sanitary facilities some of the mattresses are in a constant state of dampness and stench.

Some shacks are two blocks from a public toilet. This means that as high as 30 persons in a single building utilize buckets, pails or even lard cans. In bad weather these reeking receptacles stand all night and sometimes all day in the room where the families cook and eat. The stench in some of the places when visited by a reporter was nauseating.

"I was told when the Welfare first moved people out to the River Rouge place it was only a temporary condition," said Dr. Bruce H. Douglas, health commissioner.

"But like a lot of things adopted as emergency aid, this seems to have gone on. I am sending inspectors out there today. Epidemics could start under conditions described to me. Real winter weather will increase the hazard."

SUGGESTS A 24-HOUR PATROL

"Everything you have said about the River Rouge barracks is true," Fire Marshal Edward W. Hall, commenting on the fire perils, told me today. "In a report to the Fire Commission today, I requested that if the barracks must be used, then additional exits be built in every building.

"I wrote a letter in reply to one from Donald Smith, of the Welfare, in which he asked that we inspect and approve the barracks. I asked that a 24-hour-a-day patrol be established, that a telephone be installed in the center of the area so alarms could be sent in, and I asked that fire extinguishers be placed in every building.

"I was appointed to a committee to investigate the barracks some time ago. I made a verbal recommendation that the barracks not be considered as permanent places.

"I urged that a building with fewer fire hazards be used and suggested a building at Shelby and Larned Streets. It would have cost some \$40,000 to fix it up for habitation.

"I was told the barracks were to be used only as emergency shelters for 24- or 48-hour periods. The welfare people explained they were desperate and had to have some sort of shelter or the evicted families would have to be on the streets.

"I shudder to think what would happen if a fire ever started there. We know children sometimes are alone in those cardboard houses, that matches are available, that paper and cardboard trash collects on the floor, that the coal stoves are between the single exit and the rooms.

"It is a bad situation. We have insisted on metal trash cans and on gravel areas surrounding each building, for fear of grass fires, but I do not know what else we can do to lessen the fire hazard within the barracks."

[From the Detroit News of Tuesday, November 25, 1947]

WELFARE BOARD IN QUANDARY ON CITY'S HOMELESS

The Detroit Welfare Commission today set itself to the task of finding new temporary shelters for the evicted and homeless.

But members of the commission said that they scarcely knew where to turn.

It was conceded that conditions at the Rouge Park barracks shelters were as bad, or perhaps worse, than depicted in the News Monday.

THE BIG PROBLEM

The problem was to find other shelter of any kind that would not be as bad.

Monroe Lake, member of the welfare commission, suggested the barracks and officers' quarters at Fort Wayne. It was pointed out, however, that the Army decided last month to keep the Fort Wayne buildings for use of the Army, the organized Reserve, National Guard, and Federal administrative agencies.

Daniel J. Ryan, welfare director, submitted the issue to the commission at a meeting today.

"We canvassed the entire city last summer," Ryan said, "and the old military police barracks were the only thing we could find for an extension of our shelter facilities on Scotten Avenue."

NOTHING ELSE AVAILABLE

"We know they are rotten, in many respects, but there just isn't anything else available, and we are down to the point of just trying to provide a roof for these people."

Ryan said the only immediate remedy his department could offer is hot water in the single washroom and toilet hut in the compound.

All the recommendations made by Fire Marshal Edward Hall have been complied with, Ryan said, including the posting of fire extinguishers, a telephone fire-alarm system, and a 24-hour fire guard.

Hall said the structures are fire traps which never should obtain the approval of his department as permanent dwellings, but admitted that to force a closing would result in throwing the tenants back onto the streets.

WHOLE SET-UP ILLEGAL

Joseph P. Wolff, head of the department of buildings and safety engineering, said he would consent to the fire marshal's recommendation for cutting of emergency exits at the rear of the one-door barracks, but declared the "whole set-up is illegal."

Wolff said his department could never approve the cantonment as dwelling units, but agreed with Hall that to move against the place would result in even greater hardship for the unfortunates housed there.

All agreed that expenditure of a considerable sum of money for indoor plumbing, better heating equipment, and some building repairs would make the cardboard barracks more habitable.

"But that would be putting the welfare commission into the housing business, where it does not belong," Ryan said.

BUDGET NEVER STRETCHED

Mayor Jeffries some time ago charged the Welfare Department with providing shelter for victims of evictions, but the budget was never stretched to provide for construction of housing units, it was pointed out.

Welfare Department investigators have reported on the conditions of unspeakable filth in some of the quarters in Rouge Park, and have made sincere efforts to get the tenants to "police up" their rooms and grounds.

But due to disability in some cases and disinclination in others, "pigpen conditions" still are to be found there, investigators admitted today.

A HARBOR—WHERE?

No one in a responsible city position is complacent about the conditions described by the News. Everyone admits the charges, in the main, are true.

But where, they ask, can these people be harbored?

One of the 25 families is in luck. A woman who asked that her name not be mentioned phoned the News Monday night and offered a five-room upper flat for rent, suitable for a family of eight.

Perhaps there will be others, moved by these revelations of miserable, sub-human living in the fourth largest city in the United States.

[From the Detroit News of November 27, 1947]

STARK MISERY FACED BY HOUSING VICTIMS
(By Don Lochbiler)

Thanksgiving Day brought bitter irony to many Detroit families today.

While more fortunate residents counted their blessings, hundreds of families faced a bitter struggle for adequate shelter in the winter months ahead.

The crisis reached the highest authority in the city, the council, on the eve of Thanksgiving, with a stark report from Mark K. Herley, assistant director of the Detroit Housing Commission.

With the severest months of the year to come, there is no housing for many families, Herley told the council Wednesday.

Families desperate for housing are not solely those unable to pay ordinary costs, it was brought home to the council in another report.

The report was from the civil-service commission, and it listed 23 city employees scheduled to be fired Friday because they do not live in the city and cannot find housing here.

COMMITTEE NAMED

The council named a committee composed of Herley, Welfare Superintendent Daniel J. Ryan, and City Controller Homer R. Marson

to grasp at the only straw in sight at present—Federal buildings in the area.

The committee will survey such buildings and report back to the council Monday. Such buildings, notably the unoccupied barracks at Fort Wayne, offer the only possible relief in sight, the council was told.

Otherwise, Herley emphasized, the commission "has no solution for the problem, nor has anyone else come up with any ideas."

SITUATION WORSENING

He added: "The situation has been worsening steadily for the last 2 years."

A suggestion that a delegation including Mayor Jeffries and Mayor-elect Van Antwerp go to Washington to speed transfer of Federal buildings to the city, if they are found available, was tabled pending the committee's report.

Meanwhile, the maintenance division of the commission and the Department of Public Works was ordered to take all steps to make the River Rouge Park Shelter, admittedly the most inadequate place offered for human habitation under the city's jurisdiction, as safe as possible under the circumstances.

THANKSGIVING CHEER

Detroiters aroused by the Detroit News exposé of conditions at the shelter brought what Thanksgiving Day cheer they could to the families at the shelter, but a permanent solution remained elusive.

The Warrendale Kiwanis Club provided Thanksgiving baskets for the families. Hams took the place of turkeys, but excellent dinners have been provided.

Pressure already was being applied, too, to cut the Washington red tape which has prevented utilizing the available buildings now unoccupied at Fort Wayne.

FERGUSON MAY AID

Superintendent Ryan said he had dispatched urgent telegrams to Washington asking that Detroit be given immediate possession of the empty fort barracks, and pointing out the desperate need for shelters here.

If the appeal is refused or ignored, Ryan said he would urge Senator FERGUSON to use his influence in its behalf.

The welfare department also was investigating a number of offers made through the News of empty houses, apartments, and rooms, in addition to offers of blankets, clothing and other furnishings.

"Should any of the offers prove to be acceptable we shall be glad to turn them over to the families that are now on our hands at River Rouge," Ryan said.

"We will investigate every offer, and do anything we can to assist the families into homes that will provide better living conditions."

EVICTION BLOCKED

The Detroit Housing Commission said it was powerless to evict tenants in low-cost housing units whose incomes are above the limits set by the National Housing Act.

Charles F. Edgecomb, director-secretary of the commission, said the commission's hands are tied by the McCarthy Act passed by Congress last July, prohibiting evictions based on incomes. No chance exists of finding places for the Rouge Park families through this means, he said.

At present, 2,185 units of the 4,800 low-cost housing units in Detroit are occupied by families whose incomes are above the limit.

SIX HUNDRED SUITS CANCELED

Edgecomb said 600 eviction cases against families with incomes over \$4,000 a year were in process when the McCarthy Act forced cancellation.

Only 187 families have moved of their own volition after their incomes passed the limit, Edgecomb said.

As for city employees facing dismissal because they cannot find habitations in Detroit, the council ordered that a special meet-

ing of the civil service commission be held to consider their cases. Additional time should be granted to all who can show they have exerted all efforts to find quarters inside the city limits, the council held.

[From the Detroit News of November 28, 1947]

CITY OPENS HEART TO HAPLESS IN ROUGE SHELTERS—RESPONSE HIGH TO STORIES IN THE NEWS AS MANY BRING FOOD AND CLOTHING

While entertaining the hope of acquiring Fort Wayne Barracks as emergency shelters for the homeless, the welfare department was accepting public assistance today in alleviating the distress of 25 families lodged in the Rouge Park tar-paper huts.

Distribution of privately donated food, clothing, and blankets began, appropriately enough, on Thanksgiving Day, with every family receiving at least one large basket of food and dozens of children being given additional warm clothing.

From Washington, meanwhile, came word from Senator FERGUSON that he is battling interdepartmental red tape to find the answer to the question of Fort Wayne's availability for an emergency winter shelter.

BATTLES RED TAPE

Informed that several Federal agencies were using the Fort Wayne barracks for offices, personnel quarters, and the storage of files, Senator FERGUSON said he would seek a temporary release of some of the facilities for municipal use.

"Perhaps these departments can find other places for file storage more easily than the welfare department can find living quarters," he said.

The search for shelters more suitable to Detroit's midwinter climate was extended beyond the city limits as officials eyed other abandoned military installations in neighboring counties.

Included in this survey are barracks and officers' quarters at the naval ordnance plant and the tank arsenal in Macomb County. Vance G. Ingalls, assistant corporation counsel, told the News he believed the city is empowered to spend welfare funds out of the county.

Stories in the News of the substandard conditions under which victims of the housing shortage are forced to live at the converted military police barracks have brought an overwhelming response from sympathetic readers.

Members of the Warrendale Kiwanis Club spent much of Thursday visiting the scores of children living in the drafty, ill-heated huts, distributing clothing.

AID ARRIVES DAY LONG

Joseph Hermann, a baker at 15341 Greenfield Avenue, drove in with a truckload of pies, cakes, and bread—and promised to come back every Saturday with additional supplies.

All day long individuals and groups kept arriving with additional donations of food and blankets.

An emergency depot for the collection of clothing and blankets for the shelter residents has been set up at 281 West Grand Boulevard by the International Women's Auxiliary of the UAW-CIO, and a staff has been recruited to solicit and gather the donations.

At least three offers have come of living quarters for the shelter folk—and these, of course, are the greatest treasures of all.

SEARCH GOES ON

For while the city can provide limited funds for the feeding and clothing of its hapless citizens, it cannot provide adequate shelter for them, and the Rouge Park project is a stopgap at best.

Nor are all of the shelter colonists dependent upon the welfare department for sub-

sistence. Several families, otherwise self-supporting, are there because no private housing is available.

And so the search goes on for a more humane solution to the emergency housing problem, and the families who are forced to live in the tar-paper huts with outside plumbing are more comfortable for the added clothing and food and sympathy that have been extended to them.

PERMISSION TO ADDRESS THE HOUSE

Mr. LARCADE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a short statement by Senator JOHN H. OVERTON, of Louisiana, and I ask further that these remarks appear in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

[Mr. LARCADE addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

NEW DEAL FOREIGN POLICY

Mr. SMITH of Ohio. Mr. Speaker, what a fearful mess the New Deal high command is getting the good old United States of America into. Its foreign policy—bipartisan, mind you—makes this Nation party to the bitter factional internecine and ideological struggles for political power that rage in France, Italy, Greece, Britain, China, the Near East, and elsewhere.

In Greece our Nation has joined King Paul in killing off a part of the population of that country that claims the right to rule. In China we join in a military venture with Chiang Kai-shek to effectuate a similar purpose. In France we give aid to one political clique in squelching all other contenders for power.

In Britain our Nation is made to support the Socialist regime in power, and, consequently, in the nature of things, our people are bound to assist that Socialist regime in destroying what is left of liberty in Britain and reducing her people to a state of slavery.

And now the New Deal high command wants the so-called Marshall plan to initially provide it with \$20,000,000,000 to implement its program of meddling in the civil strife and warfare that is going on in the countries of Europe and elsewhere.

What a spectacle the New Deal is making of the United States. Yea, what woes this heinous, suicidal policy is storing up for us, and more especially our posterity.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ST. GEORGE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

PROHIBITING SALE OF CERTAIN GOODS TO RUSSIA

Mrs. ST. GEORGE. Mr. Speaker, in the last week an increased number of our people, both in and out of Congress, feel the importance of curtailing, or rather completely stopping, the sale of durable goods to the Soviet Union. I think that at this time something more than talking about it should be done. To that end, I introduced a resolution a week ago today to prohibit the sale of durable goods, scrap, gasoline, and oil to the Soviet Union, and to stop it now.

Apparently, Mr. Speaker, we never learn. We went through all of this with Japan before the last war. At least at that time we had the excuse that Japan professed to be friendly and peaceable. Of course, we know that she was neither. At least the Soviet Union is frank. They tell us every hour of the hour how much they despise and dislike us, and in spite of that, with a crying need in this country for freight cars, we manufacture and send to them 216 freight cars made to their own specifications.

I trust that this resolution will be approved and that something will be done at once to stop the sale of these goods to a power that has shown itself deliberately unfriendly to our way of life.

The resolution is as follows:

House Resolution 379

Whereas the President of the United States is reported to have stated on November 21, 1947, at a press conference, that he approved of the sale and the continuing thereof of durable goods, machinery, and so forth, to Soviet Russia; and

Whereas it is now abundantly clear that the Soviet Union is inimical to the United States and is bent on hampering this country in every possible way; and

Whereas our own country is in dire need of durable goods at this time, especially freight cars, of which 216 have been constructed for and purchased by the Soviet Union: Now, therefore, be it

Resolved, That the sale of durable goods, machinery, scrap, oils, and gasoline be prohibited to the Soviet Union until such time as the Soviet Union shall cease interfering with our economy and way of life, both at home and abroad, and that a subcommittee be appointed by the Committee on Foreign Affairs of the House to look into the matter, and to watch over the same to determine on what terms and when sales of durable goods, machinery, scrap, oils, and gasoline can be resumed to the Soviet Union without jeopardizing the welfare and safety of the United States of America.

DISPENSING WITH CALL OF PRIVATE CALENDAR

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar today be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEGISLATIVE PROGRAM

Mr. HALLECK. Mr. Speaker, I have asked for this time, after consultation with the Speaker and the distinguished minority leader and other Members of the House, to discuss the program for the balance of the week and at least the forepart of next week, with particular reference to the so-called foreign interim aid bill. As probably most of us know, the Committee on Foreign Affairs reported the bill yesterday. It was formally introduced today. The chairman of the Committee on Foreign Affairs has obtained unanimous consent to have until midnight tonight to file the report on the bill. It is my understanding that the chairman of the Committee on Foreign Affairs, acting for the committee, will ask the Committee on Rules to hold a hearing starting tomorrow morning to apply for a rule making the bill in order on the floor.

At this time, Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow night to file a rule on the bill H. R. 4604, the so-called foreign interim aid bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, if the rule is granted and filed tomorrow, then, of course, it would be in order to begin general debate on the bill on Thursday.

I have discussed with some of the members of the Rules Committee and some of the members of the Foreign Affairs Committee what time might be allotted for general debate on the measure. Of course, it is not within my province to determine what that time shall be. It was my idea, however, from what I have been able to discover regarding the intentions as to general debate, that it probably would continue for some 10 or 12 hours, and possibly longer. In any event, I express the hope that with the general debate starting Thursday morning the general debate be concluded this week. If concluded on Friday, then, of course, there would be no reason for a session on Saturday. If the general debate is concluded this week, it would then be possible to begin the reading of the bill for amendment on Monday morning.

As we all know, this is a matter of extreme importance and of great consequence to the country and to the world. There is much interest in the country about it. I commend the Committee on Foreign Affairs for the painstaking effort they have put forth in their consideration of the subject and the bill they reported. Certainly, it is a measure that should be thoroughly debated and carefully considered, to the end that the Congress and the country be as fully informed as possible regarding its contents and what it proposes to do.

As to the reading of the bill next week, it would be my idea that those Members desiring to speak under the 5-minute rule be given opportunity, within reasonable limits, to do so.

Now, Mr. Speaker, that having been announced as the prospect for the program as I see it, it occurs to me that the

business of the House and consideration of the measure might be expedited if we were to adjourn over tomorrow until Thursday and have the House meet on Thursday at 11 o'clock in order that more time would be available for formally considering the bill in general debate.

So, Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock on Thursday next.

In that connection I yield to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], who had a special order for tomorrow, and about which I have talked with him.

The SPEAKER. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I have no objection at all to the request of the gentleman from Indiana, but I requested this time because I was chairman of a subcommittee that visited 11 countries in Europe on the agricultural and food situation. Amongst those countries were Austria, France, and Italy. I thought it would be advisable and desirable for me to give the membership the benefit of our findings. If the leadership will assure me that I will get some time under general debate so that I can present the facts, I shall be very glad to yield my time set now for tomorrow.

Mr. HOFFMAN. Mr. Speaker, I object to the unanimous-consent request of the gentleman from Indiana. I want to hear the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Well, Mr. Speaker, I have the floor. I would rather talk to the membership of the House when they begin consideration of the legislation than to make a speech here when only the gentleman from Michigan [Mr. HOFFMAN] would be present.

I hope the gentleman will not press his objection because I would rather speak when the bill is up.

Mr. HOFFMAN. Mr. Speaker, I object.

Mr. HALLECK. Mr. Speaker, will the gentleman withhold his objection for the moment?

Mr. HOFFMAN. I will, if we are given assurance that those opposed to the bill will be given some time in which to be heard. I know very well there are some Members of the House who do not intend to go along with this idea of giving everything away while our own people are not able to get the things they need, and I want some assurance that those who are opposed to this bill are going to have a chance to be heard.

Mr. HALLECK. The gentleman, of course, is entirely right in suggesting that those who are opposed to this bill should be heard. I might say, first of all, as I said originally that I discussed this matter with the gentleman from Minnesota. Speaking for myself and as an individual Member of the House I certainly want the benefit of his information and advice arising out of his experience and observations in the countries affected by this legislation.

Certainly I am sure those in charge of the time, particularly the chairman of the committee on this side, will see to

it that the gentleman from Minnesota is given time in general debate to tell the House his observations and give the membership such information as he has.

With reference to the suggestion of the gentleman from Michigan, I may say that I discussed with the chairman of the Foreign Affairs Committee the matter of time and the division of time. I have no way of knowing how many may be in the category referred to by the gentleman, and how many may be in some other category, but the chairman of the committee has assured me he will undertake to see to it that opportunity is given to those who have questions about the bill, or are opposed to all of it, or to parts of it, have time in general debate for the expression of their views.

Mr. HOFFMAN. Mr. Speaker, that is all very well but I have had some experience in these matters myself, not on the question of getting time for myself because I always get more time than I want and much more than the House wants me to have on many occasions, but my experience has demonstrated that if you rely on this kind of assurances you get just nowhere.

We all know that the chairman of the Foreign Affairs Committee is in favor of this bill and has always been in favor of this kind of legislation. The ranking minority member is in favor of this bill, and those who are opposed to it or to portions of it will get nothing at all unless we have something definite. If the gentleman can assure me that the gentleman from Minnesota is going to get at least half an hour—if that is enough—all well and good; otherwise I shall insist on my objection. If I am the only one to hear the gentleman from Minnesota that is the loss of the other Members, not mine.

Mr. HALLECK. I, of course, can make no definite commitment in the absence of the chairman of the Committee on Foreign Affairs as to the exact time the gentleman from Minnesota might be granted.

Mr. HOFFMAN. In other words, then, the gentleman is speaking without authority.

Mr. HALLECK. If the gentleman from Michigan insists upon his opposition then, of course, there is nothing for me to do about it. I have had but one objective, and that is to expedite action on the proposed legislation while, at the same time, making certain that the consideration of it is as complete and exhaustive as possible.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent that the special order set down for me for tomorrow, Wednesday, be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, is it in order to ask to speak for more than 1 minute at this time?

The SPEAKER. The Chair cannot entertain any request for more than 1 minute, but the Chair could be a little liberal if the minute were not too long.

Mrs. ROGERS of Massachusetts. The Chair is a very good timekeeper, I would say.

SHORTAGE OF OIL IN BOSTON, MASS.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I was in Massachusetts last week, and I found actual hardship in the shortage of oil there. For instance, there is one group of buildings under Federal management. The manager of those buildings could not secure any oil with which to heat the buildings over the week end. There are a good many young soldiers and their wives and babies there. Babies especially need to be kept warm.

Mr. Speaker, I found very great resentment in the State because we have sent oil abroad. We are asked to do more for foreign countries in the way of oil and coal. The American people feel, however, that the United States should be kept warm before anything is sent to foreign countries.

Mr. Speaker, I believe the Members will find in their correspondence a good many letters from persons who feel that self-preservation, not charity, necessarily begins at home and that the people at home should be given the comforts of life and not become weakened and they should not suffer because they are cold.

Mr. Speaker, I have conferred with the Secretary of the Navy, and I have offered a resolution to man the idle tankers with Navy seamen and officers in order that oil may be brought from Saudi Arabia, Venezuela, and other countries.

An administration that has allowed this situation to arise in the United States should be severely censured. Various departments of our Government have known what is going on. They have known that there is a shortage of oil in the United States. This shortage is not confined to Massachusetts alone, as I understand it. Yet nothing has been done about it. Thousands and thousands of barrels of oil have been sent to Russia—Russia, a country which is hostile to the United States and which opposes all our ideals and way of life.

Mr. Speaker, I intend to use all the influence that I have to see that the Congress of the United States does something to remedy the mistakes of the present administration in this matter. My resolutions are as follows:

House Resolution 381

Resolved, That the United States Maritime Commission be requested to furnish the House of Representatives full information in their possession relative to all idle tankers under their control and why said tankers have not been put into operation.

House Resolution 382

Resolved, That the Director of the Office of Defense Transportation be requested to furnish the House of Representatives full in-

formation in his possession concerning the shortage of coal cars used in transportation of coal to New England and whether coal cars being released from the Great Lakes terminals can be assigned to New England.

House Resolution 383

Resolved, That the Secretary of the Navy be requested to furnish the House of Representatives full information in their possession relative to tankers under their control used in the transportation of oil whether full use is being made of the tankers and how soon additional tankers being received from the United States Maritime Commission will be put into operation.

House Resolution 385

Resolved, That the Secretary of the Interior be requested to furnish the House of Representatives full information in his possession concerning the amount of fuel oil, gasoline, petroleum products, and coal in the United States and whether any steps should be taken to increase these commodities in order to have a proper and necessary amount.

Mr. Speaker, I remember well the battle I waged when the United States made ships available to Japan and my protests against the large shipments of oil, cotton, and scrap iron to Japan when it was obvious that Japan might use those ships and oil and other commodities against the United States. Secretary Ickes protested along that line. History is repeating itself this time with another country.

EXTENSION OF REMARKS

Mr. BUFFETT asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include some editorial matter.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD and include an article on Alaska.

Mr. SANBORN asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include extraneous matter.

Mr. MUNDT asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper commentary on the activities of the Communist clique in Hollywood.

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his remarks in the Appendix of the RECORD and include a recent radio address he made.

PERMISSION TO ADDRESS THE HOUSE

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PALESTINE

Mr. JAVITS. Mr. Speaker, now that the conscience of the world, organized in the United Nations, has decreed the partition of Palestine, we have a right to expect Britain to support the United Nations by making an orderly turn-over of Palestine to the Partition Commission appointed by the General Assembly. Her refusal will lead to another Munich. British weakness in foreign affairs will pay off in Palestine as it paid off at

Munich—in further deterioration of her position in the world.

If Britain persists in an obstinate course, she will alienate the United Nations which cast a decisive vote for partition; she will further alienate Palestine's Jews, and she will earn Arab hatred—not friendship—because she is weak. This is a day when Britain needs all her friends, a day when she must realize that her future lies more and more with the United Nations, with whose success she is likely, indeed, to be indissolubly linked.

Britain should be seeking to introduce democracy and well-being for the people of the Middle East, and should not play the old imperialist game. The great democratic tradition of Britain could inspire and impress the whole Middle East at this time if she would proceed in the spirit not of rancor, but of world statesmanship. The Tommies—the people of Britain—fraternizing with the people of Tel Aviv will prove to be much smarter than the British Foreign Office.

PERMISSION TO ADDRESS THE HOUSE

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

VOLUNTARY SERVICE IN DEVASTATED COUNTRIES

Mr. EDWIN ARTHUR HALL. Mr. Speaker, there is certainly no Member of this House more anxious than I am to extend the help of American food, clothing and other vital necessities to those of the downtrodden and hungry throughout the world. We Americans must aid the unfortunate to get on their feet, and to enable them to be self-sustaining with respect to food. Therefore, I am introducing a bill today which provides for the services of from 100 to 500 county agricultural and home demonstration agents in the European field. It is entitled: "A bill to provide for the rehabilitation of foreign countries being financed with American aid by making available to them the services of American county agricultural and home demonstration agents and for other purposes."

Be it enacted, etc., That the Secretary of Agriculture shall select not less than 100 and not more than 500 county agricultural and home demonstration agents wherever available throughout the United States for immediate voluntary service in countries devastated by the recent war and being financed by American aid.

Sec. 2. The Secretary shall assign said agents to duty along the following general lines:

(a) To scrutinize, study, and observe agricultural activities in the aforementioned areas.

(b) To work along with departments of agriculture in the official governments of these nations in advisory capacities.

(c) To make available to them their services, advice, and knowledge to individual farmers to the end that their production of grains and foodstuffs be increased to adequately feed their entire populations.

(d) To encourage the improvement of farming and husbandry wherever necessary.

ABANDONMENT OF FOOT-AND-MOUTH DISEASE PROGRAM IN MEXICO

Mr. H. CARL ANDERSEN. Mr. Speaker, it is regrettable that the program for stamping out the foot-and-mouth disease in Mexico has been practically abandoned.

Through releases issued by the Department of Agriculture during the past few months, Members of Congress were led to believe that the vital work of eradication was proceeding properly. We find, however, that Congress has been misled by the officials of the Department of Agriculture and that the program has not been at all effective for the past few months.

I cannot support the program now proposed to spend millions of dollars in Mexico for a vaccination program. According to veterinarians, who certainly know, vaccination is but a palliative and cannot possibly do the job that must be done. The only manner in which the foot-and-mouth disease can be stamped out is through the destruction and burial of the animals exposed to that dread disease. It would seem that the time has come for Congress to protect the border, 1,905 miles in length, between the United States and Mexico insofar as it is possible to do so. This will require the construction of high wire fences protecting the area on our side of the border, as well as that on the Mexican border, and beyond which no cloven hoofed animal should be permitted to exist. The fences on both borders should be efficiently patrolled so that no diseased stray could enter the United States from Mexico.

Mr. Speaker, I believe that this problem is as critical as any problem facing us today. This Nation certainly cannot afford to permit the spread of this dread disease into our great meat industry. Should this disease become rampant in the United States of America the loss could run into billions of dollars. However, such a threat should not be measured in dollars alone but might well be calculated in terms of actual hunger later on.

Mr. Speaker, I ask leave to include, as a part of my remarks, the following article by Mr. Alfred D. Stedman, the noted feature writer on agricultural subjects, which appeared in the November 30 issue of the St. Paul Pioneer Press, and is entitled "Foot-Mouth War Collapse Perils Cattle Industry":

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

FOOT-MOUTH WAR COLLAPSE PERILS CATTLE INDUSTRY

(By Alfred D. Stedman.)

Collapse of the joint United States-Mexican campaign to stamp out foot-and-mouth disease following Mexican peasant uprisings against killing infected cattle has confronted Midwest agriculture with great ultimate danger and is arousing some concern for the safety of American technicians, including nine Minnesotans, employed in eradication work.

This was revealed Saturday night as executives of 134 leading livestock organizations of the United States, including Norris K. Carnes, of Central Cooperative Associa-

tion of St. Paul, were summoned to an emergency meeting at the Sherman Hotel in Chicago today of the joint livestock committee to consider steps to meet the crisis.

The two Governments have dropped their campaign to eradicate the livestock sickness by exterminating infected and exposed animals, and have just disclosed a shift to a fight to keep the dread disease within a quarantine zone. But this zone is so vast that the difficulties of hemming in and controlling the livestock plague in this way have spread consternation among American stockmen.

These men say that if the malady ever should get really loose in this country, it might destroy in present form the industry of feeding concentrations of livestock, and inflict disastrous losses and changes on all agriculture.

One high-ranking Washington official told the Pioneer Press by phone Saturday night that about 100 American veterinarians and sanitary engineers working in Mexico have been protected by the Mexican Army, that no American has been harmed though several Mexicans have been killed, and that there are no grounds known to him for concern for the safety of any American.

But others who have been following events in the Mexican quarantine zone, while not alarmed, did frankly acknowledge concern over possible consequences of Mexican popular indignation in some places. A Mexican coworker of one Minnesota veterinarian was reported to have been mobbed and killed by Mexican peons on one day when the Minnesotan happened to be ill and absent, and therefore safe.

A Mexican veterinarian and a Mexican Army officer and five soldiers were set upon several weeks ago by a mob of several hundred, were shot and their bodies mutilated in an uprising near San Guilo in northeastern Michoatan.

According to reports, the lucky Minnesotan was Dr. D. F. Werring, of Springfield, although this was not officially confirmed.

The anger of the Mexicans has flared often because the cattle serve as sources of food, draft animals, and pets to the peasant families. These were aroused by bitter harangues by the politicians.

The United States Government experts finally became persuaded that the disease had had too great a start, and eradication attempts were inflicting too heavy economic losses, and arousing too much resentment to succeed.

In addition to Dr. Werring, four other Minnesota veterinarians who are in Mexico for the United States Government's part in the campaign are Dr. H. E. Wilson, of Crookston; Dr. E. H. Braunworth, of Wheaton; Dr. Aaron Antoinen, of Ortonville; and Dr. W. H. Whitcomb, of Reeds Landing. Four Minnesota sanitary engineers also have been working there.

Probably two-thirds of 60 to 70 American veterinarians are likely to be brought home soon, but the sanitary engineers may be asked to remain for some time in the fight to stamp out any new outbreaks outside the quarantine area.

Dropping of the fight to wipe out the disease in Mexico is the latest defeat suffered in nearly 2 years' of a losing effort by the United States Government, although at times Washington officials made hopeful claims. About a year of that time was taken up in protests to Mexico over her admission of exposed Zebu bulls from Brazil, and another 3 months were consumed in writing and enacting congressional legislation. So it wasn't until last April that the campaign really got under way.

Thirty million dollars had been spent in exterminating half a million cattle, including the finest dairy herd in Mexico, and perhaps 300,000 smaller animals.

The changes and losses that would be forced upon the American livestock industry

by a sweep of the disease across North America are not even imagined by most Americans, Mr. Carnes said Saturday night before leaving for Chicago. The losses might run into the billions of dollars a year, and estimates of increases in production costs run up to 20 percent, he said. The livestock exchanges of the country, including the South St. Paul Exchange are represented on the joint livestock committee.

Collapse of the eradication campaign is taken by stockmen to mean that this country will be compelled in self defense to adopt stringent controls of movements across the border of freight, tourists, and traffic that might bring in the disease from Mexico.

Construction of a tight-mesh fence, 7 feet high, along 2,000 miles of the Mexican border at a cost of around \$6,000,000, long discussed, now will become among the essential steps to keep diseased domestic and game animals of Mexico strictly out of this country, stockmen assert.

The danger area of Mexico, stretching westward into the interior from the Gulf coast, extends north along the coast near Tampico to a point only 300 miles from the American border at the nearest point.

EXTENSION OF REMARKS

Mr. NORBLAD asked and was given permission to extend his remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks and include two paragraphs from a statement made by Hon. Henry Morgenthau, Sr.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE UNITED NATIONS AND THE PALESTINE FIASCO

Mr. RANKIN. Mr. Speaker, it is evident to every thinking American that the members of the so-called United Nations Organization desire to subordinate the United States to their domination.

If they have a right to go into a country like Palestine and dismember it, then they will probably claim the right to turn Texas and California back to Mexico, Louisiana back to France, and the Panama Canal back to Colombia.

I wonder how far these international moon gazers are going in their attempts to drag the United States down to the level of Italy, China, India, or Russia.

It is about time that Americans began to be heard, from one end of the country to the other. There is going to be such a wave of resentment against this surrendering of the powers of government to foreign influences that the Members of this Congress will never hear the last of it.

With reference to this subject of Palestine, I want to quote from the autobiography of Henry Morgenthau, Sr., one of the great Jews of this country and the brains of the Morgenthau family. He said:

Zionism is the most stupendous fallacy in Jewish history. I assert that it is wrong in principle and impossible of realization; that it is unsound in its economics, fantastical in its politics, and sterile in its spiritual ideals. Where it is not pathetically visionary, it is a cruel playing with the hopes of a people blindly seeking their way out of

age-long miseries. These are bold and sweeping assertions, but in this chapter I shall undertake to make them good.

The very fervor of my feeling for the oppressed of every race and every land, especially for the Jews, those of my own blood and faith, to whom I am bound by every tender tie, impels me to fight with all the greater force, against this scheme, which my intelligence tells me can only lead them deeper into the mire of the past, while it professes to be leading them to the heights.

Zionism is a surrender, not a solution. It is a retrogression into the blackest error, and not progress toward the light. I will go further, and say that it is a betrayal; it is an eastern European proposal, fathered in this country by American Jews, which, if it were to succeed, would cost the Jews of America most that they have gained of liberty, equality, and fraternity.

That is from one of the most patriotic Jews America has ever seen, warning the world against the stupendous fallacy into which this bunch of moon-gazers in New York have now plunged.

The next thing we hear will probably be a demand that America send soldiers to protect this new state.

The United Nations have thus waved a red flag in the face of every Arab, in the face of 500,000,000 Moslems, people who were our friends, and have turned them against the American people—because this whole thing is being charged against the United States.

This crazy program is being supported by certain alleged leaders of both parties in order to try to line up certain elements in New York in the next election.

The SPEAKER. The time of the gentleman from Mississippi [Mr. RANKIN] has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. ROONEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PALESTINE

Mr. ROONEY. Mr. Speaker, after listening to the remarks of the gentleman from Mississippi [Mr. RANKIN], I feel that I should say that when it comes to the subject he just discussed and in referring to American Jews as he does, he is as expertly misinformed as he usually is.

I yield back the remainder of my time.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—GOVERNMENT-OWNED VESSELS (H. DOC. NO. 468)

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk and, together with the accompanying papers, referred to the Committee on Merchant Marine and Fisheries and ordered to be printed:

To the Congress of the United States:

The present authority of the United States Maritime Commission to operate, sell, and charter Government-owned vessels which were built during the war will expire on February 29, 1948.

It is now clearly apparent that this authority must be continued beyond that

date in order to prevent a break-down in vital shipping services.

Over 1,200 dry-cargo vessels are now chartered to American citizens by the Commission. The bulk of this fleet is devoted to carrying vital relief cargo, chiefly coal and grain exports. Its continued operation will be essential in furnishing aid to foreign countries during this winter. Other portions of this chartered fleet are devoted to essential coastwise and intercoastal services.

Under its authority to operate vessels, the Maritime Commission, through general agents, is now operating emergency passenger vessels and tankers. It is necessary to continue the authority for the operation of these passenger vessels if we are to meet essential needs for which no other passenger service is available. While the number of tankers operated by the Commission is being steadily reduced as tankers are sold under the Ship Sales Act, those which remain unsold must be kept in operation to assist in averting a serious world-wide shortage of petroleum.

In order to avoid needless disruption of the vital services now being provided with Government-owned ships, the present authority of the Maritime Commission should be renewed well in advance of its expiration date. I recommend, therefore, that the Congress give consideration to this matter during its present session.

There are other questions concerning the maritime industry which will require consideration of new legislation in the near future. These questions relate to the shipping requirements of the European recovery program and the long-range requirements of our own merchant marine. Our most immediate need, however, is to assure the maintenance of essential shipping services by continuing in effect the present provisions of law which make possible the use of Government-owned ships.

Accordingly, I recommend that these provisions of law be extended until June 30, 1949.

HARRY S. TRUMAN.

THE WHITE HOUSE, December 1, 1947.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KNUTSON (at the request of Mr. AUGUST H. ANDRESEN), on account of illness in the family.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REPORT OF GOVERNOR OF THE PANAMA CANAL

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk and, together with the accompanying papers, referred to the Committee on Merchant Marine and Fisheries and ordered to be printed:

To the Congress of the United States:

In compliance with the provisions of Public Law 280, Seventy-ninth Congress, approved December 28, 1945, I transmit herewith a report by the Governor of the Panama Canal on means of increasing the capacity and security of the Panama Canal.

HARRY S. TRUMAN.

THE WHITE HOUSE, December 1, 1947.

SPECIAL ORDER

The SPEAKER. Under the previous order of the House, the gentlewoman from Ohio [Mrs. BOLTON] is recognized for 76 minutes.

CALL OF THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and twenty-nine Members are present, not a quorum.

Mr. MICHENER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 139]

Allen, Ill.	Gore	Philbin
Barden	Griffiths	Powell
Bland	Hardy	Price, Fla.
Blatnik	Hartley	Reed, N. Y.
Bloom	Heffernan	Rees
Buckley	Hendricks	Rich
Bulwinkle	Jennings	Sabath
Byrne, N. Y.	Kefauver	Scoblick
Case, S. Dak.	King	Scrivner
Celler	Kirwan	Sheppard
Clark	Knutson	Simpson, Pa.
Clements	Lane	Smathers
Cooley	Lewis	Smith, Ohio
Cooper	Lucas	Smith, Va.
Coudert	Ludlow	Stratton
Dawson, Ill.	McCowan	Thomas, N. J.
Dingell	Marcantonio	Vorys
Domenegeaux	Meade, Ky.	Vursell
Dorn	Mitchell	Wadsworth
Doughton	Morgan	West
Durham	Morrison	Whittington
Flannagan	Multer	Wigglesworth
Fogarty	Norrell	Wilson, Ind.
Fulton	Pfeifer	Wilson, Tex.

The SPEAKER pro tempore (Mr. JENKINS of Ohio). On this roll call 359 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

SPECIAL ORDER

The SPEAKER pro tempore. The gentlewoman from Ohio [Mrs. BOLTON] is recognized.

CONDITIONS IN EUROPE, THE NEAR EAST, AND THE MIDDLE EAST

Mrs. BOLTON. Mr. Speaker, it is with a sincere sense of privilege that I address myself in the time accorded me by unanimous consent on Tuesday last to a report of stewardship in the matter of funds allotted by this body for on-the-spot study of conditions in certain areas of Europe and the Near and Middle East.

It has been a satisfaction as well as a responsibility to share in this appropriation which has made possible the securing of more first-hand knowledge than the House has ever before had. Nothing could be of more importance at this moment inasmuch as one of the dramatic results of the tragic holocaust we call World War II has been the change in the position of the United States among the nations. For many years before the war there had been developing a warmth of feeling toward America, an admiration for our way of life, an eagerness to learn from us, a confidence in our sincerely unselfish desire to share our joy with others. Today the situation has changed somewhat, for during World War II we became the strongest nation

in all the world. We developed a speed, a capacity, a power the world had not seen. Unfortunately such strength, such power, does not build friendship; rather does it create envy and fear which can quickly turn to hatred.

More unfortunately still, the events that put us in the forefront did not develop synchronously, wisdom and judgment. Rather did they give to those in authority the arrogance of the youth who in his ignorance is so certain he can handle everything. To gamble with the peace of the world is dangerous business, and we gambled. Should we now fail to see and to face realistically the results of appeasement policies or should we blindly refuse to face facts at this all-too-late date, we may well destroy our world. We dare not continue on the old road, our responsibility is too great. But, to find the best spot upon which to set our feet on a new trail which is, as yet, not even blazed, takes vision, indomitable courage, and inexhaustible faith.

Fortunately it takes a lot of little things, too, which, when joined together and added up, give the mechanics, the formulas, that go to make up these great strengths.

The first of these is first-hand knowledge—and that can be had only by going and seeing, by listening and understanding. Congress never appropriated money for more vital and constructive a purpose than the appropriation made this summer which sent its Members out to have a look-see—some within our own borders, others out across the world. These were no junkets. These were serious, hard-working men and women out on Government business, sensitive to the need of first-hand knowledge and determined to get it. That some may have gone out with ideas too rigidly set to be able to recognize anything not fitting preconceived notions is, of course, possible. Yet I am inclined to believe that there were but a very few of these and that by and large we looked and listened with open eyes and ears as well as eager minds. The beneficial results cannot be measured.

Several travelers have already spoken in this well, and I think you will agree with me that they have brought back much that we shall find of inestimable value in the months to come. No Congress has ever faced so great a responsibility, for no Congress has ever had in its hands the fate of all the world. Surely we need every bit of information, of impression, of fact, and of vision we can secure, and then we need to use it with deep humility. Insofar as we are wise, insofar as we are understanding, insofar as we are selfless, shall we be indestructible instruments of the forces of eternal truth.

SUBCOMMITTEE NO. 5

Mr. Speaker, during the recent recess of the Congress it was my privilege to be among those sent out across the world. It is the special responsibility of the subcommittee of the Committee on Foreign Affairs, of which I am chairman, to concern itself with many vital matters included under the heading of "movements that cut across national boundaries."

These have a very wide range indeed. Among other things, they have to do with international health, with the elimination of disease in all the far reaches of the globe as well as in nearby areas, dangerous to our safety in an age where time and space are no longer of much account. They have to do with the status of women, with the dream of a world where children will be born with sound bodies and free minds to be reared with understanding in environments of opportunity. They have to do with the wages and the working conditions of those who toil, with their relations to those who employ them. But that is not all that is meant by "movements that cut across national boundaries," for we are charged with the explosive aspects of such movements as communism, fascism, Zionism, nationalism, and so forth.

It goes without saying that no one person, nor any small group of people, could possibly study all these many aspects of the rapidly whirling life of the world today in so short a time. We did not attempt to do so. But in order to bring back to you as broad a picture as possible we subdivided our tiny group somewhat according to individual interests and backgrounds of knowledge.

Our subcommittee as a whole spent days in London, Paris, and Rome. Our eminent colleague, Congressman DONALD L. JACKSON, of California, spent some weeks in Greece and went to Turkey, accompanied by a no less distinguished Member of this House, Congressman OLIN E. TEAGUE, of Texas, who, while not a member of the Committee on Foreign Affairs, was thoroughly qualified to evaluate conditions in those areas against a background of grim experience and with a deep and consecrated sense of responsibility. They have prepared a report that none of you can afford to miss. It will be ready in a very few days.

The distinguished gentleman from Pennsylvania, Congressman FRANKLIN J. MALONEY, with one of the members of the staff of the Foreign Affairs Committee, George S. Pettee, gave himself to the task of making a detailed, first-hand study of the results of nationalization of industry in European countries, the impact of Communist methods, and the atmosphere of today's Europe as practically evidenced. His report also will be well worth your most careful attention.

Having spent some time in the Near East in 1945, Congressman CHESTER E. MERROW, the able Representative from New Hampshire's First District, and I chose as our main area for study Cairo and the countries of the great Arabian Peninsula, with the strategically situated and completely fascinating land of Iran. Congressman MERROW concerned himself more especially with certain aspects in which he had particular interest. I emphasized others.

Our original program would have brought us all together again in Cairo the first week of November with about a month to spend in north Africa, but a cable from our honorable chairman, the gentleman from New Jersey [Mr. EATON], calling us to a special committee meeting on November 10, canceled this part of our proposed study.

Mr. Speaker, as chairman of Subcommittee No. 5 of the House Committee on Foreign Affairs, I want to report that no chairman ever worked with a finer group. Their quality evidenced itself first in the long daily conferences we had on the *Queen Elizabeth* en route to London, in a thousand different ways of thoughtfulness where the chairman was concerned and in the arduous work they did.

But there was one serious disappointment that I as chairman had to face and accept, difficult as this was. That was the inability of one of the subcommittee to make the trip. I had counted upon the distinguished gentleman from Pennsylvania, Congressman THOMAS E. MORGAN, to cover the health study, and confess that I shall never be reconciled to the fact that he was unable to do so. You see, I was aware that several years ago, quite at his own expense, Dr. THOMAS E. MORGAN had made a personal survey of some of the devastated countries which gave him an invaluable background for comparison and evaluation of the present situation. As a fellow member of the Committee on Foreign Affairs I have grown to respect my quiet colleague most sincerely. As chairman of this subcommittee I know that the House has been deprived of much valuable information, so I remain unreconcilable.

BY SHIP TO ENGLAND

In coming before you today, Mr. Speaker, I do not bring you the formal report of Subcommittee No. 5 of the Committee on Foreign Affairs. That will be submitted in due time. Rather do I bring you observations and impressions with certain conclusions which have resulted from the experience that has been my privilege.

Sailing September 18 on the *Queen Elizabeth*, we used several hours of every day for discussions and conferences. These gave opportunity for clarification, for orientation, and for a pointing-up of our purposes that nothing else could have done. Add to this the talks with such people as Sir Ian Fraser, long a member of Parliament, with Miss Alice Bacon, Labor member of Parliament, with Mr. Morgan Phillips, secretary of the Labor Party, with oil and transport men, and with a selected group of women, some going to a woman's international meeting in Paris, others coming from the Philadelphia Conference, and you can see that our sea voyage gave us a full and profitable introduction to some, at least, of the conditions we were to look into.

To me, England presented a grimness I saw nowhere else. Everyone's clothes need renewal, most buildings still need repair and paint. The dank chill of the average service flat creeps into your very bones. The better ones have one electric heater metered by shillings in a slot; but the walls are damp and cold straight through, some so saturated that water actually runs down onto the floor. Hard on little children and inexpressibly hard on old people. Yet, I heard on every side, from all sorts and kinds, "What we need is a hard winter." But if such develops, many of England's old people will not be there in the spring.

The unusually sunny summer had given everyone 2 or 3 months of a more

varied and a more palatable diet, but that was over, and they were reverting to their cabbage, their sprouts, their beetroot, carrot, and turnip diet, with what is equivalent to about two chops a week in meat and now and again fish. If only they could have put up some of these precious summer fruits and vegetables against the winter. But there is little sugar, and what there is is tightly rationed, and containers have long since become more precious than diamonds, more valuable than furs, and far more scarce, and refrigeration as we understand the term just does not exist. Indeed, all household supplies are in short supply and tightly rationed, and clothes as well, yet British women in dresses that have been turned not only once but sometimes twice, cheered up with bits of brave color here and there, many of them stockingless, and British men in their worn and shiny clothes and frayed shirts are saying with complete conviction, "If we have a hard winter, we'll pull out of this."

From what background does this come? Some would say it emanated from the hope of those who look to the speedy overthrow of what they consider an inept, ignorant, and incompetent Labor government. But that is not accurate, it is said by those who want the Labor government retained.

Of one thing I am convinced and that is that we here have very little understanding of the forces that put the Labor government in. The fact that all groups were held together with a certain magnificence through the war by the amazing force and inspiration of Winston Churchill did not mean that people in all walks of life had not become increasingly aware of the backwardness of the Conservatives, of their inability to see their outworn methods in the light of the changed world. This was responsible, in a certain degree at least, for the election of a Labor government. We should be aware also of the considerable group of young Conservatives who voted for and still uphold the present government, certain that the Conservatives must be purified by the fire of reality if their return to power is to be anything short of tragedy. Nor should we forget the effect of that election upon some of the countries of Europe who were thoroughly out of sympathy with their own outworn governments and who, because they could find nothing better anywhere, were casting their eyes eastward. The whole atmosphere of Europe changed when the Labor government went in, and eyes once more turned westward. Should we not be a little grateful for that? Certainly, we should not forget it.

The fact that Labor went in on unfulfillable promises that they have not as yet had the courage to acknowledge as such, and that they have not yet faced up to cold reality is, at this moment in time, more than regrettable, but still very human. We should know, for it has happened here.

If we feel the leadership unequal to its task should we not recall that most of those who could have led England through these troublous times lie buried where poppies blow?

But I have confidence that with or without a hard winter, Britain will face up to the new conditions and pull out.

BRITISH NEED FOR MODERNIZATION

The economic situation in England is somewhat parallel to the political one. For years owners took everything out of the business, out of the mines, and put little or nothing back. I remember going to see some of their factories in 1944—the new war ones, streamlined and light; others, for four, five, and six generations in the same family, unbelievably dark, crowded, and generally what we would not tolerate if only from the safety angle. All this is being recognized, but it cannot be rectified overnight, especially when men are paid whether they work or not and when they have laid their burden of personal responsibility upon government. But the Labor government must modernize the mines and make it possible for owners to put labor-saving methods into industry, or how will England be able to compete in world markets? And compete she must if she is to survive.

FRANCE

France is something else again—and the happenings of these last days are all the evidence anyone should need to be convinced that the U. S. S. R. recognizes us as her great adversary in the ruthless methods she is employing to control one of the keys to western Europe. The Kremlin is determined to have France. The French have shown their unwillingness to accept such domination, but they cannot go it alone.

As a background for our present judgments we should remind ourselves of the courageous action of the Ramadier government last spring when Communist members were removed. They had learned from bitter experience that even one Communist within the government means the sabotaging of every constructive effort that is attempted, and they were successful in freeing themselves of such destructive influences. But they have been unable to rid France of the indirect but grimly determined persistence of Kremlin-directed Communists to disrupt their economic life.

We were twice in Paris—before and after the municipal elections. Thanks to old friends we were able to get reactions and opinions from more than our exceedingly well-informed embassy staff. Again I found saturated walls, no hope of heat and a minimum of light. Food in France has always been less drab than in England, and it tastes good today. But the heart of French subsistence is bread—grain—in ways that neither the British nor we can wholly understand. The core of France is the peasant who, after the war of 1870 went into his hoardings of gold and paid Germany off in 48 hours. The peasant is still a deciding factor and he is still hoarding, but this time it is not money—it is what is even more necessary to the world today—food. He now feeds much of his grain to his animals, and he saves it for seed. He has learned to eat meat not once a week as he used to do, but once or even more daily, and he likes it. No, it is not going to be easy to get the French peasant to part with these things for francs that have no value, when

there are no goods he wants in the market.

But I would ask you at this point whether the independent free American farmer, to say nothing of the farming industry, is not following a somewhat similar course?

BLACK MARKET

One of the contributing factors to discontent in France is the thriving black market, which among England's more law-abiding citizens prospers little. If you have money you can have anything you want in France. If you have not, you are fertile soil for Communist propaganda. The Communists are using the reductions of the bread ration with all their fiendish capacity—and the hungry listen.

FRENCH ELECTIONS

The swing to the right evidenced by the French municipal elections was without question given a lilt by the calling of our special session. Had this swing not been in industrial areas it would have been of little moment, but it came from cities, from industrial towns, and it so heartened the people that it was unquestionably one of the reasons for the shift of Communist tactics from pressures and propaganda to open war upon the free institutions of France. Having read the Communist posters, incredible in the viciousness of their attacks upon the United States, having read the Paris newspapers on the spot, having seen some of the handbills flooding the city, I confess to an inability to understand how men can say, "I am not for this aid unless France stops the strikes." Can they not realize that the Commies do not propose to let the strikes abate in the slightest if they can keep them going? Can they not see the dark hand of Moscow keeping the fire going under the pot of discontent and despair? The Kremlin has been successful in forcing the Ramadier government out, but they have not been able to prevent the formation of a new government under M. Schuman. They will continue their disruptive work hopeful of continuing confusion and of ultimately getting one of their members in. If they do, our chances of keeping France out from under the iron curtain will be definitely lessened, and the methods we shall have to employ will be increasingly more costly.

We are here in special session to consider interim aid for France, Italy, Austria, and I hope for China, but I wish there were a way to make us face up to the undiluted truth of the matter which is that we are in a bitter war as yet without guns; that we still have a chance to shove the fighting well into the future, but only by going all-out in this "cold war" declared upon us by the ruthless men of the Kremlin, whose relentless purpose is to liquidate all those who refuse to accept their domination.

ROME

The distinguished gentleman from Connecticut [Mr. LODGE] has given us a picture of conditions in Italy as he saw them that show the same strategy being applied there as has been used in France. De Gasperi has so far succeeded in keeping himself in power. If he fails and

the Communists obtain a place in the government, sabotage will increase in leaps and bounds.

All this was evident to us even though we made Rome only an overnight stopping place. But even this was enough to register the changed aspect of the people since our last sight of them in 1945. Then they gave every appearance of discouragement, of hopelessness. Not so now. Their steps are strong, their eyes are alight, their chins are up and their smiles a joy to see. A new determination radiated from them which gives one hope that with a little help at this crucial moment, as an assurance that we recognize their situation in the relentless battle being waged by Moscow against them and against us, that this will give them the strength to win through.

ATHENS

Athens was disturbing, for there the worker long has been the tool and the prey of whatever group was in power. His attitude now seems to be that as he could not be worse off he might possibly take a chance on communism and see if it has something better to offer. Add to that the lack of water in the Athens area due to the emptying by the Germans of the great Marathon Dam which takes 7 years to fill, and you have a situation piled on top of the continuous guerilla war that would dishearten the most courageous government. But Greece will be given you in detail by others.

THE NEAR EAST

I come now to the area to which the gentleman from New Hampshire [Mr. Merrow] and I, with our two secretaries and two men from the State Department, gave ourselves for nearly a month.

Cairo was to have been our first port of call and our center of operations. But cholera broke out in Egypt and changed our program completely.

If you will look at the map you will see at a glance the dramatic position of the Arabian peninsula. It is in very truth a bridge between the West and the East, between Europe and Asia. For thousands of years caravans have made their way across it from the Mediterranean to the Himalayas and to the shores of India, from the Black and Caspian Seas to the Red Sea and the Persian Gulf—for thousands of years.

The discovery of oil under these barren sands has been filled with dramatic consequences. All eyes focus jealously upon the countries of the Near East.

IRAN

Again look at the map. Just beyond the eastern borders of the countries we include in the Near East, but definitely a vital part of the Europe-to-Asia bridge are two important countries—Iran and Afghanistan. Both are on the southern borders of the U. S. S. R. and are at the moment antagonistic to Communist efforts. But just suppose Russia should decide to move across the frontiers. What is there in either country to stop the advance of a million or more trained and equipped men? Take just Iran and be realistic for a moment. Could a few inexperienced divisions with a handful of passenger planes stop such an advance? At Abadan at the north-

ern end of the Persian Gulf is the largest refinery in the world. A few miles away in the tiny country of Kuwait is the richest oil field yet proven. And what is there to hinder a further descent upon Bahrein and the fabulous fields of Saudi Arabia?

As it happens, Iran is the one United Nations success. In addition the Iranians gave proof this October of a fine courage when the Parliament refused to ratify the Russian oil agreement by a vote of 102 to 2. We were there and felt the excitement and the upsurge of patriotism that resulted. There was no reaction from Moscow at the time, but I have here a clipping from the New York Herald Tribune with a Tehran date line of November 5 that indicates the subtle underground methods of their insidious propaganda.

AMERICAN MISSIONS IN TEHRAN

We have two small missions in Tehran, one military under the command of Gen. Robert W. Grow, and one to the gendarmerie under Gen. H. Norman Schwartzkopf. Little by little they have accepted and begun to use the suggestions and advice given them. The relations between the groups are one of mutual respect and friendliness. There is no difficulty between the heads of the missions and the ambassador. The young shah, grown from a charming, serious young man into a mature, thoughtful and increasingly able ruler in the 2 years since our last audience with him, evidences his confidence in our Ambassador George V. Allen. All work in the closest harmony for one purpose: To build a lasting friendship between our two countries and to assist the Iranian Government to strengthen the units upon which it depends for internal order and external security. It is our conviction that the agreement between this country and Iran covering these important missions must not only be continued, but that every effort should be made to make possible to these courageous people a more adequate air protection, a better equipped and trained military establishment and more knowledge of the United States and our way of life.

USIS

Here let me say that everywhere we went in the Near East we found a demand for and a tragic lack of information about America. No books, no magazines, no newspapers—even for our staffs. The latest paper found during our stay in Tehran in late October bore the date line of September 18. With all the millions of feet of documentary and other film we have available were it not for the Army mission there wouldn't be an inch in Persia. Penny-wise and pound-foolish have we been at a time when all the world wants to know of us.

Is not it amusing—or is it tragic—that we who talk so much at this end of our way of life, who advertise ad nauseam, have failed to make any real effort to give other people a picture of our day-by-day living. How can we expect them to refuse to believe the falsehoods with which they are being flooded day after day, month after month, year after year? No books, no magazines, few if any pic-

tures, films in some of the countries where commercials go, often give a basis for belief in the subtle as well as the crude propaganda which is no help.

AGRICULTURAL POSSIBILITIES

We were asked to give consideration wherever possible to the agricultural possibilities of these Near East countries with a view to determining what if any justification there might be for the hope that a proportion of the needs of western Europe now shut away from Soviet and satellite country production might be met by making such development possible.

You will recall that during the war the United States Army was instrumental in the development of an irrigation project in the desert of Saudi Arabia where wells bubble up at intervals from the ground. This proved tremendously successful and not only saved shipping but was a boon to our troops. Thanks to quick action when the Army abandoned it almost overnight, this experiment is being carried on by American agricultural experts, financed by the Saudi Arabian Government. Here is a 2,000-acre tract which thanks to American know-how and friendly agreements, produces wheat, alfalfa, watermelon, melon, squash, eggplant, broccoli, onions, carrots, beets, cabbage, and so forth. Why should this not be extended and the surplus produce be exported?

FOOD AND IRAQ

But it is in Iraq that the greatest possibilities for agricultural production exist. It would be impossible to estimate the riches contained in the long unused and constantly accumulating soil of the Euphrates Valley. In 1945 it was estimated that something over four and one-half million people live in Iraq. History tells us that between the eighth and thirteenth centuries it contained a full 20,000,000. There actually is in existence still the remains of an old dam and canal system destroyed by the Mongols between the twelfth and thirteenth centuries which could be made usable again with comparatively little expense or effort.

There is no doubt but that this ancient valley could indeed stage a second blooming and could play a vital part in supplying food to western Europe. This fact should be remembered, as we take up our ever-increasing and inescapable responsibilities for world peace.

THE ARABS

Syria and Lebanon offer agriculture possibilities also, though in somewhat lesser degrees. Here we find people with centuries of experience in irrigation, in agriculture, just beginning to come out from under the disheartening and stultifying effects of 400 years under the Ottoman Empire. It was the Arab's knowledge of terraces, of irrigation, that covered the hillsides of ancient days with fruit and the plains with grain. This knowledge has lain dormant and although the generation may not have thrown off the full effects of Turkish rule, their sons and daughters are doing so with an energy that is inspiring.

The greatest factor in this rebirth has been the American University of Beirut

where for 80 years American education has been freely theirs and American principles have been lived. The completeness with which they absorbed the democratic ideas and ideals can be measured somewhat by their reaction to what they consider our infidelity to these very ideals in our agreement to a plan which they interpret as an effort to take from them some of their land and to force upon them an alien minority. Our attitude has bewildered and angered them, but it has gone far deeper than can yet be measured, for they feel we have betrayed them both morally and spiritually. To fail to understand this is to fail to comprehend the heart of the present Arab point of view relative to Palestine.

Regardless of the validity or the arguments put forward by both Arabs and Jews, it is of the utmost importance to the integrity, not only of our Government but of every individual American, that, not only the arguments themselves, but their background be very widely known and understood.

If I dwell upon the Arab point of view, know that I do so because until very recently few people knew they had one. Even now there is a minimum of actual knowledge about them in America. To continue to interpret this ancient people with their rich culture, their art, their scientific background, as if they were all something between beings of a fantastic world of the Arabian Nights and fast-riding desert tribes who swoop down from the hills to carry off women and children, would be the height of folly. We need to know much more of the picture, that is certain.

THE JEWS

Having digressed along the Arab road let me return to my main theme of the possible productivity of the Near East via the road of the Jew. Two things are important as background for the evaluation of the Zionist movement—one is the complete and passionate belief inculcated in the synagogues down the centuries that God chose the sons of Judah as His own, and that He, in all His majesty and power gave them this much-disputed land. The other is the Hitler persecutions and the consequent horrors visited upon the victims which in the minds of many can be brought to an end only by settlement in this Promised Land. Why should they consider the point of view of those who live within the borders? Did not the Lord Jehovah give it to His own? Unless you can understand the depth of this belief, you will fail to evaluate the situation with realism.

But I digress overlong and must return to the matter we were asked to illuminate to say quite simply that it would appear that the Arabian peninsula could be and should be a granary for a large area of the world. This is of vast importance to our western civilization. But without mutual confidence, is not it a good deal to expect that further steps in that direction will be taken?

OIL

This same confidence is involved in the vast oil developments upon which

the United States and all the countries of the world rely for much of the oil supply needed for their reestablishment. Let us look at this particular situation for a moment.

Thanks to a number of fortuitous circumstances, the incalculably extensive oil concessions of Saudi Arabia are ours. King Ibn Saud has shown his desire to increase the evidences of friendship between our two countries. Our Foreign Service people and the representatives of the oil company have been building well. There is a very constructive frankness of exchange without which the rapid progress made in the 2 years since I was last there could not have been accomplished. It is a definite result of this accord that water and sewage disposal and power are to be put into the main cities, and that these are to be joined together by a railroad, all constructed by American engineers, so giving access to ports soon to be enlarged on both the Red Sea and the Persian Gulf. It is part of the American way to build hospitals and schools for the Arab workers and to pay them a living wage, as the oil people do. It is also good business to make it possible for a man to learn his craft and improve himself. Such opportunities also are provided by ARAMCO, and the native workers begin to see their value. Notwithstanding, constant Soviet propaganda comes over the air, in Arabic. Even quotes from the Koran are being used. An all too small American air mission is teaching a group of carefully chosen young Saudis how to run a commercial air field. But the agreement runs out this spring. The importance of renewal can hardly be overestimated.

POSSIBILITIES FOR FUTURE FRIENDLY RELATIONS

A year ago no country in the world had the friendship of the Arabs as we did. A year ago we were tops in this link, this bridge between the east and the west. Where shall we find ourselves from here out? King Ibn Saud has given no indication that he intends to sever the very friendly and constructive relations between our two countries, and his influence is far reaching. Perhaps his attitude is due partly to the fact that of all the heads of governments in the area this King sees the menace of the Kremlin in broad perspective, and as a devout son of the prophet recognizes the fundamental danger. The sinister possibilities behind the momentary agreement between the United States and the Soviet in the United Nations plan to partition Palestine is probably troubling him as much, if not more, than it is troubling others. Indeed, the Arabs on the peninsula have no illusions over the meaning of the U. S. S. R. agreement to partition. They recognize the cupidity inherent in every move. If through the United Nations partition plan Moscow obtains the opportunity consequent upon her agreement to set up cells of destruction within Arabia, then, indeed, will another dark shadow have spread across the sunny path of a friendship with us which the Arabs as keenly desire as do we, and to which both of us have grown accustomed.

Nor are Saudi Arabia's and Kuwait's oil concessions the full measure of the

requirements if we are to have oil. Pipeline agreements and the protection of those lines play a dramatic role. At this moment the Syrian agreement, though signed, is not yet ratified by the Syrian Parliament. From my conversations with Government people in Damascus I learned that there is a very strong effort being made to prevent this ratification. The ultimate decision is, at the moment, quite unpredictable.

PALESTINE

Flying down over the coastal plain past Haifa to the amazing city of Tel Aviv which has spread itself far beyond its 1945 boundaries one can well understand how the tragically persecuted Jews of the DP camps of Europe must feel upon landing, no matter how crowded their all too inadequate housing facilities are—or how poverty stricken they may be. We were much struck with the immense amount of building going on everywhere. Old Jerusalem seems smaller, somehow, because of the growth of the suburbs where streets are broad, stores resemble ours and residence areas are growing up like mushrooms, pretty solid ones to be sure, as all buildings must be of the native stone. This gives an immediate effect of permanency and is, of course, a great fire protection. The whole atmosphere of the new city is one of energy, growth, and enthusiasm.

With what is left of the King David Hotel turned into British headquarters, rooms had been found for us in an immaculate little hotel on the outskirts of the city, where we were exceedingly well cared for. I confess it was a relief not to be in town where disturbances were too frequent for comfort.

But I am not here to talk of the visible Palestine; rather must I attempt to give you some picture of the less peaceful aspects of it all.

You realize, of course, that it is not within the province of my subcommittee to comment upon the relative merits of the various plans for the disposal of the Palestine question, nor to express any opinion regarding the UN decision. Assigned to an on-the-spot study of the explosive aspects of such movements as communism, Zionism, nationalism, and so forth, it was not our business even to form opinions. Rather was it incumbent upon us to talk with as many as possible of those in authority, Britishers, Jews, and Arabs, as well as our own exceedingly well-informed representatives. This we did to the best of our ability and in spite of hazards involved.

It is now my responsibility to lay before you the factual picture of our experience. I shall hope to do so briefly and clearly that you may share our sense of the difficulties presented by the complexities of the whole tragic business.

Arriving in Jerusalem on October 4, we found ourselves in what was virtually an armed camp. Warned upon our arrival at the airport of the police order to stop when the siren blew and stay still until the all clear, faced with barbed wire entanglements strung around the five restricted areas and the constantly required passes, we found a terrific tension in the whole area. It was during our stay in Jerusalem that the United

States position relative to the partition plan was announced. The day after we left, our consulate was bombed.

Try as we would to find some points of agreement between the two contending groups, we were successful in but few instances. Arabs and Jews agreed that the British should withdraw, and at once; and that, whatever the results, each felt able to cope with whatever situation might arise. Their first wish has been granted; and the British are folding up their tents with, oddly enough, a note of deep sadness. Indeed, it is this strange undertone of tragedy that meets one at every turn.

It seems especially tragic now the die has been cast, that there have been within both groups those who felt a way could be found for peaceful settlement. Those with whom we spoke were the first to admit that the rigidity of the leaders, the unbending intolerance on both sides, presented an insoluble problem. Arabs pointed out the fact that Jews and Arabs have lived for all the centuries in practically unbroken friendliness together. They pointed to Bagdad from which stem many of the world's richest and most powerful Jews, and where 120,000 have dwelt in peace and prosperity. They said quite frankly that it is the European Jew with his alien ideas now being forced upon them that they do not want. Among the Jews who have urged a unified Jewish-Arab state, probably the best known is Dr. Magnus, head of the Hebrew University in Jerusalem. But in addition there are groups of Orthodox Jews strangely inarticulate, who told us that to them Zionism is the greatest tragedy ever faced by the Jewish people. Only time can tell us if they sensed truth.

Politically there are internal divisions also. Out of sympathy with their elders who constitute the Arab high executive committee, a group of young Arabs has begun to be aware of itself. Without real leadership there is genuine concern lest they turn toward Moscow. This would lead to very serious developments.

Nor can the growing popularity and power of the Mufti, Haj Amin Al Hussein, who has moved from Egypt to Lebanon, be entirely ignored. Some with whom we talked are of the opinion that the increase of his influence is due partly to subtle and insidious work by Moscow agents. Others reminded us that his pro-Nazi activities during the first war, his efforts to overthrow the reigning house in Iraq, have netted him more enemies than friends.

Great Britain deals officially only with the Jewish Agency which is established in Jerusalem in an impressive building which has a government atmosphere. Acceptance by these Zionists of the partition plan brought forward a seldom-mentioned group: the Zionists-Revisionists. This group is composed largely of passionately patriotic Palestinians who tasted Russian ruthlessness and whose violent opposition to partition is matched only by their opposition to communism in any form. The full-page statement in September in New York papers of their irrevocable position against partition was clearly reflected in Palestine where, we

were told, they represent from 17 to 20 percent of the Jewish population. How all these differences will be resolved is fortunately not the responsibility of any outsiders. What is important is that we know of their existence. Especially should we be aware of the fact that the belligerent ones have armed units.

It is difficult to say what the extent of these various units is. The Arab Legion, originating in Transjordan and used by the British for policing the borders and certain other places such as Jerusalem, consists of some 8,000 troops. The Arab countries bordering on Palestine each have sent a few troops to their border areas. What equipment they have is hard to say although such is easily come by.

The Jewish Agency's fighting arm is the Haganah, which under existing law is an illegitimate organization moderate in its action. Illegitimate also is the Irgun Zvai Leumi, which all authorities in Jerusalem told us is an unacknowledged arm of the Revisionists. Identification of the Stern Gang with any particular group was difficult, but the consensus of opinion was that they work with the Communists and fellow travelers.

LOVE OF THE LAND

But this is not the whole picture—for there is the more peaceful side made up of miles and miles of Arab orchards, of Jewish communal farms, of terraces under process of rehabilitation by both, of agricultural experiment stations. Jewish Agency developments have grown rapidly and the people we talked with had an enthusiasm good to see. But that enthusiasm was not their's alone—we found it on the Arab hillsides also, where for lack of American money the progress has been slower. But eagerness to renew the fertility of the land is common to all. It is important no matter who governs, for a great part of the food of today comes from abroad. Without food imports the people would starve. Perhaps those who constitute the element of thought and feeling that longs for peaceful solutions to the many complexities could build upon this deep love of the land, of the country, that exists in the hearts of all who have lived there, for even the British leave with a reluctance bred of a deep feeling for this terrain that is called Palestine.

In submitting this picture of the facts and impressions we brought back with us from Palestine, I do so with the hope that in spite of the possible violence of reaction that may result from the United Nations' decision, there may still remain the possibility that once the British have gone and the two peoples who stem from a common ancestry, faced with the full responsibility for their common future, may find a way to peace.

PROBLEMS AHEAD

We are now faced with the results of our agreement with the United Nations' plan of partition and all it may mean to the West. A year ago we stood ace high in the Near East. Where we stand in the future will undoubtedly be governed somewhat by what they con-

sider their need of our engineers and others in their oil and other developments. I have already reminded you that the signed pipe-line contract with Syria awaits action by the Syrian Parliament. Its ratification or rejection can serve as a pretty good indication as to how the wind blows. It is inconceivable that people who cling to feudal ways, and to whom their religion is paramount, would risk a break with Moscow's opposite—but only time can give us the answer.

AIRFIELDS

Although it was my colleague Mr. Merrow's responsibility to go into the importance of accessible and adequate air facilities in the Near and Middle East, I cannot refrain from a brief mention of this, to us, imperative requirement for the actual security of the United States.

Quite regardless of the need of having an adequate, well equipped, and friendly Tehran airport, is not it rather absurd that the Embassy-Mission plane must go to Dhahran for servicing and often all the way to Templehof or Frankfurt for repairs?

Nothing is more necessary in this security field than that our agreements with Iran as well as with Saudi Arabia be both renewed and expanded.

THE FOREIGN SERVICE

Only one more thing, Mr. Speaker, but one which is of very real moment to this country and which gives me great satisfaction to report to you. That is the quality of those sent into the Near East by the Foreign Service Division of our State Department. These are exceedingly difficult posts and at the moment, posts of danger. Our contacts, made in the tense atmosphere of these difficult problems, gave rare opportunity for evaluation of character and capacity. It is my privilege to say to you that we can be proud that we have so high a caliber of representation. In this I include heads of missions down the line to the alien employees. And I include also the wives whose contribution to the efficiency of our posts is incalculable. The same should be said of our missions in Tehran and Dhahran where they play an important part in building friendship and security for America.

To continue to improve our Foreign Service, one of the vital arms of American security, a few basic points should be emphasized: We must send out men and women of unquestionable loyalty, of capacity and intelligence, and we must give them as much training as can possibly be given. Their pay must be such as will relieve them from constant anxiety for the future of their families. We must supply them with funds adequate to cover the expenditures they are put to in the performance of their duties. We must house our chiefs of services in Government-owned and basically equipped residences worthy of the greatest of all the nations with simple American adequacy. We must own chancelleries that our offices may in themselves be demonstrations of the standards that spell out American efficiency. It is my

considered opinion that we should own and basically equip residences for certain members of the staffs and that wherever increasingly possible, apartment facilities for the Americans of the secretarial group for whom the problem of housing is more difficult than we should permit. Above all else, Mr. Speaker, we in this Congress should and must see to it that our Foreign Service be built up and extended rather than cut down and restricted at every point.

THE COLD WAR OF THE KREMLIN

Sent out to secure facts relative to the movements that cut across national frontiers with emphasis upon their explosive aspects, I want to emphasize, in closing, the grimness of the world situation with which we are faced and in which we must take a responsible position.

No one who has travelled with a seeing eye can feel there is any question of the fact that the Soviet Government is focusing its strategies in the cold war upon which it has launched in Europe, upon France, Italy, and Austria. The viciousness of the attack cannot be adequately described. It is my considered opinion that the people of America must be given a frank, calm, dispassionate picture of the actual situation of western Europe. If such a picture is given, I am certain they will quickly recognize their responsibility not only to Europe but to their own future security.

What is going on—this that has been called a cold war—must be faced realistically. It is not a war between the great mystical people of Russia and the freedom-loving people of the United States and of the world. This is a cold, ruthless struggle for complete domination of the entire world by a small group of men—and, alas, women, too—who, when they made the State their god, allied themselves with the terrible forces of destruction. Take from men the knowledge that there is a higher force, deprive them of the certainty that the body is only a house into which the soul comes for growth and experience, take from them the consequent certain hope and you start them on a voyage of retrogression and self-destruction. This is the war that must be won, friends. Once won, the chance of a fighting war will recede into the distance.

But we shall not win by failing to recognize the immediate need for financial stabilization in China. We shall not win by leaving France, Italy, and Austria without hope of bread and of the tools and the seeds and the medicines with which to strengthen themselves for the resistance they are making and must continue to make against the unbelievable pressures being put upon them by these purveyors of destruction in the Kremlin.

Exacting efficiency and judgment of those who will be in charge of the life-line—for such this interim aid actually is—is imperative; but it must be a strong line, strong enough to carry the load—not a penny-wise-pound-foolish bargain-sale piece of hemp.

In giving this informal accounting of my stewardship, Mr. Speaker, I want to register my hope that the carefully

studied Interim Aid bill reported by the Committee on Foreign Affairs may have speedy consideration by this House and that the conference following passage will be expedited with enthusiasm, judgment, and wisdom.

Mr. ROONEY. Mr. Speaker, will the gentlewoman yield?

Mrs. BOLTON. I yield.

Mr. ROONEY. May I say to the gentlewoman from Ohio that I congratulate her upon the remark she made commending the personnel of the Foreign Service. I was privileged again this year to meet many of the personnel of the Foreign Service in some of the countries which the gentlewoman visited. I found the same state of affairs everywhere we went. I know that when we come with an appropriation bill for the State Department for the next fiscal year we can depend upon the support of the gentlewoman from Ohio with regard to the item for Foreign Service.

Mrs. BOLTON. Yes, and I have great confidence in the gentleman from New York, sir.

The SPEAKER pro tempore. The time of the gentlewoman from Ohio has expired.

EXTENSION OF REMARKS

Mr. VAN ZANDT asked and was granted permission to extend his remarks in the RECORD in two instances, one in connection with the life and character of the late Senator Davis and in the other to include an article, Don't Tamper With Coal.

Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks in the RECORD and include a radio address.

Mr. ROBSION asked and was granted permission to extend his remarks at this point in the RECORD.

CODIFICATION AND REVISION OF LAWS

Mr. ROBSION. Mr. Speaker, today I have introduced two bills intended to increase the usefulness of the United States Code and to clarify and simplify the Federal statutes.

The first of these two bills entitled "A bill to codify and enact into positive law title 3 of the United States Code, entitled 'The President'" is a pure codification bill. By that I mean that it makes absolutely no substantive change in existing law but does codify and enact into positive law all existing Federal statutes relating to the President which are now contained in title 3 of the United States Code and recent enactments but which in their present form are merely prima facie evidence of the law. The present provisions are taken from the Revised Statutes of 1874 and from about twenty volumes of the Statutes at Large and under existing practice it would be necessary to have recourse to all those volumes in order to find the positive law on the subject. When this bill is enacted all the positive law on the subject will be contained in just one place—title 3 of the United States Code—and the task of the legislator, the lawyer, and the judge will be greatly lightened. That is the sole purpose of the bill.

This is part of our extensive program to enact the entire United States Code

into positive law. Five bills affecting five other titles of the code have already been enacted at this session.

The other bill introduced by me today is a bill to revise, codify, and enact into law title 46 of the United States Code, entitled "shipping." This bill, as its title clearly indicates, is something more than a pure codification bill. It is that, of course, but in addition it is a revision of the laws relating to shipping many of which are obsolete, inconsistent and redundant.

Without going into detail at this time, I want to say that the bill, consisting of 345 pages, has been prepared with the greatest amount of care. Suggestions and criticisms of preliminary drafts have been solicited and received from all interested quarters; including shipbuilders, owners, operators, labor and governmental agencies.

The distinguished chairman of the Committee on Merchant Marine and Fisheries has designated a subcommittee of that committee to cooperate with the Committee on the Judiciary in considering this bill, particularly those portions containing changes in substantive law.

What I have said concerning the advantages to be gained in enacting the bill relating to title 3 applies equally to this bill. I earnestly invite the cooperation of the Members in obtaining favorable action on these two bills.

EXTENSION OF REMARKS

Mr. HAVENNER asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter from a constituent.

Mr. WEICHEL asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks and include certain resolutions she introduced in Congress regarding oil and coal.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter from the editor of the Washington Post and his reply thereto.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 26 minutes p. m.) the House, pursuant to its previous order, adjourned until Thursday, December 4, 1947, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1128. A letter from the Acting President, Board of Commissioners, District of Columbia, transmitting a draft of a proposed bill to amend section 11 of an act entitled "An act to regulate barbers in the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

1129. A letter from the Acting President, Board of Commissioners, District of Columbia, transmitting a draft of a proposed bill to amend an act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Colum-

bia," approved February 27, 1929, as amended; to the Committee on the District of Columbia.

H. R. 4630. A letter from the Secretary of the Army, transmitting, pursuant to the Federal Tort Claims Act (Public Law 601, 79th Cong.), part 2, section 404, the report of claims paid under said act by the Department of the Army for the fiscal year 1947; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EATON: Committee on Foreign Affairs. H. R. 4604. A bill to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries; without amendment (Rept. No. 1152). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. EATON:

H. R. 4604. A bill to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries; to the Committee on Foreign Affairs.

By Mr. GWYNNE of Iowa:

H. R. 4605. A bill to confer jurisdiction on the State of Iowa over offenses committed by or against Indians on the Sac and Fox Indian Reservation; to the Committee on Public Lands.

By Mr. ANDERSON of California:

H. R. 4606. A bill to authorize a clothing allowance for certain veterans wearing or using prosthetic appliances; to the Committee on Veterans' Affairs.

By Mr. BLAND:

H. R. 4607. A bill to provide for a preliminary examination and survey of Bennetts Creek, York County, Va.; to the Committee on Public Works.

H. R. 4608. A bill to provide for a preliminary examination and survey of Pecks Creek, Richmond County, Va.; to the Committee on Public Works.

By Mr. DEVITT:

H. R. 4609. A bill relating to the naturalization of persons not citizens who served honorably in the military or naval forces of the United States during World War II; to the Committee on the Judiciary.

By Mr. DAVIS of Wisconsin:

H. R. 4610. A bill to grant annual and sick leave to certain temporary rural carriers; to the Committee on Post Office and Civil Service.

By Mrs. DOUGLAS:

H. R. 4611. A bill defining benefits to disabled veterans and their dependents; to the Committee on Veterans' Affairs.

By Mr. ENGLE of California:

H. R. 4612. A bill to provide a civil government for the insular possession of American Samoa, and for other purposes; to the Committee on Public Lands.

By Mr. FALLON:

H. R. 4613. A bill to direct the use of certain funds for the construction of a Veterans' Administration general medical and surgical hospital in Baltimore, Md.; to the Committee on Veterans' Affairs.

By Mr. EDWIN ARTHUR HALL:

H. R. 4614. A bill to provide for the rehabilitation of foreign countries being financed with American aid by making available to them the services of American county agricultural and home demonstration agents,

and for other purposes; to the Committee on Agriculture.

By Mr. JOHNSON of Oklahoma:

H. R. 4615. A bill to amend the Social Security Act (49 Stat. 620) by adding a new title thereto to be known as title XIV, and for other purposes; to the Committee on Ways and Means.

By Mr. KEATING:

H. R. 4616. A bill to provide for changing the postal rate on relief packages for foreign countries; to the Committee on Post Office and Civil Service.

By Mr. KUNKEL:

H. R. 4617. A bill to provide reemployment rights for veterans of World War II who have remained in hospitals for periods in excess of 1 year after their discharge from the armed forces; to the Committee on Armed Services.

By Mr. MARTIN of Iowa:

H. R. 4618. A bill to amend the Internal Revenue Code to permit producers selling livestock or poultry in December 1947 to defer reporting the gain from such sale until the following taxable year; to the Committee on Ways and Means.

By Mr. ROBSION:

H. R. 4619. A bill to revise, codify, and enact into law title 46 of the United States Code, entitled "Shipping"; to the Committee on the Judiciary.

H. R. 4620. A bill to codify and enact into positive law title 3 of the United States Code, entitled "The President"; to the Committee on the Judiciary.

By Mr. McDONOUGH:

H. R. 4621. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. ROSS:

H. R. 4622. A bill to amend Public Law 368, Eightieth Congress, first session, approved August 5, 1947, so as to provide for a \$200 allowance for private interment of repatriated war dead of World War II, and for other purposes; to the Committee on Armed Services.

By Mr. SIKES:

H. R. 4623. A bill to increase the maximum duration of veterans' on-the-job training programs from 2 to 4 years; to the Committee on Veterans' Affairs.

By Mrs. ST. GEORGE:

H. R. 4624. A bill to provide temporary additional cost-of-living compensation for officers and employees of the Federal Government and of the government of the District of Columbia; to the Committee on Post Office and Civil Service.

By Mr. THOMPSON:

H. R. 4625. A bill providing for a survey of the area at and in the vicinity of Texas City, Tex.; to the Committee on Public Works.

By Mr. WALTER:

H. R. 4626. A bill to amend the Second Decontrol Act of 1947; to the Committee on the Judiciary.

By Mr. WELCH:

H. R. 4627. A bill to authorize an appropriation for the immediate relief of the Navajo and Hopi Indians, and for other purposes; to the Committee on Public Lands.

By Mr. NORBLAD:

H. J. Res. 268. Joint resolution to provide that information shall be made available to the public relating to the nature and extent of foreign property holdings within the United States; to the Committee on Foreign Affairs.

By Mr. CRAWFORD:

H. Res. 384. Resolution providing for the appointment of a select committee to investigate Government policies which have been the cause of cheapening the currency of the United States and to study to what extent such policies have increased prices of goods,

services, and commodities; to the Committee on Rules.

By Mrs. ROGERS of Massachusetts:

H. Res. 385. Resolution requesting the Secretary of the Interior to furnish the House of Representatives full information in his possession concerning the amount of fuel oil, gasoline, petroleum products, and coal now available in the United States and what steps the Government should take to make the proper and necessary supply available; to the Committee on Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BATES of Massachusetts:

H. R. 4628. A bill for the relief of John Philip Spanos; to the Committee on the Judiciary.

By Mr. GORDON:

H. R. 4629. A bill for the relief of Polish soldiers; to the Committee on the Judiciary.

By Mr. HAVENNER:

H. R. 4630. A bill for the relief of Mrs. Virginia Dalla Rosa Prati and her minor son, Rolando Dalla Rosa Prati; to the Committee on the Judiciary.

By Mr. SCOBLOCK:

H. R. 4631. A bill for the relief of Antonio Villani; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

822. By the SPEAKER: Petition of Dixie County Chamber of Commerce, Cross City, Fla., petitioning consideration of their resolution with reference to appropriations in the amount sufficient to give proper water control of the Everglades; to the Committee on Appropriations.

823. By Mr. HOPE: Petition of E. C. Binford and 107 other residents of Haviland, Kans., and vicinity, against H. R. 4278, a bill to enact the National Security Training Act of 1947; to the Committee on Armed Services.

824. By Mr. RICH: Petition of Hughesville, Pa., Woman's Christian Temperance Union, in opposition to H. R. 4278 and to recommit the bill; to the Committee on Armed Services.

825. By Mr. ROHRBOUGH: Petition signed by Rev. H. L. Koontz and 38 members of the Broad Street Evangelical United Brethren in Christ Church of Weston, W. Va., urging legislation prohibiting the advertising of liquor over the radio and in magazines and newspapers; to the Committee on Interstate and Foreign Commerce.

826. By the SPEAKER: Petition of members of the Yale law faculty, petitioning consideration of their resolution with reference to urging the House of Representatives immediately to abolish its Committee on Un-American Activities and that the President and Secretary of State revise their present policy with regard to governmental employees suspected as disloyal or as security risks; to the Committee on Rules.

827. Also, petition of S. F. Matthews, Homestead, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

828. Also, petition of Mrs. O. L. Williams, Tampa, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

829. Also, petition of J. P. Fleming, Plymouth, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

830. Also, petition of Mrs. J. B. Jones, West Palm Beach, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

831. Also, petition of F. B. Turner and others, of Miami, Fla., petitioning consideration of their resolution with reference to enactment of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

832. Also, petition of Buddy Hayes and others, of Orlando, Fla., petitioning consid-

eration of their resolution with reference to enactment of the Townsend plan, H. R. 16, to the Committee on Ways and Means.

833. Also, petition of J. C. Michael and others, of Orlando, Fla., petitioning consideration of their resolution with reference to enactment of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

834. Also, petition of Carl Sirkin and others, of West Palm Beach, Fla., petitioning consideration of their resolution with reference to enactment of the Townsend plan,

H. R. 16; to the Committee on Ways and Means.

835. Also, petition of Mrs. Emma Mackay and others, of Boynton Beach, Fla., petitioning consideration of their resolution with reference to enactment of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

836. Also, petition of Miss E. E. Harris and others, of Enterprise, Fla., petitioning consideration of their resolution with reference to enactment of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

80TH CONGRESS
1ST SESSION

S. 1774

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 2, 1947

Ordered to be printed

AN ACT

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "European Interim Aid
4 Act of 1947".

5 SEC. 2. It is the purpose of this Act to provide
6 immediate assistance in the form of food, fuel, and other
7 commodities urgently needed by the peoples of Austria,
8 France, and Italy, hereinafter referred to as the recipient
9 countries, to alleviate conditions of intolerable hunger and
10 cold and prevent serious economic retrogression.

1 SEC. 3. The President, acting through such depart-
2 ments, agencies, or independent establishments of the Gov-
3 ernment as he shall direct, may, by allocation of funds to
4 any such departments, agencies, or independent establish-
5 ments, or by making funds available to the government of a
6 recipient country, whenever he finds it in furtherance of the
7 purposes of this Act and upon the terms and conditions set
8 forth in this Act and upon such other terms and conditions
9 as he may determine—

10 (a) procure, or provide funds for the procurement
11 from any source of, food, seed, and fertilizer; coal,
12 petroleum, and petroleum products; other fuel; fibers;
13 pesticides; medical supplies; and such commodities as
14 the President finds are necessary for the accomplish-
15 ment of the purposes of this Act as set forth in section
16 2: *Provided, however,* That no funds appropriated under
17 this Act shall be used for the purchase of arms, arma-
18 ments, or munitions of war;

19 (b) transport and store, or provide funds for trans-
20 portation and storage of, such commodities;

21 (c) transfer such commodities to any recipient
22 country;

23 (d) incur and defray expenses, including accessorial
24 and administrative expenses and expenses for compensa-

tion and travel of personnel, for carrying out the purposes of this Act.

SEC. 4. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

(b) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

SEC. 5. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act. It is further provided that no more than 25 per centum of the amount herein authorized shall be used for the procurement of supplies outside the United States and its Territories and possessions. The procurement of petroleum and petroleum products shall, to the maximum extent prac-

1 ticable, be made from petroleum sources outside of the United
2 States. Buying policies and methods which will exert the
3 least possible upward pressure on prices in the United States
4 shall, to the maximum extent practicable, be followed in the
5 procurement of commodities provided for under this Act.

6 SEC. 6. Before any commodities or funds are made
7 available to any recipient country under the authority of
8 section 3 of this Act, an agreement shall be entered into,
9 pursuant to the limitations and provisions of section 4 of this
10 Act, between such country and the United States containing,
11 in such detail as practicable, an undertaking by such
12 country—

13 (a) to make efficient use of any commodities made
14 available under the authority of this Act and to take
15 insofar as possible the economic measures necessary to
16 increase its ability to achieve a self-sustaining economy:

17 (b) to make, when any commodity which is not
18 furnished on terms of repayment in dollars is made
19 available under this Act, a commensurate deposit in the
20 currency of such country in a special account under
21 such general terms and conditions as may, in said agree-
22 ment, be agreed to between such country and the Gov-
23 ernment of the United States, and to hold or use such
24 special account for, and only for, such purposes as may
25 be agreed to between such country and the Government

1 of the United States, and under agreement by the
2 government of the receiving country that any unen-
3 cumbered balance remaining in such account on June
4 30, 1948, will be disposed of within such country for
5 such purposes as may, subject to approval by Act or
6 joint resolution of the Congress, be agreed between
7 such country and the Government of the United States;

8 (c) to give full and continuous publicity within
9 such country, so as to inform the ultimate consumers,
10 as to the purpose, source, character, and amounts of
11 commodities made available by the United States under
12 this Act;

13 (d) to furnish promptly upon request of the Presi-
14 dent information concerning the method of distribution
15 and use of commodities made available under this Act,
16 and to furnish on March 31, 1948, or as soon as prac-
17 ticable thereafter, information showing—

18 (1) an itemized list of commodities made avail-
19 able with funds provided under this Act;

20 (2) the total number of persons who have
21 received commodities or benefits made available
22 under this Act;

23 (3) the total amount of money received by
24 such country from the sale of commodities made

1 available under this Act and the average price
2 charged per unit for each commodity;

3 (4) a detailed statement of the disposition of
4 all money and other things of value received from
5 the sale or transfer of any commodities made avail-
6 able under this Act; and

7 (5) such other information concerning the dis-
8 tribution and use of commodities made available
9 under this Act as may be requested by the President;

10 (e) to make available to its people at reasonable
11 prices, consistent with economic conditions in the re-
12 cipient country, such commodities as it may sell under
13 the terms of this Act;

14 (f) to make all possible efforts to secure the maxi-
15 mum production and distribution of locally produced
16 supplies, and not to permit any measures to be taken
17 involving sale, distribution, or use of any articles of
18 the character covered in this Act which would reduce the
19 locally produced supply of such articles or the utilization
20 of foreign sources of supply other than the United States;

21 (g) not to export or permit removal from such
22 country, while need therefor continues, of commodities
23 made available to such country under this Act or such
24 commodities produced locally or imported from outside
25 sources;

(h) to permit representatives of the Government of the United States (including Members of the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House, the Senate Appropriations Committee, and the House Appropriations Committee, or their authorized representatives) and representatives of the press and radio of the United States, upon their request, to enter and freely and fully observe and report regarding the distribution and utilization of the commodities and funds transferred or otherwise made available under this Act, including the special account provided for in subsection (b) of this section.

SEC. 7. The President shall promptly terminate the provision of assistance under this Act for any country whenever he determines (a) that such country is not adhering to the terms of its agreement entered into in accordance with section 6 of this Act; or (b) whenever he finds, by reason of changed conditions, that the provision of assistance authorized by this Act is no longer necessary or desirable.

SEC. 8. All commodities, when such commodities are not furnished on terms of repayment in dollars, made available pursuant to this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and

1 permanently as the nature of such commodities or containers
2 will permit, in such manner as to indicate to the people
3 of the country of destination that such commodities have been
4 furnished or made available without charge by the United
5 States in an effort to prevent suffering because of hunger,
6 starvation, and cold, and prevent serious economic retro-
7 gression.

8 SEC. 9. The President shall take appropriate steps to
9 encourage other countries to make available to recipient
10 countries such assistance as they may be able to furnish.

11 SEC. 10. The President may, from time to time, pro-
12 mulgate such rules and regulations as he may find necessary
13 and proper to carry out any of the provisions of this Act;
14 and he may delegate to the Secretary of State any of
15 the powers or authority conferred on him under this Act:
16 *Provided, however,* That nothing in this Act shall be
17 deemed to authorize the issuance of any proclamations,
18 orders, or regulations in any way controlling production
19 or prices or allocating deliveries of any commodity within
20 the United States. In accordance with the direction of
21 the President, the responsibility for administering in
22 Europe the program of assistance provided for in this Act
23 shall be vested in the field administrator of the United States
24 foreign relief program appointed pursuant to section 4 of
25 the Act of May 31, 1947, providing for relief assistance

1 to the devastated areas. The provisions of subsection h of
2 section 6 of this Act shall not apply to distribution of
3 supplies in Austria: *Provided*, That the President shall
4 have determined, upon recommendation of the United States
5 High Commissioner for Austria, that supplies furnished
6 to Austria hereunder will be distributed under control
7 systems embodied in agreements between the High Com-
8 missioner and the other occupying authorities or the Austrian
9 Government which assure compliance with the objectives of
10 the occupation and with the purposes of this Act.

11 SEC. 11. Personnel employed to carry out the pur-
12 poses of this Act shall not be included in computing limita-
13 tions on personnel established pursuant to the Federal
14 Employees Pay Act of 1945 (59 Stat. 298), as amended by
15 section 14 of the Federal Employees Pay Act of 1946 (60
16 Stat. 219).

17 SEC. 12. The President, from time to time, but not
18 less frequently than once every calendar quarter, and until
19 the end of the quarterly period after all operations under the
20 authority of this Act have been completed, shall transmit to
21 the Congress a report of operations under this Act. All
22 information received pursuant to undertakings provided for
23 by section 6 (d) of this Act shall, as soon as may be prac-
24 ticable after the receipt thereof, be reported to the Congress.
25 Reports provided for under this section shall be transmitted

1 to the Secretary of the Senate or the Clerk of the House of
2 Representatives, if the Senate or the House of Representa-
3 tives, as the case may be, is not in session.

4 SEC. 13. If any provisions of this Act or the appli-
5 cation of such provision to any circumstance shall be held
6 invalid, the validity of the remainder of the Act and the
7 applicability of such provision to other circumstances shall
8 not be affected thereby.

9 SEC. 14. Notwithstanding any other provision of law,
10 any commodity heretofore or hereafter acquired by the Com-
11 modity Credit Corporation under any price support program
12 may be disposed of by the Corporation, for use in carrying
13 out this or any other Act providing for assistance and
14 relief to foreign countries, at such price as may be deter-
15 mined by the Corporation, which price may be the equivalent
16 of the domestic market price of a quantity of wheat having
17 a caloric value equal to that of the quantity of the commodity
18 so disposed of.

Passed the Senate December 1 (legislative day, No-
vember 24), 1947.

Attest:

CARL A. LOEFFLER,

Secretary.

AN ACT

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

DECEMBER 2, 1947

Ordered to be printed

80TH CONGRESS
1ST SESSION

H. R. 4604

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 2, 1947

Mr. EATON introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Aid Act of
4 1947".

5 SEC. 2. It is the purpose of this Act to provide im-
6 mediate aid urgently needed by the peoples of Austria,
7 China, France, and Italy, hereinafter referred to as the
8 recipient countries, to alleviate conditions of hunger and
9 cold and prevent serious economic retrogression which would

1 jeopardize any general economic recovery program based
2 on self-help and cooperation.

3 SEC. 3. The President, acting through such depart-
4 ments, agencies, or independent establishments of the Gov-
5 ernment as he shall direct, may, by allocation of funds to
6 any such departments, agencies, or independent establish-
7 ments, or by establishing in this country credits subject to
8 the control of the President, available to the government
9 of a recipient country, whenever he finds it in furtherance
10 of the purposes of this Act and upon the terms and con-
11 ditions set forth in this Act—

12 (a) procure, or allocate funds or establish credits
13 for the procurement of, from any source—

14 (1) food, medical supplies, processed and un-
15 processed materials for clothing, fuel, fertilizer, pes-
16 ticides, and seed; and

17 (2) incentive goods, consisting of commodities
18 not in short supply in the United States, including
19 Government-owned stocks, to be used, distributed,
20 or sold in a recipient country, under a specific
21 agreement previously entered into pursuant to sec-
22 tion 5 (g), to increase the production or dis-
23 tribution of locally produced commodities referred
24 to in paragraph (1) of this subsection (a);

25 (b) transport and store, or allocate funds or estab-

1 lish credits for transportation and storage of, such
2 commodities;

3 (c) transfer such commodities to any recipient
4 country;

5 (d) incur and defray expenses, including admin-
6 istrative expenses and expenses for compensation and
7 travel of personnel, for carrying out the purposes
8 of this Act.

9 SEC. 4. No more than 25 per centum of the amount
10 herein authorized shall be used for the procurement of
11 commodities outside the United States and its Territories
12 and possessions unless such commodities can be bought and
13 delivered abroad at delivered costs less than comparable
14 delivered costs of the same exports from the United States
15 and its Territories and possessions. The procurement of
16 petroleum and petroleum products shall, to the maximum
17 extent practicable, be made from petroleum sources outside
18 of the United States and its Territories and possessions;
19 and wherever practicable such petroleum and petroleum
20 products shall be delivered to the recipient country by the
21 most economical route from the source of supply.

22 SEC. 5. Before any commodities or credits are made
23 available to any recipient country under the authority of
24 this Act, an agreement shall be entered into, subject to the
25 limitations and provisions of this Act, between such country

1 and the United States containing an undertaking by such
2 country—

3 (a) to make efficient use of any commodities
4 made available under the authority of this Act and
5 to take insofar as possible the economic measures
6 necessary to increase its ability to achieve a self-sustain-
7 ing economy;

8 (b) that when commodities made available under
9 the authority of this Act are not made available on terms
10 of repayment in dollars, they shall be made available
11 only upon condition that the government of the recipient
12 country agrees that when it sells such commodities
13 for local currency (1) the amounts of such local cur-
14 rency will be deposited by it in a special account; (2)
15 such account will be used within such country until
16 June 30, 1948, for the purpose of paying local cur-
17 rency expenses of the United States incident to the
18 furnishing of interim aid to such country under this
19 Act, and for such other purposes as may be mutually
20 agreed to between such recipient country and the Gov-
21 ernment of the United States; (3) any unencumbered
22 balance remaining in such account on June 30, 1948,
23 will be disposed of within such country for such
24 purposes as the Government of the United States, pur-

1 suant to Act or joint resolution of the Congress, may
2 determine;

3 (c) to give full and continuous publicity by all
4 available media (including government press and radio)
5 within such country, so as to inform the ultimate con-
6 sumers, as to the purpose, source, character, and amounts
7 of commodities made available under the authority of
8 this Act;

9 (d) to furnish promptly, upon request of the Presi-
10 dent, information concerning the production, use, distri-
11 bution, importation, and exportation of any commodities
12 of the character covered in this Act;

13 (e) to make available to its people at reasonable
14 prices, consistent with economic conditions in the re-
15 cipient country, such commodities as it may sell under
16 the terms of this Act;

17 (f) to make all possible efforts to secure the maxi-
18 mum production and distribution of locally produced
19 commodities, and not to permit any measures to be
20 taken involving sale, distribution, or use of any com-
21 modities of the character covered in this Act which
22 would reduce the locally produced supply of such com-
23 modities or the utilization of foreign sources of supply
24 other than the United States;

1 (g) to enter into specific agreements providing for
2 such use, distribution, and sale of each classification of
3 incentive goods, made available to it under the authority
4 of this Act, as will increase the production or distribution
5 of locally produced commodities referred to in para-
6 graph (1) of section 3 (a) ;

7 (h) not to export or permit removal from such
8 country, while need therefor continues, of commodities
9 made available under the authority of this Act or com-
10 modities of the same character produced locally or
11 imported from outside sources ;

12 (i) to permit representatives of the Government
13 of the United States to observe, advise, and report on
14 the distribution among the people of such country of
15 commodities made available under the authority of this
16 Act ;

17 (j) to permit representatives of the press and radio
18 of the United States to observe and report on the dis-
19 tribution among the people of such country of commodi-
20 ties made available under the authority of this Act.

21 SEC. 6. The President shall promptly terminate the
22 provision of aid under this Act for any country whenever
23 he determines (a) that such country is not adhering to the
24 terms of its agreement entered into in accordance with sec-
25 tion 5 of this Act ; or (b) whenever he finds, by reason of

1 changed conditions, that the provision of aid under this Act
2 is no longer necessary or desirable.

3 SEC. 7. All commodities made available under the au-
4 thority of this Act or the containers of such commodities
5 shall, to the extent practicable, be marked, stamped, branded,
6 or labeled in a conspicuous place as legibly, indelibly, and
7 permanently as the nature of such commodities or containers
8 will permit, in such manner as to indicate to the people of
9 the country of destination that such commodities have been
10 furnished or made available by the United States.

11 SEC. 8. Wherever reference is made, in this Act, to
12 commodities made available under the authority of this Act,
13 such reference shall be deemed to include commodities pro-
14 cured with credits made available to a recipient country
15 under the authority of this Act.

16 SEC. 9. The President shall take appropriate steps to
17 encourage other countries to make available to recipient
18 countries such aid as they may be able to furnish.

19 SEC. 10. The President may, from time to time, pro-
20 mulgate such rules and regulations as he may find necessary
21 and proper to carry out any of the provisions of this Act;
22 and he may delegate to the Secretary of State or any other
23 head of a department or agency of the Government any of
24 the powers or authority conferred on him under this Act.
25 In accordance with the direction of the President, the re-

1 sponsibility for administering in the recipient countries the
2 program of assistance provided for in this Act shall be vested
3 in the field administrator of the United States foreign relief
4 program appointed pursuant to section 4 of the joint resolu-
5 tion of May 31, 1947 (Public Law 84, Eightieth Congress).
6 No citizen or resident of the United States shall serve under
7 this Act as a United States representative, observer, or
8 adviser until such person has been investigated as to loyalty
9 and security by the Federal Bureau of Investigation. The
10 field administrator may, when he finds it essential to the
11 purposes of this Act, utilize for observation the services of
12 a limited number of other persons, who shall be investigated
13 and approved by the field administrator.

14 SEC. 11. There shall be established and maintained,
15 out of the funds authorized under this Act, a National Food
16 Conservation Committee, composed of representatives of
17 business, labor, agriculture, and consumers, appointed by the
18 President to serve on a voluntary basis, for the purpose of
19 advising on ways and means to conserve foods and foodstuffs,
20 to avoid inflationary pressures on domestic food prices and
21 food supplies, and generally to facilitate the purposes and
22 objectives of this Act.

23 SEC. 12. (a) There is hereby authorized to be ap-
24 propriated not to exceed \$590,000,000, out of any money
25 in the Treasury not otherwise appropriated, to carry out

1 the provisions and accomplish the purposes of this Act.
2 This Act, however, shall not imply any present or future
3 obligation to give aid to any foreign country, nor shall it
4 imply or guarantee the availability of any specific com-
5 modities.

6 (b) Funds authorized under this Act, when allocated
7 to any department, agency, or independent establishment
8 of the Government, shall be available for obligation and ex-
9 penditure in accordance with the laws governing obligations
10 and expenditures of such department, agency, or independent
11 establishment or organizational unit thereof concerned, and
12 without regard to sections 3709 and 3648 of the Revised
13 Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

14 (c) Notwithstanding the provisions of any other law,
15 the Reconstruction Finance Corporation is authorized and
16 directed, until such time as an appropriation shall be made
17 pursuant to this section, to make advances, not to exceed in
18 the aggregate \$150,000,000, to carry out the provisions of
19 this Act, in such manner and in such amounts as the President
20 shall determine. From appropriations authorized under this
21 section, there shall be repaid to the Reconstruction Finance
22 Corporation the advances made by it under the authority
23 contained herein.

24 SEC. 13. Personnel employed to carry out the purposes
25 of this Act shall not be included in computing limitations

1 on personnel established pursuant to the Federal Employees
2 Pay Act of 1945 (59 Stat. 298), as amended by section 14
3 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

4 SEC. 14. The President, from time to time, but not
5 less frequently than once every calendar quarter, and until
6 the end of the quarterly period after all operations under the
7 authority of this Act have been completed, shall transmit to
8 the Congress a report of operations under this Act. Reports
9 provided for under this section shall be transmitted to the
10 Secretary of the Senate or the Clerk of the House of Repre-
11 sentatives, if the Senate or the House of Representatives, as
12 the case may be, is not in session.

13 SEC. 15. The personnel, records, and funds provided
14 for the purposes of carrying out this Act shall be transferred
15 to the administration of any organization for general foreign
16 aid which Congress may provide.

17 SEC. 16. (a) Clause (1) in the proviso in the first
18 paragraph of the first section of the joint resolution of May
19 31, 1947 (Public Law 84, Eightieth Congress), is amended
20 to read as follows: "(1) to constitute more than 57 per
21 centum of the aggregate amount contributed to said fund
22 by all governments, including the United States;".

23 (b) The amendment made by subsection (a) of this
24 section shall take effect as of May 31, 1947.

25 SEC. 17. If any provisions of this Act or the application

1 of such provision to any circumstance shall be held invalid,
2 the validity of the remainder of the Act and the applicability
3 of such provision to other circumstances shall not be affected
4 thereby.

80TH CONGRESS
1ST Session

H. R. 4604

A BILL

To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

By Mr. EATON

DECEMBER 2, 1947

Referred to the Committee on Foreign Affairs

EMERGENCY FOREIGN AID

DECEMBER 2, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. EATON, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H. R. 4604]

The Committee on Foreign Affairs, to whom was referred the bill H. R. 4604, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

IMMEDIATE PURPOSE OF THE LEGISLATION

The bill provides authority to appropriate \$590,000,000 to provide aid to Austria, China, France, and Italy. For the European countries this will enable them to maintain their present essential imports, without which their economic recovery will receive a severe setback. For China it will permit the initiation of aid by the United States in order to check inflation, now threatening the Chinese people with ruin. The administration of the program will be carried forward by the same organization now operating under Public Law 84, but will be transferred to a regular agency for foreign aid as soon as such an agency may be established. The bill also makes provisions for utilizing other sources of supply for scarce commodities, encouragement of self-help, and for safeguarding the proper interests of the United States.

COMMITTEE ACTION

The Committee on Foreign Affairs had before it, in addition to the testimony of the Secretary of State at a joint session of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs November 10, 1947, the studies of the Select Committee on Foreign Aid: (1) The Italian Crisis and Interim Aid, (2) the French Crisis and Interim Aid, (3) Grain Requirements and Availabilities (cereals except rice), (4) Fertilizer Requirements and Avail-

abilities, (5) Petroleum Requirements and Availabilities, (6) United States Steel Requirements and Availabilities, (7) Coal Requirements and Availabilities. In its open hearings, the committee had before it Secretary of State George C. Marshall for cross-examination, Under Secretary of State Robert A. Lovett, Secretary of Commerce W. Averell Harriman, Hon. Lewis W. Douglas, United States Ambassador to Great Britain, Mr. R. M. Bissell, Jr., Executive Secretary, President's Committee on Foreign Aid, Mr. Dallas Dort, Adviser on Relief and Rehabilitation, Department of State, and Mr. C. Tyler Wood, Deputy to Assistant Secretary of State.

In addition to these witnesses, the Committee heard as witnesses a number of Members of Congress fresh from intensive investigations abroad, or in special connections, including Representatives Christian A. Herter, Karl E. Mundt, Pete Jarman, Frances P. Bolton, John Davis Lodge, Donald L. Jackson, James P. Richards, Chester E. Merrow, Walter H. Judd, Everett M. Dirksen, August H. Andresen, Jacob K. Javits, John M. Vorys, Ellsworth Buck, Eugene E. Cox, Francis Case, Virgil Chapman, Harold D. Cooley, John W. Flannagan, Stephen Pace, Lawrence H. Smith, and Charles W. Vursell.

These hearings were held from November 10, 1947, through November 20, 1947. The committee further examined in executive session Maj. Gen. Stephen J. Chamberlin, Director of Intelligence Division, Department of the Army; Brig. Gen. Jesmond D. Balmer, United States Deputy Commissioner of Austria, Under Secretary of State Lovett, Dr. W. M. McGovern, and Mr. James K. Penfield, Deputy Director, Office of Far Eastern Affairs, Department of State.

INVESTIGATION BY THE COMMITTEE

The growing crisis of the European economy was noted by the Foreign Affairs Committee in the preliminary report of Subcommittee No. 2 on Foreign Economic Policy under the chairmanship of Representative John M. Vorys: Needs, Limits, and Sources of American Aid to Foreign Countries; Supplementary Sources From Self-Help and Other Countries. This report, issued in July 1947, brought together existing studies of the problem and made an analysis of its probable magnitude. It pointed to a method of analysis in terms of the availability of short commodities and raised the political questions which would have to be settled before an intelligent appraisal of the possibilities of a healthy European recovery can be made.

The estimates of the subcommittee report, which was approved for publication by the Foreign Affairs Committee, indicated that Europe would require new funds from sources not already in sight to an amount of almost \$1,000,000,000 in 1947, unless it were to draw down all its reserves. A continuing deficit of even more serious proportions, running to several billion dollars, was certain to be faced in 1948, unless new funds were made available. The drawing down of all available dollar reserves has actually proceeded until little is available except those privately held foreign assets to which the subcommittee called attention in its report and in its analysis of the letter of Herbert Hoover to Senator Styles Bridges. These privately held foreign assets for the countries of western Europe, mainly Swiss and French, were in the form of investments made through American channels and often disguised as to ownership, in the instance of French units to escape seizure by the French Government at the

existing official exchange rate of the franc. Their discovery and sequestration by the French Government would present complex legal problems as well as policy issues with which the report did not attempt to deal.

Staff studies were pursued at the direction of the committee, and 4 of its members—Chairman Eaton, John M. Vorys, James P. Richards, William M. Colmer¹—were appointed to the Select Committee on Foreign Aid, a group of 19 members made up of representatives of the major committees of the House which were concerned with various aspects of the problem. This committee was also under the chairmanship of the chairman of the Foreign Affairs Committee, Charles A. Eaton. In its European studies from August 28 to October 10, under the vice chairman, Christian A. Herter, it collected information on a wide variety of topics which, so far as they affected the interim aid program, have, as noted above, been made available to the Foreign Affairs Committee.

In addition to this study committee, subcommittees of the Foreign Affairs Committee made detailed investigations in Europe and other areas: Karl E. Mundt was cochairman of a joint Senate-House group which included Representatives Lawrence H. Smith, Walter H. Judd, John Davis Lodge, Pete Jarman, Thomas S. Gordon, and Mike Mansfield; Frances P. Bolton was chairman of a study group consisting of Representatives Chester E. Merrow, Donald L. Jackson, and Franklin J. Maloney; James G. Fulton headed the group made up of Representatives Jacob K. Javits and Joseph L. Pfeifer. Representative John Davis Lodge also made a special investigation concentrating on Italy, but covering other countries of Europe and the Near East. Some of these groups were accompanied by other members of the House.

During the hearings these members made available the results of their studies to the full committee.

The House of Representatives, through its own machinery and in particular through the Foreign Affairs Committee, had therefore set in motion an independent study of foreign aid, not limiting this study to European aid alone since Representative Judd with a staff member of the committee made a study also of Japan, China, and Korea. Liaison was maintained with the Armed Services Committee of the House which was also engaged in studies bearing on the problem. It was the conclusion of the Foreign Affairs Committee, after hearing the evidence presented by these members and examining the studies made available to them, and through the hearings and the reports of the Select Committee on Foreign Aid, that immediate action was required to meet the crisis in Austria, China, France, and Italy.

OBJECTIVES OF THE PROGRAM

The purpose of this bill is to provide immediate aid in the form of food, fuel, and other aid specified in the bill urgently needed by the peoples of Austria, France, and Italy which are hereafter referred to as the recipient countries, to prevent conditions of internal shortages that would produce widespread and serious hunger and cold; and, further, to prevent the serious economic retrogression which would jeopardize any general foreign economic recovery program. Its object is to afford the necessary funds and credits for the purchase of com-

¹Mr. Colmer resigned in August and was replaced by Representative Eugene E. Cox.

modities that will permit continued self-help to the peoples of the countries concerned and the stabilization of their economies through which their political security may be achieved, to protect free institutions in these countries. The relation of the economic health of western Europe to the safety of free institutions in the world has been proved to the people of the United States by two world wars into which the United States has been drawn in the interests of its own national security as a nation. Neither the peace nor American security is assured in a world in which imperialistic communism has already installed the police state in many countries of eastern Europe and is driving to extend its control to western Europe and China. For China the objective is to initiate the aid without which China cannot rally her own strength to stabilize her currency, reform her administration and win her civil war, the first steps toward resumption of economic and political progress.

SUMMARY OF THE BILL

The provisions of the bill may be summarized as follows:

1. The purpose of the act is to provide immediate aid to Austria, China, France, and Italy (sec. 2).
2. The President is authorized to allocate funds or to establish credits available to recipient countries (sec. 3).
3. The President is authorized to procure specified goods, transport and store them, transfer them to recipient countries, and incur administrative and other expenses (sec. 3).
4. Not more than 25 percent of the amount authorized shall be used for procurement of supplies outside the United States at delivered prices higher than from the United States (sec. 4).
5. Petroleum shall be procured outside the United States to the maximum extent practicable, and transported by the most economical route (sec. 4).
6. Before any aid is given the recipient country must agree:
 - (a) To make efficient use of supplies furnished (sec. 5a).
 - (b) To use local funds received from the sale of supplies only as agreed upon with the United States (sec. 5b).
 - (c) To give full publicity to the aid received (sec. 5c).
 - (d) To inform the United States concerning production, use, etc., of supplies involved in aid (sec. 5d).
 - (e) To sell any supplies which may be sold under this act at reasonable prices (sec. 5e).
 - (f) To take measures to increase its domestic supplies (sec. 5f).
 - (g) To use incentive goods to increase production (sec. 5g).
 - (h) To export no commodities made available under the Act, nor others of the same character (sec. 5h).
 - (i) To permit representatives of the United States Government to observe, advise and report (sec. 5i).
 - (j) To permit representatives of the press and radio of the United States to observe and report (sec. 5j).
7. Termination of aid is provided for in case of breach of agreement or cessation of need (sec. 6).
8. So far as practicable, all commodities shall be so marked that the people who receive them will know the source of the aid (sec. 7).
9. Aid by other countries is to be encouraged (sec. 9).

10. No citizen or resident of the United States may be employed without FBI clearance (sec. 10).

11. There shall be a National Food Conservation Committee on a voluntary basis (sec. 11).

12. The amount authorized for the program is \$590,000,000 (sec. 12).

13. The authorization involves no obligation on the United States to provide aid (sec. 12).

14. The Reconstruction Finance Corporation is authorized and directed to make advances not to exceed \$150,000,000 (sec. 12).

15. Personnel are not included in computing limitations on established personnel (sec. 13).

16. The President shall transmit reports to Congress quarterly or oftener (sec. 14).

17. The establishment created for this program shall be transferred to any organization which may be established for general foreign aid (sec. 15).

18. The provisions of clause 1 of the proviso section of Public Law 84 of the Eightieth Congress are amended (sec. 16).

19. Separability clause (sec. 17).

RELATED PROBLEMS NOT SETTLED IN THE BILL

There were several problems raised in the course of study investigations or in committee consideration of the bill on which the bill makes no specific provision. In the judgment of the committee it was best to make no provision in these cases.

The first of these problems had to do with the use of private rather than Government shipping facilities. This question was raised in connection with the past use of Government ships to carry cargoes to Greece and Turkey. The committee is advised that existing law does not, in the opinion of the Attorney General, prevent the use of private shipping or freight forwarding facilities. This leaves the question of relative costs as between privately owned American shipping and Government owned and operated ships, as also the question of costs as between American and foreign shipping. The same applies to freight forwarding facilities. The committee feels that this question deserves further consideration and policy decision in connection with the long-term aid program, but that it does not require settlement in connection with interim aid.

The second such question is that of substitute foods. It is the assumption of the committee that substitute foods will be utilized insofar as possible in the program to relieve pressure on scarce commodities and to save costs. There is some evidence of a tendency to cling to bread grains as the vehicles of all food aid, because they are the basis of initial requirements estimates; this, however, maintains price pressure on bread grains to a degree that might be relieved by recourse to some other foods such as sugar, peanuts, etc. A rise in price of as much as 25 cents per bushel on wheat and corn would cost the United States people more than the entire cost of the foreign aid program authorized by this bill. It is therefore the intention of the committee that this problem shall have further study in connection with any long-term aid proposal. The Secretary of State has stated that the use of substitute foods is intended.

AMOUNT AUTHORIZED BY THE BILL

The bill authorizes the appropriation of \$590,000,000.

Several factors were brought out in discussion as being so unpredictable as to make precise calculation impossible. One of these is the problem of incentive goods, for which no direct allowance was made in the original estimates. Another is that of substitute foods, for which no calculation is immediately possible. The committee, however, has also eliminated the set terminal date of March 31, 1948. This, in the committee's judgment, leaves the total authorization of \$590,000,000 adequate for a flexible and effective program for the countries included in the President's program, that is, Austria, France, and Italy, and for China, which was added by the committee.

The amount authorized differs from the amount requested—that is, \$597,000,000—by \$7,000,000. This change is the resultant of two specific additions, one specific reduction, and a lump adjustment. The first addition was \$16,000,000 to replace for Austria funds under Public Law 84 earmarked for the children's fund, but counted on as available for Austria in the original estimates of Austria's requirements. The second addition is an allowance of \$60,000,000 to cover immediate aid to China. The specific reduction of \$12,000,000 was made against the Italian fats-and-oils requirement, on assurance from the Department of State that an unanticipated increase in Italian olive oil production eliminated the requirement.

The committee considered several other reductions in specific items in the schedule of requirements submitted by the Department of State. Some of these were founded on indications that the amount of wheat available in European countries is greater than originally estimated, or that the amount that could be shipped would be less than originally estimated.

The committee found that even during the time when they were considering the matter the best available estimates changed frequently under the impact of new developments. It endeavored to take account of expert advice which cast doubt on some of the requirement figures offered, but reached the conclusion that a general reduction, not allocable to any particular items, was a more valid approach to the problem than any specific reductions would be. It is impossible in the nature of the case to determine each separate item accurately. It was therefore the opinion of the committee that a blanket reduction, on a scale indicated by a general study of the items, was the most feasible method.

IMMEDIATE NEEDS OF AUSTRIA, FRANCE, AND ITALY

The call for Congress to resume its session on November 17 was occasioned by the critical dollar shortage of France and Italy. Before the Congress met, Austria was added to the list because it had become apparent that Austria also would be unable to wait until action by Congress could be expected in the second session. The dollar shortage meant that all money available from exports, from existing dollar balances, and from gold would be inadequate to pay for the continuing imports of essential food, fuel, and other materials. Without the continuation of imports at a minimum basis the economies of the countries concerned would be threatened with collapse.

The State Department stated that in the period December 1, 1947, to March 31, 1948, France would have to incur charges of \$816,000,000 and would be able to meet only \$488,000,000, leaving a deficit of \$328,000,000. Italy would have to incur charges of \$486,000,000 and could meet only \$259,000,000, leaving an adverse balance of \$227,000,000. Austria would need \$73,000,000 and could pay for only \$31,000,000, leaving \$42,000,000. The sum of these three balances that would have to be covered by aid from the United States was \$597,000,000.

For each country the requirements that could not be covered without aid on the basis of State Department figures are given below.

*Commodities to be supplied to France under interim-aid program during period
Dec. 1, 1947, to Mar. 31, 1948*

[Millions of dollars]	
1. Wheat.....	111
2. Milk products.....	3
3. Fats and oils.....	20
4. Coal from United States.....	116
5. Coal from Germany.....	9
6. Petroleum products.....	22
7. Cotton.....	38
8. Fertilizer.....	9
Total.....	328

*Commodities to be supplied to Italy under interim-aid program during the period
Dec. 1, 1947, to Mar. 31, 1948*

[Millions of dollars]	
1. Cereals.....	128
2. Fats and oils.....	12
3. Pulses.....	5
4. Milk products.....	2
5. Coal:	
From United States.....	36
From Germany.....	10
6. Petroleum supplies.....	13
7. Fertilizer and other agricultural supplies.....	19
8. Medical supplies.....	2
Total.....	227

*Commodities to be supplied to Austria under interim-aid program during first quarter
of 1948*

[Millions of dollars]	
Food.....	20
Coal.....	13
Seeds, fertilizers, and pesticides.....	7
Medical supplies.....	2
Total.....	42

REASONS FOR THE IMMEDIATE CRISIS IN AUSTRIA, FRANCE, AND ITALY

Although all the European economies, in common with most of the economies of the world, have suffered severe shortages of dollar exchange with which to purchase essential imports, the plight of Austria, France, and Italy was particularly serious, since their reserves might well be exhausted prior to any action Congress might take in

the regular session opening in January 1948. The President's summoning of Congress took place after consultation with congressional leaders in two meetings, in the first of which on September 29, the chairmen of the House Foreign Affairs Committee and Senate Foreign Relations Committee agreed to call their committees into session as soon as the members could return from their study trips abroad, which was not prior to November 10. The Select Committee on Foreign Aid was convened on November 5 to assemble its findings and present them to the House. At the second meeting the President, without further consultation, announced the calling of the Congress.

In the case of France, a presentation of all the available resources to secure dollars which France could command indicated that France would not be able to finance her essential imports beyond the month of December, and that Italy might also be deprived of dollar assets at the same time. There was some question as between the Select Committee on Foreign Aid and the Department of State as to the estimate of the time at which all dollar assets would be completely exhausted, the State Department taking the view that, in the case of Italy, they would be substantially unavailable after December 1. It was agreed, however, that the situation was critical and that in order to maintain a pipe line of supplies, action by Congress during December at the latest would be required, unless special authorizations were given to the Export-Import Bank to widen the latitude of its loans to a non-commercial basis and to the Commodity Credit Corporation to utilize its funds for what would essentially be relief purposes.

GENERAL SETTING OF THE EUROPEAN CRISIS

The committee was of the opinion that while the plight of Austria, France, and Italy was unique in the immediacy of the need for aid, it formed a part of the larger problem of the inability of European countries to export enough to pay for their necessary imports. This in turn was the product not only of the destruction caused by the war and of the inevitable delays in recovery due to crippled transportation systems, the unavailability of raw materials, particularly coal, and the shortage of food for an adequate diet for workers. It was also due, the committee found, to two other factors of major importance:

The role of Communism

The refusal of Russia to permit eastern Europe to resume its natural place in the economy of Europe and the world has meant that the "bread basket" and raw-material supplies of the eastern European countries were diverted from what had been their normal channels to the west where more than two-thirds of their trade had gone prior to the war. The Soviet Government imposed what amounted to a veto on the cooperation of any of the eastern European countries in the efforts of western Europe to meet the Marshall proposals that they join in helping each other and themselves. Russia, in short, had severed eastern from western Europe and declared by numerous pronouncements of the Soviet leadership, notably, Molotov, Vishinsky, and Zhdanov, that they would oppose by every means at their command the economic recovery of Europe through mutual self-help and American aid. The strategy of Communist conquest, added to the needs of Soviet planning for a great war machine, demanded that eastern

Europe serve Russia, not its own needs or those of the rest of the world.

This attack on American assistance by one of the powers which had benefited most by that assistance during the postwar and UNRRA period was accompanied by an unparalleled campaign of vilification of individual American leaders, including the President of the United States, and the motives of the entire American Nation. The power that had openly declared a war on the free institutions of the west and that had stamped out, contrary to all the agreements entered into at the end of the war, free democracy in country after country, proceeded to term "imperialism" the aid of the United States which had taken the form in most cases of gifts, or of loans that were in the nature of gifts, for European and world recovery. At the same time the Russian Government proceeded to strip the countries under its control of their assets and to impose what amounted to forced contributions to the Russian economy of a substantial part of their current production. This under the terminology of Moscow was called liberation, not imperialism.

The program thus being prosecuted by Russia has not been limited to a campaign of verbal aggression and the excesses of party-line propaganda. Communist leadership has now instigated a reign of strikes and violence under Communist leadership and a systematic campaign designed to prevent the economic stabilization of the European countries. The campaign in both Italy and France and the efforts to inspire general strikes have increased in violence in past weeks. This campaign can only be regarded as an indication that the Communist-controlled parties in countries where free elections are still permitted intend to use any and all means, legal or otherwise, to win back the ground lost in elections and to seize power.

German paralysis

The second aggravating factor which has adversely affected the recovery of Europe from the destruction of war is the delay in the recovery of Germany. This delay has been produced partly by Russian vetoes in the Control Council in Berlin and partly by the blocking by Russia of any reasonable terms for a final German peace. This has caused a corresponding delay in the establishment of a German government, in the transfer of functions to such government, in the growth of economic exchange between the zones, in the final settlement of removals for reparations, in the creation of a German currency, and in the determination of German boundaries. These delays have deprived the Germans of every basic premise required for healthy economic activity. The delay has been mitigated only by recourse to unilateral action by the United States or bilateral action with the British in establishing a bizonal administration and in finally settling the list of plants to be dismantled and revising the level of industry.

Under the Potsdam agreement, Russia has the power to collaborate in the creation of a Germany able to contribute to European peace and prosperity and subject to safeguards against future aggression. This power of Russia's has also been the power to block any program in Germany. The Soviet has used it only as a veto, a secret weapon by which to stop the democratic reconstruction of Europe by blocking its economic rehabilitation. The policy of the United States has been to live up to the terms of Potsdam by delivering reparations to Russia

and other countries from plants in the United States zones. The policy of the United States in permitting really free elections and encouraging exchanges of food products, fertilizers, and manufactured goods between zones has been continued in spite of the mounting difficulties caused by Russia's failure to carry out the terms of the Potsdam agreement as expected.

Not only have the Germans suffered from the economic uncertainty arising from this situation. Almost equally grave in its effect has been the inability of European countries, dependent upon German exports and the German market, to plan for their own recovery. German recovery and production does not and need not in the opinion of the committee imply the re-creation of Germany's military potential.

Other unfavorable factors

In addition to these political factors which have influenced the whole sense of stability and security in Europe, the natural weakness of an underfed population and the fatigue and inefficiency produced by lack of adequate supplies to make a continuous operation of the economic mechanism possible at full capacity, the acute shock of the unusually severe winter and the heavy European drought which cut down crops in some instances by as much as half have all tended to bring matters to a crisis. The recovery of markets abroad depended upon an export surplus which these countries were simply unable to produce. Shortages of every basic factor in economic recovery, and particularly of food, fuel, and fertilizer, have prevented the adequate employment of the existing manpower of Europe. In addition, the utilization of available manpower by transfers of surplus workers from Italy, the repatriation of German prisoners, particularly coal miners, to the German mines where they can produce two to three times as much as they can in France, and the proper recruitment and employment of displaced persons have all lagged seriously and have therefore contributed to the European decline.

Favorable factors

It must be emphasized, however, that substantial steps toward recovery have already been made. In most instances the transportation systems have been restored to a point of being able to move the goods that are being produced though there is still a gap between their capacity and the production that will be needed to insure stabilization and recovery. Most of the economies of Europe are now producing on a general level not far below their prewar production.

Index of industrial production

[1938=100]

	1946	1947 ¹		1946	1947 ¹
Austria.....	35	45	Portugal.....	(²)	(²)
Belgium-Luxembourg.....	90	110	Sweden.....	110	115
Denmark.....	97	105	Switzerland.....	124	123
Ireland.....	110	110	United Kingdom.....	100	³ 100
France.....	80	90	Germany: 3 western zones ex-		
Greece.....	55	70	cluding the Saar.....	28	35
Italy.....	51	75	Saar.....	35	45
Netherlands.....	75	90	Turkey.....	(²)	(²)
Norway.....	100	115	Iceland.....	(²)	(²)

¹ Year's rate estimated on basis of first half (in several cases, including the Saar, these figures must be treated only as rough estimates).

² Not available.

³ Possibly more, 110.

But agricultural production is still far below prewar levels because of shortages of fertilizer and the depletion of the land and the extremely unfavorable weather conditions in western Europe and north Africa over several of the postwar years. The gap between the amount of production needed to assure European recovery, however, is not to be measured in terms of achieving once more the prewar volume. There is so great a necessity for rehabilitation and for replacing worn-out and obsolete equipment and for increasing exports to take care of an increased population that large percentage increases will be demanded to achieve the necessary levels of exports to each other and to the former markets of Europe which lay in the colonial areas, the Middle East, Latin America, and the Far East, as well as the United States.

Recovery is a slow process up to the point where a balance can be achieved that will provide goods for use against currencies. There is no other way to achieve stabilization of currencies than to have the necessary production. But production is a cumulative process and its momentum beyond a certain point is rapid. Funds that have been withheld through being hidden in foreign securities, often through disguised ownership, and hoardings of gold and other assets come out when there are opportunities for profitable investment and confidence is restored. The gold hoardings held in France are estimated by the Bank of International Settlements at Basle to be above \$3,000,000,000, and although other countries are not such notorious hoarders, the same process of concealment has been going on. It has been the uniform experience that after a period of stabilization such as Poincaré secured for the franc in 1926, these holdings enter into circulation once more and the recovery of the country is greatly speeded.

Progress

European shortages of food and fuel and dollars are absolute, but the continuing flow of essential aid has permitted production to rise to between 70 and 90 percent of prewar levels in most countries. More than that, the added stimulus of the appeal to European collaboration and self-help has shown marked and recent results in both economics and politics.

The best economic news from Europe is on coal production. British production has increased by 350,000 long tons a week since September, an increase of 9 percent in 2 months and of 15 percent since the summer. Production in the Ruhr has reached a level of 270,000 metric tons a day, up 20 percent from the summer and 13 percent from the peak reached last March.

Politically, the European air has been cleared of the illusion of Communist collaboration. The Communists lost their Cabinet seats in Italy in April and in France in May. The Socialist parties of all countries are moving away from their former alliances with communism. The electorate is showing that it understands the necessity of isolating and reducing Communist strength.

The great deficits of Europe are after all in foodstuffs and raw materials, many of which are capable of being provided by more efficient domestic cultivation (with better weather) and by the products of the colonies which many of the western European countries possess.

The operation of the rescue of Europe, therefore, from chaos and the imminent threat of communism which is the residuary legatee of misery

is not a hopeless one. In this area live over 200,000,000 of the most advanced peoples of the world who have had long experience with democratic institutions and who cherish freedom. Their cultural and scientific achievements as well as their free institutions have contributed greatly to the development and security of the United States. If they can be aided to a closer cooperation, they constitute as powerful a block of nations as exists in the world, not excluding Russia or the United States.

The reduction of Germany to a smaller power and one under constant surveillance has established the conditions for a true balancing of European internal powers and for the gradual building of effective economic cooperation and political stability. The impact of Russia on this system must be arrested during the period of its weakness so that Europe can grow strong once more. That Russia is fully aware of this danger to her plans for extending communism over the entire world is apparent from the desperation of her present tactics and the fear that is evident in all Russian opposition to the program of European recovery.

The unfavorable factors have been so powerful that the large scale of aid given by the United States in the past must be continued. There are some who question whether the past aid has accomplished anything, and whether future aid will not be wasted. To those it can be said that the favorable results of post-UNRRA aid are visible and concrete and that the scale of the problem can now be seen in its real proportions as it could not in the past.

MILITARY ASPECTS OF THE SITUATION IN EUROPE

The impact of Communist antagonism to the recovery of Europe under democratic auspices, especially in France and Italy, has reached the point at which an examination of the military forces in Europe is pertinent.

This committee is not a military committee, but because of its importance in considering this bill, we believe it will be helpful to present to the House the estimates furnished at the committee's request, by the War Department, of the strength and disposition of Soviet armed forces.

Total Soviet armed forces are 4,050,000 divided roughly as follows:

Divisions.....	175
Ground forces.....	2, 600, 000
Air forces.....	450, 000
Navy.....	600, 000
Security troops (MVD).....	400, 000
Total.....	4, 050, 000

Over-all dispositions, Soviet Army and security troops:

	Strength	Divisions
Western U. S. S. R.....	1, 114, 000	56
Occupied Europe.....	588, 400	43
Total in west.....	1, 702, 400	99
Southern U. S. S. R.....	480, 000	24
Soviet and occupied Far East.....	483, 000	30
Interior U. S. S. R.....	334, 600	22
Total.....	3, 000, 000	175

Total Army and security forces, Soviet satellite states (8 states), 1,121,600; divisions 100 (presently of limited combat effectiveness).

Ground forces free European states, 2,879,000; divisions 104. (Dispersed through 12 different nations.)

Figures include security troops if militarized but excludes colonial troops. Figures include Turkey and Greece.

United States forces, Europe and continental United States:

	Strength	Divisions
Europe.....	113,000	1
United States.....	258,000	2½

Soviet and European air forces:

Area	Aircraft	Air force personnel
Soviet.....	¹ 14,000	450,000
Satellite (8 countries).....	² 3,050	42,000
Free European countries, including Turkey and Greece.....	¹ 5,100	537,000

¹ In units.

² Total.

The above figures have not been broken down into geographic areas. The great mobility and flexibility of air power enable a country to achieve mass concentrations of aircraft and air units in a very short period of time. Consequently, a further break-down on a geographical basis is a misleading presentation of air strength.

The Soviets have a clear and definite policy of attempting to prevent American aid to Europe or Asia, and a further policy of making such aid as ineffective and expensive as possible. This plan should not deter us from rendering necessary aid. On the other hand, we must not fall into the Soviet trap of bleeding ourselves white economically through extended, expensive and ineffective aid plans. We should plan our aid to other countries so as to remain strong at home, while strengthening free nations for all eventualities. The interim aid proposed by our committee is consistent with this policy.

CHINA

The case for immediate aid to China has not yet been presented by the administration. However, substantial testimony was given by Secretary Marshall, Under Secretary Lovett, and other witnesses concerning the needs of China, and the committee had available the work of its own team consisting of Congressman Walter H. Judd assisted by a staff consultant.

In his statement on November 10, Secretary Marshall said:

The situation in China continues to cause us deep concern. The civil war has spread and increased in intensity. The Chinese Communists by force of arms seek control of wide areas of China.

The United States and all other world powers recognize the National Government as the sole legal government of China. Only the government and people of China can solve their fundamental problems and regain for China its rightful role as a major stabilizing influence in the Far East. Nevertheless we can be of help and, in the light of our long and uninterrupted record of friendship and international cooperation with China, we should extend to the government of China and its people certain economic aid and assistance. A definite proposal is under preparation for early submission.

It was made plain to the committee that the case of China, though different in many ways from that of Europe, is no less urgent and no less important to world peace and to the security of the United States, since China represents a mass of humanity far greater than Europe, though far less productive, and it commands the opposite shore of the Pacific as Europe does that of the Atlantic. China is not, like Europe, on the upgrade. Chinese recovery still has to commence, and according to testimony considered by the committee to be valid, Chinese morale is close to break-down.

It is the committee's belief that it is important to provide an aid program to prevent serious economic retrogression in China that would jeopardize any general economic recovery program that might be adopted. The testimony indicates that China cannot solve her fundamental problems without help from the United States any more than can France and Italy. It is as true of China as it is of Europe that—

it will do little good to discuss the merits of a recovery program if in the meantime political and economic conditions have deteriorated to a point where such a program could not possibly succeed.

The committee therefore judged it wise, especially with consideration of timing, that aid to China should be authorized immediately. Accordingly China has been included as one of the countries to be aided under this bill and for that purpose the amount of the appropriations authorized was increased by \$60,000,000.

The scale required for aid to China is relatively small. Rather than a lack of basic commodities in short supply in the United States, China's most urgent needs are for assistance in balancing her international payments, stabilizing her currency, and starting the development of certain sound reconstruction projects, such as rehabilitation of destroyed or disrupted railroads, public utilities, textile industries, improvement of waterways and harbors, etc.

Estimates of aid to China run to \$20,000,000 per month. In order to get the maximum benefit, both psychological and economic, the committee believes that such aid as may be worked out for China should be started as soon as determined upon.

This bill makes it possible for the Committee on Appropriations and the Congress to provide funds for aid to China just as soon as specific recommendations are presented by the Department of State, which Secretary Marshall has indicated will be before the Congress convenes in regular session in January 1948.

NEED FOR IMMEDIATE ACTION ON AID

The factors that have produced the immediate requirements for action have been underlined previously so far as the steps leading to the calling of the Congress by the President are concerned. The appendix of the report will illustrate the exhaustion of dollar reserves by both France and Italy. More extensive studies are available through the reports I and II (The Italian Crisis and Interim Aid, The French Crisis and Interim Aid) of the Select Committee on Foreign Aid, the Secretary of State's presentation for interim aid for Europe (published in a committee print, The European Recovery Program), and in the Staff Report on The Interim European Aid Program. It is necessary, therefore, only to summarize the situation.

The progress of the dollar shortage in the European countries has been as predicted. These countries will very soon feel the impact of shortages that will cripple their economic life unless they receive aid. At the same time the drive of the Communists in France and Italy has reached the brink of civil war. Whether the Communists hope or intend to seize power, or merely intend to cause the maximum economic reverse is immaterial. In either case it intensifies the reasons why the aid is needed. Much more it intensifies the importance of timing.

When the aid program was presented certain consequences of failure could be anticipated. The present situation would greatly increase the adverse consequences of delay.

Aid for China, as indicated elsewhere, seems also a matter of great urgency. The evidence on the Chinese situation presented to the committee convinced it that China is rapidly approaching the time when aid would be too late.

COMPLIANCE OF REPORT WITH RAMSEYER RULE

Section 16 of this bill amends clause 1 of the first paragraph of section 1 of the act of March 31, 1947 (Public Law 84, 80th Cong.).

In accordance with clause 2-A of rule XIII of the Rules of the House of Representatives, there is included in this report the text of clause 1 of the first paragraph of section 1 of the act of March 31, 1947, the repealed wording being shown by inclusion within heavy brackets:

(1) To constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments [not receiving assistance from said fund], including the United States;



Union Calendar No. 588

80TH CONGRESS
1ST SESSION

H. R. 4604

[Report No. 1152]

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 2, 1947

Mr. EATON introduced the following bill; which was referred to the Committee on Foreign Affairs

DECEMBER 2, 1947

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Aid Act of
4 1947".

5 SEC. 2. It is the purpose of this Act to provide im-
6 mediate aid urgently needed by the peoples of Austria,
7 China, France, and Italy, hereinafter referred to as the
8 recipient countries, to alleviate conditions of hunger and
9 cold and prevent serious economic retrogression which would

1 jeopardize any general economic recovery program based
2 on self-help and cooperation.

3 SEC. 3. The President, acting through such depart-
4 ments, agencies, or independent establishments of the Gov-
5 ernment as he shall direct, may, by allocation of funds to
6 any such departments, agencies, or independent establish-
7 ments, or by establishing in this country credits subject to
8 the control of the President, available to the government
9 of a recipient country, whenever he finds it in furtherance
10 of the purposes of this Act and upon the terms and con-
11 ditions set forth in this Act—

12 (a) procure, or allocate funds or establish credits
13 for the procurement of, from any source—

14 (1) food, medical supplies, processed and un-
15 processed materials for clothing, fuel, fertilizer, pes-
16 ticides, and seed; and

17 (2) incentive goods, consisting of commodities
18 not in short supply in the United States, including
19 Government-owned stocks, to be used, distributed,
20 or sold in a recipient country, under a specific
21 agreement previously entered into pursuant to sec-
22 tion 5 (g), to increase the production or dis-
23 tribution of locally produced commodities referred
24 to in paragraph (1) of this subsection (a);

25 (b) transport and store, or allocate funds or estab-

lish credits for transportation and storage of, such commodities;

(c) transfer such commodities to any recipient country;

(d) incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

SEC. 4. No more than 25 per centum of the amount herein authorized shall be used for the procurement of commodities outside the United States and its Territories and possessions unless such commodities can be bought and delivered abroad at delivered costs less than comparable delivered costs of the same exports from the United States and its Territories and possessions. The procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

SEC. 5. Before any commodities or credits are made available to any recipient country under the authority of this Act, an agreement shall be entered into, subject to the limitations and provisions of this Act, between such country

1 and the United States containing an undertaking by such
2 country—

3 (a) to make efficient use of any commodities
4 made available under the authority of this Act and
5 to take insofar as possible the economic measures
6 necessary to increase its ability to achieve a self-sustain-
7 ing economy;

8 (b) that when commodities made available under
9 the authority of this Act are not made available on terms
10 of repayment in dollars, they shall be made available only
11 upon condition that the government of the recipient coun-
12 try agrees that when it sells such commodities for local
13 currency (1) the amounts of such local currency will be
14 deposited by it in a special account; (2) such account
15 will be used within such country until June 30, 1948, for
16 the purpose of paying local currency expenses of the
17 United States incident to the furnishing of interim aid
18 to such country under this Act, and for such other pur-
19 poses as may be mutually agreed to between such recip-
20 ient country and the Government of the United States;
21 (3) any unencumbered balance remaining in such ac-
22 count on June 30, 1948, will be disposed of within such
23 country for such purposes as the Government of the
24 United States, pursuant to Act or joint resolution of the
25 Congress, may determine;

(c) to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this Act;

(d) to furnish promptly, upon request of the President, information concerning the production, use, distribution, importation, and exportation of any commodities of the character covered in this Act;

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this Act;

(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this Act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of

incentive goods, made available to it under the authority of this Act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a) ;

(h) not to export or permit removal from such country, while need therefor continues, of commodities made available under the authority of this Act or commodities of the same character produced locally or imported from outside sources ;

(i) to permit representatives of the Government of the United States to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this Act ;

(j) to permit representatives of the press and radio of the United States to observe and report on the distribution among the people of such country of commodities made available under the authority of this Act.

SEC. 6. The President shall promptly terminate the provision of aid under this Act for any country whenever he determines (a) that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this Act ; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this Act is no longer necessary or desirable.

1 SEC. 7. All commodities made available under the au-
2 thority of this Act or the containers of such commodities
3 shall, to the extent practicable, be marked, stamped, branded,
4 or labeled in a conspicuous place as legibly, indelibly, and
5 permanently as the nature of such commodities or containers
6 will permit, in such manner as to indicate to the people of
7 the country of destination that such commodities have been
8 furnished or made available by the United States.

9 SEC. 8. Wherever reference is made, in this Act, to
10 commodities made available under the authority of this Act,
11 such reference shall be deemed to include commodities pro-
12 cured with credits made available to a recipient country
13 under the authority of this Act.

14 SEC. 9. The President shall take appropriate steps to
15 encourage other countries to make available to recipient
16 countries such aid as they may be able to furnish.

17 SEC. 10. The President may, from time to time, pro-
18 mulgate such rules and regulations as he may find necessary
19 and proper to carry out any of the provisions of this Act;
20 and he may delegate to the Secretary of State or any other
21 head of a department or agency of the Government any of
22 the powers or authority conferred on him under this Act.
23 In accordance with the direction of the President, the re-
24 sponsibility for administering in the recipient countries the
25 program of assistance provided for in this Act shall be vested

1 in the field administrator of the United States foreign relief
2 program appointed pursuant to section 4 of the joint resolu-
3 tion of May 31, 1947 (Public Law 84, Eightieth Congress).
4 No citizen or resident of the United States shall serve under
5 this Act as a United States representative, observer, or
6 adviser until such person has been investigated as to loyalty
7 and security by the Federal Bureau of Investigation. The
8 field administrator may, when he finds it essential to the
9 purposes of this Act, utilize for observation the services of
10 a limited number of other persons, who shall be investigated
11 and approved by the field administrator.

12 SEC. 11. There shall be established and maintained,
13 out of the funds authorized under this Act, a National Food
14 Conservation Committee, composed of representatives of
15 business, labor, agriculture, and consumers, appointed by the
16 President to serve on a voluntary basis, for the purpose of
17 advising on ways and means to conserve foods and foodstuffs,
18 to avoid inflationary pressures on domestic food prices and
19 food supplies, and generally to facilitate the purposes and
20 objectives of this Act.

21 SEC. 12. (a) There is hereby authorized to be ap-
22 propriated not to exceed \$590,000,000, out of any money
23 in the Treasury not otherwise appropriated, to carry out
24 the provisions and accomplish the purposes of this Act.
25 This Act, however, shall not imply any present or future

1 obligation to give aid to any foreign country, nor shall it
2 imply or guarantee the availability of any specific com-
3 modities.

4 (b) Funds authorized under this Act, when allocated
5 to any department, agency, or independent establishment
6 of the Government, shall be available for obligation and ex-
7 penditure in accordance with the laws governing obligations
8 and expenditures of such department, agency, or independent
9 establishment or organizational unit thereof concerned, and
10 without regard to sections 3709 and 3648 of the Revised
11 Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

12 (c) Notwithstanding the provisions of any other law,
13 the Reconstruction Finance Corporation is authorized and
14 directed, until such time as an appropriation shall be made
15 pursuant to this section, to make advances, not to exceed in
16 the aggregate \$150,000,000, to carry out the provisions of
17 this Act, in such manner and in such amounts as the President
18 shall determine. From appropriations authorized under this
19 section, there shall be repaid to the Reconstruction Finance
20 Corporation the advances made by it under the authority
21 contained herein.

22 SEC. 13. Personnel employed to carry out the purposes
23 of this Act shall not be included in computing limitations
24 on personnel established pursuant to the Federal Employees

1 Pay Act of 1945 (59 Stat. 298), as amended by section 14
2 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

3 SEC. 14. The President, from time to time, but not
4 less frequently than once every calendar quarter, and until
5 the end of the quarterly period after all operations under the
6 authority of this Act have been completed, shall transmit to
7 the Congress a report of operations under this Act. Reports
8 provided for under this section shall be transmitted to the
9 Secretary of the Senate or the Clerk of the House of Repre-
10 sentatives, if the Senate or the House of Representatives, as
11 the case may be, is not in session.

12 SEC. 15. The personnel, records, and funds provided
13 for the purposes of carrying out this Act shall be transferred
14 to the administration of any organization for general foreign
15 aid which Congress may provide.

16 SEC. 16. (a) Clause (1) in the proviso in the first
17 paragraph of the first section of the joint resolution of May
18 31, 1947 (Public Law 84, Eightieth Congress), is amended
19 to read as follows: “(1) to constitute more than 57 per
20 centum of the aggregate amount contributed to said fund
21 by all governments, including the United States;”.

22 (b) The amendment made by subsection (a) of this
23 section shall take effect as of May 31, 1947.

24 SEC. 17. If any provisions of this Act or the application

1 of such provision to any circumstance shall be held invalid,
2 the validity of the remainder of the Act and the applicability
3 of such provision to other circumstances shall not be affected
4 thereby.

80TH CONGRESS
1ST SESSION

H. R. 4604

[Report No. 1152]

A BILL

To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

By Mr. EATON

DECEMBER 2, 1947

Referred to the Committee on Foreign Affairs

DECEMBER 2, 1947

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

CONSIDERATION OF H. R. 4604

DECEMBER 3, 1947.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 386]

The Committee on Rules, having had under consideration House Resolution 386, reports the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 153

80TH CONGRESS
1ST SESSION

H. RES. 386

[Report No. 1153]

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 1947

MR. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for the consideration of the bill H. R. 4604,
5 to promote world peace and the general welfare, national
6 interest, and foreign policy of the United States by providing
7 aid to certain foreign countries, and all points of order against
8 said bill are hereby waived. That after general debate, which
9 shall be confined to the bill and shall continue not to exceed
10 12 hours, to be equally divided and controlled by the chair-
11 man and ranking minority member of the Committee on
12 Foreign Affairs, the bill shall be read for amendment under

1 the five-minute rule. At the conclusion of the reading of
2 the bill for amendment, the committee shall rise and report
3 the same to the House with such amendments as may have
4 been adopted and the previous question shall be considered
5 as ordered on the bill and amendments thereto to final
6 passage without intervening motion except one motion to
7 recommit. After the passage of the bill H. R. 4604 it
8 shall be in order in the House to take from the Speaker's
9 table the bill S. 1774 and to move to strike out all after
10 the enacting clause of said Senate bill and insert in lieu
11 thereof the provisions contained in H. R. 4604.

RESOLUTION

Providing for the consideration of H. R. 4604, a bill to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

By Mr. ALLEN of Illinois

DECEMBER 3, 1947

Referred to the House Calendar and ordered to be printed

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued December 5, 1947
For actions of December 4, 1947
80th-1st, No. 157

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HIGHLIGHTS: House debated interim foreign-aid bill. Rep. Rankin defended TVA against various criticisms. Rep. Robertson criticized USDA's request for "complete authority to be sole buyer of any agricultural crop" in short supply.

HOUSE

1. FOREIGN AID. Began general debate on H. R. 4604, the interim foreign-aid bill (pp. 11154-87).

As reported (see Digest 156), this bill authorizes appropriation of \$590,000,000 with authority for RFC advances not to exceed \$150,000,000 for immediate aid to Austria, China, France, and Italy; authorizes the President through such departments and agencies as he shall direct to allocate funds or establish credits available to recipient countries, and to procure specified goods, transport and store them, transfer them to recipient countries, and incur administrative and other expenses; limits to not more than 25% of the amount authorized for procurement of supplies outside the U.S. at delivered prices higher than from the U.S.; provides for procurement of petroleum outside the U.S. to the maximum extent practicable and its transportation by the most economical route; provides that before aid is given recipient countries must agree to (1) make efficient use of supplies furnished, (2) use local funds received from sale of supplies only as agreed upon with the U.S., (3) give full publicity to aid received, (4) inform the U.S. concerning production, use, etc., of supplies involved in aid, (5) sell any supplies which may be sold under the Act at reasonable prices, (6) take measures to increase their domestic supplies, (7) use incentive goods to increase production, (8) export no commodities, or those of the same character, made available under the Act, (9) permit U.S. Government representatives to observe, advise, and report, and (10) permit U.S. radio and press representatives to observe and report; provides for termination of aid in case of breach of agreement or cessation of need; provides that, where practicable, commodities shall be marked as to the source of aid; encourages aid by other countries; provides for FBI clearance before employment of U.S. residents or citizens and for a National Food Conservation Committee on a voluntary basis; requires the President to make quarterly reports to Congress; and authorizes transfer of personnel records,

and funds provided to carry out the program to any general foreign aid organization later created.

2. TENNESSEE VALLEY AUTHORITY. Rep. Rankin, Miss., defended TVA against various criticisms and commended its work on reforestation, soil conservation, flood control, fertilizer research, and rural electrification (pp. 11153-4).

3. FOOT AND MOUTH DISEASE. Received from this Department a report on the foot-and-mouth disease campaign in Mexico; to Agriculture Committee (p. 11189).

SENATE

4. FOREIGN AFFAIRS. Received from the President the Inter-American Treaty of Reciprocal Assistance which was inserted in the record (pp. 11133-6). The Foreign Relations Committee obtained permission to file a report on this Treaty during the recess (p. 11136).

..... Sen. Wiley, Wis., outlined a plan for the dissemination in Europe of information about the U.S. (pp. 11136-7).

5. EXECUTIVE ORGANIZATION. Passed with amendments H.R. 4469, to authorize the Commission on Organization of the Executive Branch to procure the temporary or intermittent services of experts or consultants or organizations thereof (pp. 11137-42).

6. FOOT-AND-MOUTH DISEASE. Received from this Department a report for Oct. 1947 on U.S. cooperation with Mexico in the control and eradication of this disease (p. 11130).

7. FARM PROGRAM. Sen. Stennis, Miss., inserted a statement by the Delta Council outlining a 13-point farm program (p. 11130).

8. FOREIGN AID. Sen. Langer, N.Dak., called attention to the need for assistance among the Navajo Indians and other domestic problems and stated that attention should be given such problems before aid is granted to foreign countries (pp. 11143-9). During his discussion, he pointed out the need for more rural electrification and criticized, with others, the limitations on crop insurance (pp. 11146, 11148).

9. INFLATION. Sen. Robertson, Va., stated "the inflation situation confronting this Nation calls for self-control and a willingness on the part of every producer to contribute to the national stock pile of goods and services the equivalent of what he desires to withdraw from it; and that is a problem which no law can solve" (p. 11142).

10. PRICE CONTROLS. Received petitions from sundry U.S. citizens favoring the restoration of price controls (p. 11130).

11. RECESSED until Mon., Dec. 8 (p. 11150).

BILLS INTRODUCED

12. EMERGENCY POWERS. S. 1842, by Sen. Kilgore, W.Va. (for himself and Sen. Liken, Vt.), "to amend the Second Decontrol Act of 1947." To Judiciary Committee. (p. 11131.)

13. PERSONNEL; TRAVEL. S. 1841, by Sen. Kilgore, W.Va., to increase the mileage allowances of civilian officers and employees for use of privately owned vehicles and to increase the per diem allowances of civilian officers and employees

remarks in the Appendix of the RECORD and include an editorial from the Charlotte News.

Mr. BRYSON asked and was given permission to extend his remarks in the Appendix of the RECORD and include a speech on soil conservation prepared by him for delivery tomorrow night in his district.

PERMISSION TO ADDRESS THE HOUSE

Mr. MATHEWS. Mr. Speaker, I ask unanimous consent to address the House for a half a minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

WHAT THE WORLD NEEDS

Mr. MATHEWS. Mr. Speaker, what this world needs is fewer plans and better principles.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE TENNESSEE VALLEY AUTHORITY

Mr. RANKIN. Mr. Speaker, the December issue of the Reader's Digest carries an article by my old friend John T. Flynn called *The Hidden Red Ink in TVA's Books*. In his article Flynn unblushingly declared that I advocated the TVA. And he asks rhetorically, "Do I want TVA destroyed?" And then answers "Certainly not."

Yet that is what he advocates. For the proposals he makes concerning the TVA are just the ones which have been advocated openly by the Power Trust and its satellites who make no attempt to disguise their hatred for this highly successful regional agency. Mr. Flynn's points and his arguments can be found in any propaganda handbook of the Power Trust lobby.

Right at the beginning of the article he has a financial analysis which follows down the line on the kind of analysis made by the Edison Electric Institute, the Power Trust propaganda organization. He seeks to show that the TVA has a deficit by the simple ruse of charging navigation and flood-control costs, with an assumed interest charge, against power revenues. Of course, he shows what he calls a deficit. Yet certainly Mr. Flynn knows that in other parts of the country, on the Ohio and the Mississippi and other rivers which the Government has developed for navigation and flood control, the costs are not borne by the electric consumers.

The navigation dams on the Ohio and the levees on the Mississippi are not paid for by the electricity consumers along their banks. They are paid for by the Federal Government in the interests of the general welfare.

There can be no justification for assuming that things should be different in the Tennessee Valley—that there, unlike any other place in the country, power

consumers should not only pay the power costs but those of flood control and navigation as well.

Mr. Flynn tries to make several points with respect to TVA power. And for an economist he has a strange notion of what interest is. He says it is an element of cost. But as any regulatory commission could tell him, interest is not a cost but a part of the return on profit. Rates of return are set by regulatory commissions without reference to interest. Out of this return, the utility pays whatever interest it has to pay—depending on the amount of bonded debt in its capitalization and on the interest rate it must pay.

But Mr. Flynn goes further than that. The TVA is required by law to pay back to the Treasury money invested in its power system within 40 years. That is something that private utilities do not do; they usually refund their debts, that is, they replace old bonds by issuing new ones. Mr. Flynn seems to think the TVA ought not only to pay back to the Treasury the money invested in the power system, but to pay interest on the money on top of that.

There is nothing the enemies of TVA would like better than to see the TVA hampered and hamstrung by just such a double burden. It would place the TVA under a handicap under which no power system, public or private, could survive. The TVA cannot, like a private utility, go out and borrow money. It has only two sources of funds—appropriations by the Congress and revenues from its power sales. The double burden proposed by the TVA's alleged friend, Mr. Flynn, would tie up this second source of funds, revenues, so that it is doubtful if it could fulfill its obligations to provide electric service to the 750,000 consumers who are dependent upon it.

Mr. Flynn claims that competent engineers have said the dams are almost wholly for power. Of course, some engineers have said that. Every time the utilities have gone to court against the TVA they have rounded up as many such competent engineers as they could lay their hands on and put them on the stand. They did it in the so-called Ashwander case. That is the case that followed Newton D. Baker's \$50,000 private opinion, paid for by the Power Trust, that the TVA was unconstitutional. The United States Supreme Court did not uphold that private opinion.

They tried it again in the 18-company case, and after listening at length to the competent engineers, this is what the three-judge Federal district court said:

Certain expert witnesses, in answer to hypothetical questions, stated that the dams might be operated for the primary purpose of power. Thousands of pages of testimony and numerous exhibits were introduced to show that Congress might have adopted a better plan than the TVA unified system. Experts equally qualified testified to the contrary.

The court is of the opinion that the relative value of these various plans is immaterial, since it has been established that the TVA project is reasonably adapted to use for combined flood control, navigation, power, and national defense, and that in actual operation the creation of energy is subordinated to the needs of navigation and flood control.

So much for Mr. Flynn's competent engineers.

Mr. Flynn declares that all the non-power activities of the TVA—agriculture, fertilizer production, forestry, and other projects—should be transferred to appropriate departments of the Government. In that statement Mr. Flynn shows either that he has never read the TVA Act and does not know what the TVA unified development of resources is, or that he has read the act, knows it very well, and thus knows just how to go most effectively about destroying it.

Mr. Flynn looks on the TVA as simply another power system, in business solely for the money there is in it. It is true that power is important in the unified development of the resources of the Tennessee Valley—it is the paying partner, the only activity which brings in revenues in the commercial sense. But power is only a part of the whole regional development program which has done such great work in controlling floods, promoting navigation and commerce, and restoring the soils and forests of one of the great regions of the country. The TVA is much more than a power project. Either Mr. Flynn does not know that—or he does know it and wants to destroy it.

Mr. Flynn's anxiety to destroy the TVA leads him to some strange conclusions. Former TVA Chairman Lilienthal, he says, "calls attention to the vast growth of Federal power. It has become so great that, he says, it cannot be wisely administered from Washington. But the power must not go back to the Governors, mayors, legislatures, and councils elected by the people."

Mr. Flynn here has missed the point. The powers Mr. Lilienthal referred to are Federal powers—the power to develop interstate streams and so on—which never could be held or exercised by States and local governments. The TVA, under the direction of Congress, does not exercise new powers, but simply administers in a new, integrated, and much more effective way the powers which the Federal Government has always possessed. Nor does the TVA, as Flynn suggests, have these powers in itself; the powers are exercised by the Congress, which sets the policies; the TVA carries out those policies.

When Flynn suggests that the TVA has taken over State and local powers and functions, he raises a bogey without any substance. If, as he claims, he has spent months investigating TVA and has gone to the TVA country, then he ought to know better. Just the contrary is true. Two years ago, one of the leading newspapers of the country—the St. Louis Post-Dispatch—asked each of the governors of the seven Tennessee Valley States whether the TVA had encroached upon the rights of the States. The consensus was a vigorous "No." Moreover, the governors said, the TVA had in most cases increased the effectiveness of State and local agencies with which it cooperated in the regional program; they were stronger than ever before.

Mr. Speaker, as everyone knows, I was coauthor with Senator Norris, of Nebraska, of the bill creating the Tennessee Valley Authority. I have fought its bat-

ties from the beginning. No one could be more jealous of its reputation or more solicitous of its success than I am. I repeat what I have said on this floor time and time again, that it has wrought the greatest development of ancient or modern times.

From the building of the Pyramids down, there has been no single development that compared with that of the Tennessee Valley Authority. It is now generating between twelve and fifteen billion kilowatt-hours of electricity a year that was formerly going to waste. That power is being distributed to the people within the distribution radius at reasonable rates.

Its yardstick, showing what electricity should cost the ultimate consumers, is saving the users of electricity outside of the TVA area hundreds of millions of dollars annually. It is one of the few great developments the Government has ever undertaken that is paying its way. Every dollar of the cost of construction and operation that can be legitimately charged to power, as I said, will be paid back to the Government within 40 years; and in the course of time the revenues derived from this power will return to the Government every dollar invested for all purposes.

It is controlling floods on the Tennessee River and helping to control the floods on the lower Mississippi River, thereby saving untold millions of dollars of such damages as are being experienced along the Missouri and Ohio Rivers almost every year.

It has provided a navigation channel from Paducah to Knoxville, something like 600 miles, enabling the people of that area to use this great stream for transportation purposes.

At the same time it has carried out its program of reforestation, soil conservation and experiments in the development of fertilizers that have been of untold value to the farmers of the Nation.

But the private power interests that are owned by the vast holding companies, which exact tribute from every power consumer they serve, are turning heaven and earth to destroy the TVA and to take from the people of that area the benefits this great project provides; just as they are trying to take from the people along the Columbia River and the Colorado River and other similar streams their enormous wealths of hydroelectric power.

Out of the Tennessee Valley Authority grew our program of rural electrification. It has already resulted in the lighting of more than 2,000,000 farm homes. The Rural Electrification Administration now has in its files applications for \$300,000,000 to build lines to serve the farmers of the Nation, and they are coming in at a rate of from twenty to twenty-five million dollars a month, or more.

Instead of attacking the TVA, it would behoove the Members of this Congress to join me in my efforts to secure additional appropriations for rural electrification. We are going to need at least \$500,000,000 for that purpose from now to the end of the next fiscal year. We need a deficiency appropriation for that purpose now, and, in my opinion, we are

going to have one, either during this short session, or in the early part of the session beginning in January.

While this Congress is appropriating billions of dollars for people in foreign lands, let us develop our own national resources, especially our water power, and see that it is distributed at the cheapest possible rates, and at the same time let us provide for the electrification of every farm home in America at rates the farmers can afford to pay.

Let us not permit selfish interests to interfere with this great program by hampering the operations of the Tennessee Valley Authority.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

TVA EXPENDITURES

Mr. HOFFMAN. Mr. Speaker, I want to thank the gentleman from Mississippi [Mr. RANKIN] for calling attention to that article by Mr. Flynn in the Reader's Digest. I commend it to your reading. It does not make any difference whether the argument is put forth by, or follows the theory of, the power companies or somebody else. The point is, has the TVA been hiding expenditures? Has it been hiding revenue? Has it a phoney system of accounting? Those are the questions. Now read that article and, if necessary, we will have an investigation and learn whether the TVA is proceeding under a false front.

Mr. RANKIN. You had one investigation.

Mr. HOFFMAN. And we can have another one.

The SPEAKER. The time of the gentleman from Michigan has expired.

EXTENSION OF REMARKS

Mr. MANSFIELD asked and was given permission to extend his remarks in the RECORD and include various and sundry editorials.

INTERIM AID BILL, 1947

Mr. ALLEN of Illinois. Mr. Speaker, I call up the resolution, House Resolution 386, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4604, to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 12 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with

such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill H. R. 4604 it shall be in order in the House to take from the Speaker's table the bill S. 1774 and to move to strike out all after the enacting clause of said Senate bill and insert in lieu thereof the provisions contained in H. R. 4604.

The SPEAKER. The gentleman from Illinois [Mr. ALLEN] is recognized for 1 hour.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this resolution provides immediate consideration for H. R. 4604, which is a bill reported by the Committee on Foreign Affairs to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

Our decision on this bill may change the whole course of world history for a long time to come. Every Member of this House will probably want, and has the right, to express himself on this bill. The Committee on Rules has therefore provided 12 hours of general debate, which is more than was asked for by any witness before our committee. In addition to this 12 hours, every Member is entitled to an additional 5 minutes to discuss proposed amendments to this bill under the 5-minute rule. The Rules Committee has done everything in its power to guarantee a fair hearing for this bill—including a waiver of points of order against the bill.

If this bill passes the House, there is a provision in the rule to take the Senate bill from the Speaker's table and to strike from it all after the enacting clause. The language of the House bill will then be substituted for the language in the Senate bill. The Senate bill will then be passed.

There were some serious questions in the minds of some of the Members of the Rules Committee on the advisability of enacting this proposed legislation, but nevertheless, they voted unanimously to send the bill to the floor. I, personally, am against the bill, for reasons which I will explain in a moment—but I voted to send this bill to the floor so that every Member of the House would have his chance to speak on it.

Whether you are in favor of the aid proposed in this bill—or against it—I hope you will vote for this resolution and submit the question to the membership of the House.

And now I will give you my personal opinion of the bill.

This bill is cited as the Interim Aid Act of 1947. The interim contemplated is from the passage of this bill, if it is passed, until the approval by Congress of the so-called Marshall plan. It must be obvious to all of you that the passage of this bill will be interpreted by many as tantamount to the passage of the Marshall plan when it comes before the House. I think it is wise, therefore, to consider the merits of the Marshall plan itself before deciding on this bill providing interim aid.

I believe that our first consideration should be whether our national economy can stand the strain of a foreign relief program of a magnitude and extending over the long period of time contemplated in the Marshall plan. The strain on our national economy should be considered both from the standpoint of our immediate ability to produce and with a view to the exhaustion of our natural resources in years to come. If, in either case, it is determined that our economy cannot stand the strain or that our people will be seriously handicapped by the proposed foreign aid, I think we have no alternative but to defeat this bill. A number of reports have been made concerning the impact on our national economy of the proposed aid. Four of these reports have been made at the request of the President, and one by the Special Committee on Foreign Aid appointed by this House. There is considerable divergence in the findings and recommendations of these different committees and it is understandable that some Members may not be able to resolve in their own minds whether or not this Nation can afford the extent of aid contemplated. I personally believe we cannot.

If, however, it is decided that the strain on our economy will not be unbearable, the next question which rises concerns the advisability of making these loans and grants. That is, will our national interests be served or is there a possibility, or a probability, that all we give in the way of aid may eventually be used against us in one way or another.

The foreign aid contemplated in this bill is largely in the form of commodities: Wheat, fertilizers, coal, steel and steel products, petroleum, and timber. Supplying these commodities will certainly have some effect upon our domestic economy, and to study this problem, four committees were appointed. The Krug committee, the Harriman committee, and the Nourse committee were appointed by the President—and the Special Committee on Foreign Aid was appointed by the House of Representatives.

It is apparent that the Krug report was tailor-made to justify, or to rationalize, the Marshall plan. The reason for this is too obvious, and further explanation is unnecessary, but it is interesting to note that even the Krug report implies that the proposed foreign aid will be a strain on our economy, and that commodity allocations and price controls will be necessary in this country if the plan goes into effect. Now to my way of thinking, if we are so short of supplies at home that we cannot go into this foreign-aid program without increasing prices, or without price controls and allocations, then we cannot afford loans to Europe. The strain on our economy would be too great.

In regard to our ability to supply Europe's needs for wheat, the report of the Herter committee points out that a very serious shortage of wheat in this country next year is now a probability. The report also states that—

Any increased food-export program beyond 1947, unless underpinned by unexpected abundant production and conservation of

supplies, would undoubtedly be a significant factor in further rises in the cost of living.

On the basis of the report of the Herter committee, it should be obvious that shipments of wheat for European relief in the amounts contemplated would be a severe strain on our domestic economy.

The Paris report of the Council for European Economic Cooperation also drafted heavy demands on this country for fertilizer. In his testimony before the Senate Appropriations Committee on November 24, Secretary of Agriculture Anderson said that our fertilizer supplies "will not be sufficient to meet all farmers' requirements." I am certain that those of you who know the problems of our farmers would not be willing to send fertilizer abroad that is needed so desperately by our own farmers.

The situation is about the same in regard to steel. The report of the Herter committee points out that honoring the European demands would impose a staggering deficit on the consumers of steel in the United States. It would raise our existing deficit of steel—amounting to 1,600,000 net tons—to 5,000,000 net tons. Further, the contemplated exports of steel raises a question of the increased rate of exhaustion of our irreplaceable natural resources.

Now, all of these reports—the Krug report, the Harriman report, the Nourse report, the Anderson report, and the Herter report—they all agree that the European-aid program contemplated in this bill will increase the cost of living in the United States and most of the reports recommend price controls and rationing to meet the increased prices. I would like to talk for just a moment about price control.

All of the reports on the needs of Europe point out that the farmers in European countries have food, but that they will not send it to the cities because there is nothing for which they can exchange it. In other words, there is no incentive for the farmers to sell their food. On the other hand, the workers in the city will not work and produce because there is no food in the markets for which they can exchange the result of their labors. There is no incentive for the workers in the cities to produce. Europe has suffered great dislocations due to war, but the fundamental causes of today's economic distress in Europe are found in government policies that have stifled initiative, controlled enterprise, upset currencies, and disrupted production. They have suffered, in short, from supergovernmentalism.

Human beings are much the same throughout the world. They will not work and produce without incentive. In the not too far distant past, we had in this country about the same problem Europe now faces. People could not get meat; there was a shortage in the market of all types of food. The housing program for veterans was lagging. Production of nearly everything was restricted. Price controls had removed the incentive to produce. Farmers would withhold from the markets all the produce that could be stored and they kept cattle grazing rather than sell below

cost. OPA had removed the incentive. Manufacturers and producers of all types refused to get back into production because they feared the arbitrament of the OPA. There was no incentive to produce.

Here, then, is our present situation with regard to aiding Europe. If we send the aid contemplated, it will reduce supplies in this country and increase prices. To avoid an increase in prices, the administration recommends price controls and rationing. If we provide price controls and rationing, we restrict production by removing incentive. The restricted production will make it impossible to fulfill the commitments made to Europe in this bill, and will reduce the economic level of the United States to that of the countries this bill proposes to aid.

To my way of thinking, any measure which would lead this country so near to the brink of economic collapse should meet the determined opposition of every Member of this House.

In addition to the strain the proposed aid would impose on our domestic economy, we should also consider whether the aid might eventually be used against us in one way or another. For example, if we lend this money, and ship the steel and equipment to build up the productive capacity of industry in these European countries, might they not be ripe fruit in the eyes of Russia? If Russia should occupy these countries, which are virtually defenseless, the industrial plants built with our money might be used to manufacture the implements of war for Russia to use against us. But if Russia should detour from the path to war—which I pray she will—the proposed aid can injure the interests of the United States in another way. The industrial capacity we have built up in these foreign countries will flood the world market with manufactured goods which would inevitably compete for the export markets with producers in the United States.

We are now about to embark upon a discussion of a plan which may change the whole history of the world for the next hundred years—a plan which may bankrupt this Nation, or destroy it by exhausting our irreplaceable natural resources. If we pass this bill, we may commit ourselves, in the eyes of the world, to the so-called Marshall plan. And, as I have tried to point out, that plan may be the path from which there is no turning back.

Mr. Speaker, of course there is some merit to this bill. There is some merit to every bill introduced in Congress. Some people are for every bill. They are for the biggest army in the world, the biggest navy in the world, the biggest air force in the world. They are for spending billions of dollars for atomic-bomb development. They say they are for the British loan of \$3,750,000,000, for the Greek-Turkey loan of \$450,000,000. They say they favor flood control. They say they favor Federal aid to school teachers, and Federal aid to airports, and Federal aid to roads. They say they are for all the bills which provide around \$10,000,000,000 to take care of our dis-

abled veterans. They are of course for paying the interest upon our national debt. They say they are for universal military training. As I say, they are for everything which totals more money than all the people in this Nation make; yet at the same time those people who favor all those gigantic expenditures demand that Congress live within its income, that taxes be reduced.

Mr. Speaker, there are many reasons why I am against this bill, the first being my belief that the United States cannot stand the strain of all these drains upon its national economy. Scarcity makes high prices of timber, steel, meat, wheat, fertilizer, machinery, and all basic commodities. When we take those things which are scarce and very high priced and send them out of this country, naturally the people of this country are going to have to pay more.

Since the start of the last war the United States has given to foreign countries \$66,000,000,000 worth of goods, \$66,000,000,000. This means we have given them goods to the extent of over a thousand dollars for every employed person in the United States. I believe no one will contend that the \$66,000,000,000 is not the chief factor in the present high prices now existing in this country. Everyone knows that if we continue through this bill of a few hundred million dollars and through the Marshall plan which is still to be presented to us and which will cost more than \$20,000,000,000, prices will go still higher.

Mr. Speaker, the proponents of this bill say they favor it from a humanitarian viewpoint. Many of them say that since we granted relief to Greece to the tune of several hundred millions of dollars things have improved there. Naturally no one will deny it. One can go to Greece or any other country where living conditions are bad and pour in food and improve conditions in that country. You can take an underprivileged person off the streets of Washington, someone who does not have food to eat or clothes to wear, give him something to eat and something to wear, and his condition will be improved.

I took this up with my good friend the gentleman from Minnesota [Mr. JUDD] yesterday in the Rules Committee. You will note that this bill provides \$60,000,000 for China, \$600,000,000 divided amongst 600,000,000 people amounts to 10 cents a person for China. I believe it was mentioned there, whether by my good friend from Minnesota or someone else, that out of this \$60,000,000, this 10 cents apiece to the people of China, they were going to raise the standard of living in China, they were going to fight communism with it, they were going to build up their industries. They were going to do all those things with an amount of money that represents only 10 cents for each person in China. So I would say that before you vote for this proposition you should go into that matter.

Then my good friend the gentleman from New Jersey [Mr. EATON] said yesterday that Russia could take over Europe in 24 hours. We could ask him whether this small amount allotted, the \$500,000,000 allotted under this bill, if

given to the countries of western Europe would stop Russia from taking over Europe within 24 hours. In other words, Mr. Speaker, in my opinion, this is not a proposition of a few hundred of millions of dollars.

It is stated that we want to raise the standard of living of the undernourished over there. After all it hurts a baby in India, a baby in South Africa just as much to starve to death as a baby in Holland or Denmark. If we want to go into this thing, if we feel that we here in the United States have to feed the world, that we have some moral obligation to do so, I say we must go into all those countries. In order to raise the standard of living of all the people throughout this world, in order to build up the industries all over the world, in order to stop communism throughout the world, we have a \$200,000,000,000 proposition extending over the next 10 years.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Mississippi.

Mr. RANKIN. I have been told by Members of the House that none of the countries that this money is to be supplied to are as greatly in debt per capita as the United States. Is that true?

Mr. ALLEN of Illinois. That is my opinion.

Mr. RANKIN. Then why should they not extend their credit to get food for their own people instead of asking us to further burden the overburdened taxpayers of the United States?

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Illinois.

Mr. MASON. The \$260,000,000,000 debt of the United States is more than the total national debt of every country in Europe, including Russia.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Minnesota.

Mr. JUDD. Inasmuch as the gentleman mentioned my name, I am sure he will be glad to have the House informed also that I specifically said I did not think this bill could be justified just on a humanitarian basis.

Mr. ALLEN of Illinois. That is true and I want to say here that I have the greatest respect for your truthfulness and ability.

Mr. JUDD. And I said I believe that it is justified solely on concern for the national defense of the United States.

Mr. ALLEN of Illinois. That is true. The gentleman will remember, however, that the gentleman from New Jersey, Dr. EATON, said Russia could take over Europe in 24 hours. Does the gentleman believe the amount we are allotting those three countries would stop Russia from doing that? How much does the gentleman think it would require for us to put these European countries in a position where Russia could not take them over in 24 hours or take them over at any time for that matter?

Mr. JUDD. I can answer only in terms of possible alternatives. I do not know that a bill of this sort will tide

them over even until April 1. But I am dead certain that Greece and Italy and France would already be under Communist control, if it had not been for the stand the United States took last spring in two acts of this sort in support of peoples striving to remain free. I think that once we can reverse the trend toward communism, and I think our action probably has reversed the trend, then there can and will be a progressive decrease in communism over there. Our action will not solve their problems but can give the people the opportunity to build up the recuperative forces in their own countries. If they are given hope and help they can stay free. They want to survive the same as everybody else does.

Mr. ALLEN of Illinois. I know the gentleman is a great authority on China. Now, \$60,000,000 is about 10 cents an individual over there. Does the gentleman think we can raise the standard of living, build their industries and stop communism in China for \$60,000,000?

Mr. JUDD. No, and I have never made any such contention, as the gentleman well knows.

Mr. ALLEN of Illinois. Then what is the purpose of this bill so far as China is concerned?

Mr. JUDD. The purpose of the bill is first to give the Chinese at long last some hope; second, to declare a policy of support which should lead our Government to make available to China certain surplus commodities, especially munitions, in the United States or the Pacific islands, supplies which they desperately need in order to survive, and which will not cost us 1 cent; third, to help them balance their international payments and stabilize their currency so that they can begin to get their economy going again. There are many problems in China, but next to the military the single biggest one is the problem of their inflated currency. They cannot cure it without help. It would require only \$200,000,000 to redeem all the trillions of Chinese dollars now in circulation. You could buy it all up for \$200,000,000.

Mr. ALLEN of Illinois. Well, all of this was known some time back. It was known more than 10 days ago that Chinese currency was not worth much.

Mr. JUDD. Yes, and, as the gentleman also knows, I have tried ever since VJ-day to get our country to stand by the Chinese in peace as they stood by us in war. One reason for their present condition is because they followed our advice and urging, and continued to fight and bleed themselves white instead of making terms with the Japanese which would have enabled them to eliminate their internal enemy, the Communists. Instead they concentrated on their external enemy and ours, Japan, allowing the Communists to expand. Then after Japan was defeated, we wouldn't help them with the internal enemy.

Mr. ALLEN of Illinois. I thank the gentleman.

Mr. COLE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Missouri.

Mr. COLE of Missouri. Last week I heard a news commentator state that the countries of Europe had some \$26,000,000,000 in securities here in the United States. Would it not be well for those countries to liquidate some of those securities rather than for us to dig down into the taxpayer's pockets to put money over there?

Mr. ALLEN of Illinois. I agree with the gentleman.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Michigan.

Mr. HOFFMAN. The gentleman from Minnesota [Mr. Judd] said that in his opinion—if I understood him correctly—\$60,000,000 would not prevent the Communists from taking over China. Well now, if that is true, what is the use of putting it over there? Is it for the purpose of fattening them and making it worth while for the Communists to take over? Is that what you want to do?

Mr. ALLEN of Illinois. In regard to this Communist question, here is my opinion, that we are going to hear a great deal about communism, and I think that there are many people in foreign countries who are going to meet that assertion with the cry that "if you do not continue to help us, we are going to go Communist." That is their ever-threatening attitude and it will always be until we say, "Start doing something for yourselves."

I will say, in conclusion, that this Nation owes \$258,000,000,000. Fortunately, our national income is great, whereby, in fact, we can pay and just about keep even. But maybe that is not going to be true forever. Maybe a time will come when we are not going to have a national income of \$200,000,000,000. Maybe the time will come when we cannot tax the people more money than it costs them to eat. I say in conclusion, to protect and feed and clothe the nations of the world and to stop communism, it is not this kind of money that will do it. We must decide whether we want to pay \$200,000,000,000 in the next 10 years, and in my opinion, with a \$258,000,000,000 debt, we cannot spend that kind of money.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Does not the gentleman feel that the aid proposed under this measure to be given to France will bolster Premier Schuman in the heroic efforts which he is now making to stabilize that country?

Mr. ALLEN of Illinois. I will say in answer to that that after giving \$66,000,000,000 to them, that this amount of money will not stabilize, build their industries and feed them or stop communism in any two or three nations.

Mr. MASON. Mr. Speaker, will the gentleman yield further?

Mr. ALLEN of Illinois. I yield.

Mr. MASON. Since hostilities ceased in Europe we have given France over \$2,000,000,000, and France is now in worse shape than she was at the close of the war, and communism has a stronger hold upon France today in spite of that

\$2,000,000,000 than it had 2 years ago when it was turned over.

Mr. MONRONEY. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. The gentleman used the figure of \$66,000,000,000 several times. Will the gentleman tell the House how much of that was lend-lease which represented weapons in the hands of foreign soldiers to prevent the loss of life of American soldiers?

Mr. ALLEN of Illinois. I will say this, that the war will cost the United States about a trillion dollars before we get through. We already gave, outside of operating this war, \$66,017,790,335.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. ALLEN of Illinois. I yield.

Mr. HOFFMAN. Well, now, in the President's message he asked that we do something about inflation. If we give away all the money we can rake and scrape together to these foreign countries and provide that they spend it outside the United States, will that not help create inflation here because our people will not have anything to buy with?

Mr. ALLEN of Illinois. I agree with the gentleman. Of course, this bill will pass, and I predict that about every 3 months we will have other similar bills before us costing billions of dollars for foreign relief. Again I say, our national economy cannot stand it and that we should not dissipate the wealth accumulated through generations by such men as Armour and Swift in the field of packing, Carnegie and Schwab in the field of steel, Morse and Bell in the field of communication, Ford and Chrysler in the field of transportation, Hill and Gould in the field of railways.

Mr. Speaker, I yield 30 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, the first thing we have to realize and the country made to know is that Russia is waging everything but a shooting war against us. It is fine to talk about extending relief for humanitarian reasons, but we cannot justify this bill upon those grounds alone. This is an investment in national security.

I am not disposed to quarrel with gentlemen who find it impossible to give their support to the bill, because I can understand that there are many, many reasons why people should entertain doubts with reference to its efficacy. I am not even going to venture the opinion that the bill will accomplish the results we desire and so badly need. But I will say that, in the light of existing conditions, it is a gamble that we are compelled to take.

I find fault with the administration of the relief programs which we have heretofore set up. I find fault with the way we have carried on in Europe since the fighting war ended. In my opinion, the Morgenthau plan was completely insane, that it has brought down upon us many miseries, and is in part responsible for the "sorry plight in which the country finds itself. We are now undertaking to rescue ourselves from the prison which we ourselves built. That we will succeed

I do not know, but do fervently hope and pray. The most awful sin committed thus far against humanity in all time has been our appeasement of Russia. We took Russia as a third- or second-class nation and deliberately built her into a monster that now has the entire world trembling in its boots.

I was one of the Members of this body who went to Europe in the sincere desire to acquaint myself with existing conditions and to make honest report of what I found. I came back with the feeling that our chief asset in that part of the world is the spiritual will of broken, wrecked, and starving Germany to survive. All of Europe is in a critical attitude toward the United States. The British are quarrelsome and the French are ungrateful. I never found in any place I went the slightest evidence of appreciation for America except in wrecked Germany. I know that it is unpopular to say it, but the truth ought to be made known, and the truth is that if Germany, in all of its misery and woe and hunger and nakedness, should break and turn to the east there is no power this side of heaven to keep all of western Europe from following.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. BLOOM. With all due respect to the gentleman's speech, I cannot allow that statement to go by with reference to the Germans, the French, and the other countries of Europe.

Mr. COX. Mr. Speaker, the gentleman will have time to make answer.

Mr. BLOOM. I know, but at this point I want to say I object to that.

Mr. COX. I want to say to the gentleman that the people who think as he thinks are in the main responsible for the misery and the woe which comes down upon us at the moment.

Let me say to you at this point that unless there is to be a change of attitude and a change of mind on the part of the people who will spend this money, then you had as well pour it down the rat hole.

The people who have been thinking for us—the thinking of the people who have been administering relief programs—has not been too different or too far apart from the thinking of the people we are now undertaking to stop. Let me say to you, my friends, that Russia is everywhere. There is no spot on this globe inhabited by man but that Russia is there, promoting discord, preaching revolution, and making war against the liberty and peace of this world. You may question whether Europe wants to stand with America. I think she would like to, but Europe is old and sick and afraid. The governments of western Europe are all concessions to Russia, and they are made so because they live in mortal fear of Russia. So it would not be difficult for the British, for the French, for the Italians to turn to the east. If the will of Germany to survive should break, they will turn to the east, and it would only be a matter of time when we would be completely encircled by Russia because Asia would fall.

Let me say to you, my colleagues, as mighty and as powerful as the United

States is, we cannot successfully contend, either in trade or in war, with an angry and hostile world organized against us. Our policy in Europe has not been consistent. We build with one hand and destroy with the other. We talk against communism and then we help it. Certainly here after the shooting war ended we could cease cutting the throats of people we so badly need in our resistance of Russia.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. RANKIN. The gentleman says that this is a war proposition.

Mr. COX. I do.

Mr. RANKIN. I am not quarreling with his conclusion. But if that is the case, had we not better turn the atomic bomb back to our military authorities, keep an ample supply on hand, and build the strongest air force on earth, and let the world know that we are prepared to take care of America at home before we attempt to take care of those countries abroad?

Mr. COX. Let me say to my friend that in the joint enterprise with Russia we acted in good faith. Russia betrayed us at every turn. At the moment it is known by everyone that knows anything, that Russia is feverishly preparing for war. Yet, in spite of that knowledge, we continue in the insane enterprise of destroying a people whom we badly need in resisting the aggression of Russia. Does the gentleman understand me?

Mr. COUDERT. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes, I yield.

Mr. COUDERT. The gentleman has made it perfectly plain, as did his colleague the gentleman from Minnesota, Dr. Judd, that this is primarily a war measure, in the "cold" war with Russia, and he has most eloquently stated the situation. May I ask the gentleman a question? The gentleman states that this measure now before the House is intended as a measure to stop Russian aggression in western Europe. Now that aggression has taken violent and critical form at the present moment in the civil wars now raging in France and in Italy. How far is the gentleman prepared to go or to have the United States go at this time pursuant to its avowed policy of stopping Russian aggression everywhere, in sustaining existing governments in France and Italy, whose lives are definitely put in jeopardy by the civil wars promoted by the Communists in those countries?

Mr. COX. Let me answer the gentleman from Mississippi [Mr. RANKIN] first. There is no power anywhere that could prevent Russia taking all of Europe within a week's time. Russia can take Europe without the firing of a gun, so afraid are the people of the countries of western Europe. The only influence that stopped Stalin in making the final blow, insofar as Europe is concerned, is fear of the atomic bomb.

Mr. Speaker, I should like to make the observation that up to this moment World War II has been fought for Russia and for Russia alone.

We had just as well make up our minds that if we are not willing to treat this

as defensive warfare we would be very much wiser did we keep our money at home and try as best we can to preserve the strength and the might of our own country.

Mr. COUDERT. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes; I yield.

Mr. COUDERT. The gentleman now says that there is nothing that can stop Russia from seizing all of western Europe in 24 hours. If that be so, obviously this measure cannot stop them. I wonder, therefore, if it is not really the fact that the only realistic justification of this measure is primarily humanitarian and only in the long view national security.

Mr. COX. What we are by this measure undertaking to do is to enable western Europe to carry on. To let her know that our appeasement of Russia has ended and that we are determined and prepared to use all the force and power that we can command to see that the entire world is not stuffed into the already overgorged belly of Russia.

I think that the putting of China in the bill was a very wise thing to have done, because I agree with the viewpoint of the gentleman from Minnesota [Mr. Judd], who is the special pleader for China in this body.

Mr. Speaker, the gentleman from New York wishes to know just how far we are prepared to go in our endeavor to help France and Italy. Let me say to you, realizing that we are in warfare with Russia, or at least Russia is waging warfare against us which we are now seeking to defend, that in the hope, in the endeavor, in the purpose and desire of preserving our country we will go just as far as is humanly possible to sustain the forces, the peoples that we need in our resistance to the further advancement of Russian power and influence.

Mr. COUDERT. Mr. Speaker, will the gentleman yield for one more question in that same connection?

Mr. COX. I yield.

Mr. COUDERT. There is an immediate crisis confronting us. Is the gentleman prepared to go to the point, if the courageous and embattled Governments of the present French Republic or Italian Republic should be in jeopardy, to send American troops to maintain them in power?

Mr. COX. Let me say to my friend that if a million American soldiers could turn up in Germany tomorrow it would insofar as security is concerned be worth all the billions we could provide.

What is troubling Europe is the fear of being absorbed by Russia. We need to take a firm stand so as to strengthen the morale of European peoples.

Mr. BUSBEY. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to my friend.

Mr. BUSBEY. I think the gentleman from Georgia has made a very fine statement of this situation. I believe the Members of this body and the people of the United States as a whole are fully aware of the crisis of events in the world and particularly Europe, but I am wondering if the gentleman from Georgia would not discuss for a few minutes before he leaves the floor the causes that led up to this situation, that put us in

this predicament, and who is responsible for it?

Mr. COX. I do not know that it would profit anyone anything for me to particularize further as to the reasons for this distress in which we find ourselves. At the moment we ought to find it possible to forgive and to forget. This is an American question. The call is to America and to the cause every one should rally, even though it means the suppression of an angry dissatisfaction with the people who heretofore have been carrying on. I do want to say to you now, and this is repeating what I have already said, that unless we find people of a new mind and a changed attitude to administer these relief programs, you better forget the whole question. That would mean our withdrawing from Europe, and that would mean that Europe would go communistic. It means that Russia would soon encircle us and that would mean it would be only a matter of time before liberty would perish from the face of this earth.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Mississippi.

Mr. RANKIN. In reply to our distinguished colleague from Illinois [Mr. BUSBEY] I call attention to the fact that this situation was probably created by a superabundance of international moon-gazers in both Houses who have not been realistic enough to realize that we had better look out for our own defenses and our own country first.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Illinois.

Mr. CHURCH. Could the gentleman use his influence to stop his administration from shipping the present shipments that are going on to Russia?

Mr. COX. If the gentleman seriously thinks I have any influence, I am afraid he is overgenerous. I do want to say that there is nothing more shocking to the American people and to a large part of the membership of this House than that we should be shipping implements of war and other supplies to the country that is waging war against us. I make that statement in complete disregard of the political effect of what I say. I know that it is wrong, I know it is hurtful to America, and I make that declaration regardless of whoever may seek to defend such practices.

Mr. CHURCH. The Members of the House know the gentleman's influence, his strong position as a member of the Rules Committee. The Congress is being asked by the administration for this measure. Cannot the gentleman use his influence to stop this practice to which I referred?

Mr. COX. I am afraid that the gentleman has no influence in that respect.

Mr. Speaker, this is a serious moment. We are taking the first step in an enterprise which if it succeeds then liberty lives, America carries on; if it fails, everything is lost. The whole world will be Russianized. I approach the whole question in a prayerful sort of attitude.

Mr. BUFFETT. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Nebraska.

Mr. BUFFETT. The gentleman from Georgia makes out a very strong case for this new outpouring of American funds. I am wondering if he is prepared to vote for price controls which will prevent a further inflation in this country as a result of this new outpouring of our money?

Mr. COX. I am for anything and I am for everything that is necessary to the salvation of my country.

Mr. BUFFETT. Does the gentleman think that that answers the question?

Mr. COX. It is the best answer that I can give the gentleman.

Mr. BUFFETT. I was not being in any way facetious.

Mr. COX. I know, of course, that the gentleman was not.

Mr. BUFFETT. I felt, through a study of the problem, that inflation is the surest road to communism. Lenin himself declared that the surest way to overturn an existing social order was to debauch the currency. We have been on that road a long time now. We are still on that road.

I wonder how we are going to stop communism at home if we cannot solve our economic problem. This is a part of it.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman has made a very fine and very forceful and very courageous statement. If we are going to fight communism abroad, had we not first better get it out of this country and suppress its activities in our educational institutions, in our Government, motion pictures, radio, and other activities that tend to strengthen that atheistic ideology throughout the country?

Mr. COX. Of course, the honest answer to the gentleman's question is "Yes." It is the people whose thinking has not been too different from that of the group that the gentleman from Mississippi refers to who are responsible in the main for the position in which we find ourselves.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. I meant to go into the question of UNRRA. The proponents of this bill, a short time ago after we gave about 72 percent of the money amounting to billions of dollars to UNRRA, had certain utopian dreams of what was going to happen. We were going to have a perfect world. Will the gentleman tell us what he thinks about UNRRA?

Mr. COX. The gentleman knows as well as I that UNRRA's record has not been perfect. I think I can go further and agree with him that the record of UNRRA has been bad. Let me make this last statement.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I want to congratulate the gentleman from Georgia on the fine statement that he has made. I thoroughly agree with him that Russia is in a position to take western Europe, and the reason that Russia does not take western Europe is on account of our atomic energy. The one thing for us to do today is to help the people of western Europe, who are down and out, to get on their feet before Russia has time to build war machines similar to ours.

Mr. COX. The gentleman is eminently correct.

Mr. BROWN of Georgia. This is a battle in which both parties should fight together. The question of who is responsible for bringing about our present condition is not so pertinent at this time—the question of responsibility might be pertinent next November, but not now. We must pull together to save our country.

Mr. COX. I want to thank the gentleman. I take that view. His statement reflects the feeling that I think everyone should have.

Let me make this statement. If this money is to be used to sustain some of the governments of western Europe, to further pursue policies which have contributed to the distress of western Europe and of the world, then I think it would be a mistake to make the grant. Therefore, I very strongly urge the support of the conditions attached to the grant which are provided in the bill.

This is the first step of a long program. In the setting up of a program for the long plan I think it would be tragic not to provide an entirely new organization responsible to the Congress and the President. We must make certain that we are providing the plume to fledge the shaft that Russia will return to seal our doom.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Speaker, I rise on this matter both in support of the rule and in support of the bill. As the chairman of the Committee on Rules has stated, the rule is a very generous one from the point of view of time, in that it allows a full 12 hours of general debate, during which I hope many of the problems that are disturbing, and quite rightly disturbing, Members of the House with respect to the program it makes in order will be gone into in great detail.

With respect to the bill that will be taken up if this rule is adopted, I think the Committee on Foreign Affairs should be congratulated on having done a very conscientious and very thorough job, fully documented, in bringing out the type of legislation they have produced. Personally, I would wish to see a different type of bill. I say that only because I feel very strongly that if we are going to continue foreign-aid programs on anything like the scale that might be indicated by the world situation, the sooner we can set up a piece of administrative machinery in which we have real confidence, so that the American dollar can be used to the very best advantage, the better it will be not only for ourselves

but for recipient countries. However, as far as this bill is concerned, it is designed to meet what is in effect an emergency situation, an emergency situation brought about by two things: First, a terrifically severe winter last year in northern Europe, followed by a drought such as Europe had not seen in the last 100 years, thereby reducing very materially northern Europe's indigenous food supply. Second, the resources which the nations—particularly Italy, Austria, and France—might have had available to them in prewar times with which to meet this particular catastrophe are not available to them. They have come to the end of their dollar resources.

The purpose of this bill is to make it possible for those nations during an interim period of time to secure enough food to keep their people even at the low-ration level they are now on and to get enough fuel so that they may maintain their industries without mass unemployment and the resultant social dislocations that come from mass unemployment.

The details of this bill will be gone into during the period of general debate, so I do not want to address myself to those now. I do want to address myself to one phase of this relief or reconstruction operation that I think is very generally misunderstood.

There have been questions asked as to the effect of this program upon our own price level in the United States. They are entirely fair questions.

I fully agree with every Member of this House who feels our primary responsibility is to maintain our own economy on a strong and high level. I think there is a very general lack of knowledge as to where this European relief program fits into the over-all picture. Let me cite some figures. In the first quarter of 1947, the second quarter of 1947, and the third quarter of 1947, we exported from the United States at a rate averaging better than \$19,000,000,000 per year. That is the rate at which we exported to all the nations of the world. The area of the 16 nations of Europe which met in Paris last summer received about one-third of that total. In other words, these nations who are running out of dollars with which to buy their raw material and food requirements received less than one-third of the total exports which went out of the United States during that 9 months' period. The rest went to Canada, Australia, New Zealand, Cuba, Mexico, Central America, South America, South Africa, India, and so on.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield to the gentleman.

Mr. AUGUST H. ANDRESEN. Is it not a fact that most of the food which was exported went to the western European countries during that period?

Mr. HERTER. Yes; I am coming to that item in just a moment.

Mr. BELL. Mr. Speaker, will the gentleman yield for a question?

Mr. HERTER. I am very glad to yield to the gentleman.

Mr. BELL. Does the gentleman have any figures on how much of those ex-

ports went to Russia or her satellites during that period?

Mr. HERTER. No; I cannot give the gentleman the exact proportion, but I hope I can give the full break-down on that as well as the commodity break-downs before debate on this bill is over.

Mr. LODGE. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I am glad to yield to the gentleman.

Mr. LODGE. The break-down on these figures is in the hearings on page 124, I believe, if my recollection serves me. Mr. Harriman gave us the figures on the amount sent to Russia and the satellite countries.

Mr. HERTER. Was that the amount for the year 1946 or the first 9 months of 1947?

Mr. LODGE. For 1946 and the first 9 months of 1947.

Mr. HERTER. I know that the figures were given for the amounts, but I am also trying to get them by commodities. The reason I am emphasizing that point is that in many cases we in the Congress have been accused of being responsible for inflation because of the amount of money we have voted for foreign relief. It is not the money for foreign relief, assuming that one bases inflation entirely upon the foreign demand, that is responsible for this. During the war period we spent a great many dollars in a great many areas of the world. Those dollars were spent abroad and could not in turn be used for the purchase of goods, because during the war period we were unable to supply goods. Those dollars are now coming back to the United States and are purchasing goods in this country. It is that accumulation, the war accumulation of dollars, that is responsible for the export phase of our inflationary cycle.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. HALLECK. Before we recessed last summer, the President asked us to extend the authority to limit exports. My recollection is we granted that authority. Is it not true that these exports which have been going to countries outside of the so-called aid or need area might have been controlled and curtailed by the President and his administration if they had seen fit to do so?

Mr. HERTER. The gentleman is quite correct. That is just the point that I was coming to.

We extended export controls last year. That export control power was without any limitation whatsoever. It allowed the President through the Secretary of Commerce to control all exports from the United States by administrative fiat.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I am glad to yield to the gentleman.

Mr. CHURCH. And that authority is unlimited yet, is it not?

Mr. HERTER. That is still unlimited. The power expires in February 1948, but I am hopeful that it will be extended, if not strengthened.

Mr. ROBSION. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. ROBSION. Does that power extend to exports going to Russia?

Mr. HERTER. It applies to all exports from the United States, regardless of the commodity or the quantity or use to which it is to be put. It seems to me that that point must be emphasized, because today we are beginning debate on a bill which takes up only a very small segment of the over-all problem, and a segment of this over-all problem that to my mind is very definitely in our interest to fulfill.

The committee with which I was privileged to be associated this summer had three subcommittees, dealing with three of the countries which are involved in this bill. One on France and the Low Countries, headed by the distinguished gentleman from New Jersey [Mr. WOLVERTON]; another dealing with Italy, Greece, and Trieste, headed by the distinguished gentleman from Ohio [Mr. JENKINS]; and a third which dealt with the Austrian problem, as well as the German problem, headed by the distinguished gentleman from South Dakota [Mr. CASE].

Insofar as the first two of those subcommittees are concerned, they worked day and night when they returned to this country to make an analysis of the problems within those countries, particularly France and Italy, because we knew we would be called upon to report on those two countries in connection with this program.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. HERTER] has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman the balance of the time.

The SPEAKER. The gentleman is recognized for 4 minutes.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. RANKIN. I think I understood the gentleman to speak about this power of the President to curtail shipments abroad. The gentleman's party is in power. If they want to stop that authority they have the power to do so.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. HALLECK. We gave the administration that power at its request, to be executed as an administrative matter. The fact is that the administration did not choose to use it. Hence, I charge, and I think correctly, that much of the high-price situation in this country today is their responsibility, for failure to exercise export controls that they asked for, and the best evidence of that is that in the last few days, since some of us have been talking about it, the Secretary of Commerce now announces the addition of some 36 items on the export-control list.

Mr. HERTER. The gentleman is absolutely correct, that that export-control power could have been used. If the responsibility for this inflationary situation is being placed on the excessive exports from this country, those could at any time have been controlled during the last 8 or 9 months.

But to return to the reports of these committees on the countries principally involved, those subcommittees, unanimously, and the full committees, unanimously, approving their reports, recommended substantially the degree of aid that is provided for in the bill that has been reported out by the Committee on Foreign Affairs. Our committee consisted of a group of Members representing various different committees in the House who made as conscientious a study as any group could make. The Speaker could not have appointed a better committee than he did, to try to ascertain the truth, and to try to relate what appeared to be the minimum needs of certain foreign nations with what the United States could properly apply to those needs without impairing its domestic economy.

It is for that reason, and based upon those reports, that I feel this present bill that has been brought out by the Committee on Foreign Affairs deserves the most serious and sympathetic consideration.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. CHURCH. Does the gentleman intend to offer his bill by way of amendment to take care of machinery?

Mr. HERTER. No. I will say to the gentleman that the form of organization which every member of our committee felt ought to be set up in order to give proper administration to relief, is now in the form of a bill before the Foreign Affairs Committee, and I have been advised that hearings will be held on it just as soon as this matter is disposed of.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman referred something to the recommendations by these two subcommittees. Is it not a fact that the committees stated what the requirements would be, without having in mind a special session of Congress and making recommendations?

Mr. HERTER. That is correct. They were an analysis of the over-all figures. On the other hand, these subcommittees pointed out that there were very definite needs. In addition to that there were some real corrections made in the figures on availability within those countries, which I am glad to see the Foreign Affairs Committee has adopted.

I am hoping that in the debate on this matter we are not going to be led astray by a lot of red herrings. The only question before us is whether we are going to give this particular amount of aid and do it both to relieve hunger and unemployment and in our own self-interest, do it in order that we may be able to create a situation in western Europe and perhaps in China which will be beneficial to us from the point of view of maintaining friends under free governments.

The SPEAKER. The time of the gentleman from Massachusetts has expired, all time has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to and a motion to reconsider was laid on the table.

Mr. EATON. Mr. Speaker, I move that the House resolve itself into the Committee of the whole House on the State of the Union for the consideration of the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4604) providing emergency foreign aid, with Mr. MICHENER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New Jersey [Mr. EATON] is recognized for 6 hours, and the gentleman from New York [Mr. BLOOM] for 6 hours.

The gentleman from New Jersey.

Mr. EATON. Mr. Chairman, I wish to make an announcement—and I hope everyone will pay attention to this—as to the time. On this side we have 6 hours. I have decided—and apparently it has met with the acquiescence of my folks—that we will divide this time—half to the proponents of the bill, of whom I am one, and half to the opponents. I hope now and pray that no one this time will accuse me of trying to keep any of my distinguished colleagues from expressing themselves upon the floor of the House.

We are going to allot this time as Members come here and ask for it—first come, first served; and I am going to ask now my dear friend the gentleman from Michigan [Mr. HOFFMAN]—

Mr. HOFFMAN. Very dear friend.

Mr. EATON. My very dear friend, who was greatly grieved last time over the matter—

Mr. HOFFMAN. And I still am—

Mr. EATON. How much time he wishes.

Mr. HOFFMAN. Three minutes.

Mr. EATON. The gentleman wants 3 minutes. Thank God for the shortness of the period.

I have one further announcement before we proceed with the program. My beloved friend from Minnesota, who is a great expert on food and who has probably consumed his full portion of it in his time, arranged to speak for half an hour under a special order; but since, so the RECORD said, the only person he had to hear him was the gentleman from Michigan [Mr. HOFFMAN] he decided that the gentleman needed no further illumination on the subject and he asked to be transferred to this program. So, after I introduce my distinguished colleague at my right to explain this bill I am then going to put the gentleman from Minnesota on for 15 minutes on the proponents' side and 15 minutes on the opponents' side so that he will have a chance to do what most of us are now

doing on this subject, face north and south.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield to the gentleman from New York.

Mr. BLOOM. Mr. Chairman, I wish to make the same announcement that the gentleman from New Jersey has just made. The time on this side will be divided the same way, one-half to the opponents and the other half to the proponents of the bill. May I say also that the Members who wish to speak on one side or the other should immediately ask for time, so we will know how to arrange it.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. EATON. With pleasure.

Mr. HOFFMAN. The gentleman said he is going to divide the time equally. Then he said he would yield 15 minutes to the gentleman from Minnesota, to be used on one side, then 15 on the other. Is he going to divide it that way or is he going to charge the 30 minutes up to the opponents of the bill?

Mr. EATON. Only in this particular case on account of the extreme anxiety of the gentleman to give us the full benefit of his views on food.

Mr. HOFFMAN. And our great need for it.

Mr. EATON. And our great need for it. Is the gentleman satisfied?

Mr. HOFFMAN. It is difficult to be satisfied with anything the gentleman states. That is due, perhaps, to my own ignorance.

Mr. EATON. I am glad to have penetrated the Stygian gloom of the gentleman's mind on this subject.

Mr. HOFFMAN. I think I know how I am going to vote, but I have found many times the gentleman did not know.

Mr. EATON. I expect the gentleman will vote for the bill and speak against it.

Mr. HOFFMAN. Well, while many are laughing, may I say that there is not a Member of this House who does not know what my position is. It is always quite clear, even though it might be mistaken. The gentleman may do as do some, speak on one side and vote on the other. The gentleman knows very well I will vote against this bill.

Mr. EATON. I am glad to have that matter cleared up.

Mr. Chairman, I now yield 15 minutes to my distinguished colleague from Ohio [Mr. VORYS] who has, like all the members of our committee, given an immense amount of time and work in the preparation of this bill, to explain the bill to the House.

Mr. VORYS. Mr. Chairman, the first point to explain on this bill arises out of this situation: Apparently a substantial majority of the Members of Congress is in favor of doing something on interim aid in the critical situation that faces us, but there are two points of view. One is that whatever we do is all right if this is merely another hunger-and-cold relief emergency bill. The other view is that what we do is all right only if this is part of a long-time policy.

I happen to belong to those who hold this latter view.

This is the third emergency relief bill we have had on the floor of Congress in 1947. To go back to what we heard a year ago, I have had enough of emergency relief legislation.

However, this bill resolves this conflict as between those who want merely a short-time proposition that commits us to nothing and a bill that is a part of a long-time proposition, by two provisions in the bill. It is provided in section 12 of the bill, page 8:

This act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

In short, we are promising nothing to anybody by passing this bill. On the other hand, the bill takes care of those who feel that this should be the first step in a longer program by a provision—section 15 on page 10—as follows:

The personnel, records, and funds provided for the purposes of carrying out this act shall be transferred to the administration of any organization for general foreign aid which Congress may provide.

Thus, the bill provides for merger in any long-term program enacted, although it contains no long-term or short-term commitment to any country.

We thus find that the two views are not inconsistent. In the first place, of course, this does deal with a very serious emergency abroad, an emergency precipitated not only by war devastation, not only by unprecedented weather conditions, freezing last winter, and a terrific drought this year that made crop failures all over western Europe, but an emergency deliberately precipitated by Communist infiltration and action. So there is an emergency.

On the other hand, we realize that any long-term program must consider the situation that we find at the time in these countries and at home, and must not bleed this country white, and therefore any long-term program must be flexible enough to take care of the immediate situation in this country as well as the current situation in other countries.

On page 5 of the hearings Secretary Marshall, in discussing the long-term program, brought out this point:

The program of United States support will achieve its objective only if it is kept responsive to changing situations and varying supply conditions.

So, those who feel that by doing something here Congress is committing itself to a long-term program in which it will tie its hands in advance need have no fear. The Secretary of State does not intend to recommend such a program, and if he does, I predict that no committee of this House would bring such a program to the floor. Any long-term plan must provide for periodical review of our resources, and foreign performance as well as needs. We will never authorize, appropriate, or commit any gigantic long-term sum all at once.

This is not just a relief proposition for starving people; it is not merely a gift.

This bill, in its purpose clause, provides that it is not only to relieve hunger and cold, but also to prevent economic retrogression. There are probably a billion people in the world who are hungrier than the people of France and Italy. I question whether we would be justified solely on the basis of hunger in providing for those two countries at this time.

Let us remember this: We are attempting to keep those countries from economic collapse. This is a balance of payments bill. What do we mean by balance of payments? Suppose a shoemaker has \$20 and he needs \$10 for groceries, \$10 for leather, and \$10 for rent. If we furnish him \$10 for groceries we are making his \$20 available for his other needs. We would arrive at the same result if we paid his rent or if we furnished him his leather to go on with his trade. It is more appealing to us, and it is a great necessity that we furnish food and heat which accounts for about \$484,000,000 out of the amounts in these estimates. But, let us remember that what we are doing is meeting dollar deficits, dollars which are necessary if these countries are not to retrogress.

This is not a direct gift proposition. If this shoemaker I have mentioned were furnished \$10 for leather but told that he must deposit the proceeds of his shoemaking business to the order of the person who furnished him the \$10, he might be very, very thankful but he would not consider that to be an unconditional gift. Not only are the proceeds of the sales of the so-called relief commodities impounded subject to joint account until June 30, and thereafter to the sole control of the American Congress, but there are ten strings tied to the relief, which you will find in section 5 of this bill. They are strings that those who have been abroad and seen the present relief program operate believe to be necessary to make sure that this relief does not go down the rathole, that this balance of payments does not leave these countries in the same condition again, that they start to provide for themselves, and that they distribute our relief properly.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I wish the gentleman would clear up that balance of payments proposition, because it was earlier stated, not here but before the committee, that France owes Belgium \$45,000,000 and owes Brazil \$10,000,000. Is it the idea in the balance of payments that we are to provide in this legislation for the payment of those sums to those countries for France?

Mr. VORYS. We do not. I believe the amounts were \$17,000,000 and \$3,000,000. They add up to \$20,000,000 that France owes other countries. France also has obligations to the International Bank. France intends to meet those obligations out of its other dollar availability. None of the money, none of the supplies under this bill, according to the justifications presented by the State Department, are to go for any such purpose. All of the supplies set up as the needs to be met under this bill are within

the same classification as the relief supplies which we authorized under Public 84, the relief assistance bill, earlier in the year. But we must not kid ourselves that if we furnish relief supplies these other countries, through their balance of payments, will not meet other items they feel necessary, and in that calculation we are going to use our good influence to have them not spend their dollar availabilities on items we consider unnecessary. However, when we are attempting to preserve the integrity of a foreign nation, we should give due weight to whether or not they should refuse to pay their international obligations.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Georgia.

Mr. COX. The gentleman says this is not an outright gift. Did not the gentleman mean to say that it is a gift with conditions attached, that since the entire fund is spent for the benefit of the people to whom the grant is made, not one dime returning to us, it is, in effect, an outright grant?

Mr. VORYS. I think the statement the gentleman made, that it is a gift but with conditions attached, is perhaps as good a description as I gave of it.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from California.

Mr. McDONOUGH. Will the gentleman inform me what constitutional authority the Congress of the United States has to make this appropriation?

Mr. VORYS. We examined into that question, and found that the first time it was raised was in connection with the Japanese earthquake contribution back in 1923, when our Attorney General, belonging to the gentleman's party and mine, passed on it. The question came up first in our committee since I have been here in connection with the so-called Polish relief recommended by ex-President Hoover in 1940, I believe. It was reviewed again twice this year. There is no specific case on the subject, because under the situation, which every lawyer will understand, there is no way in which a case can arise where the precise point can be litigated, but constitutional textbooks and the dicta of judges, like Stone and others, which we had in the memorandum before us, show that when the appropriations are for the general welfare of this country or for its national defense such appropriations are justified. In my judgment, unless every Member of this House feels that this is for the general welfare of his own country and for the defense of his own country, he is not justified in voting for this bill. I feel that this legislation clearly qualifies under those constitutional requirements.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. McDONOUGH. In other words, as I understand it, the gentleman is qualifying the authority of Congress under the Constitution to make this appropriation under the general-welfare clause and the clause for the common defense of the Nation?

Mr. VORYS. That is right. That is my judgment.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. STEVENSON. The leader of the Republican Party in the other body, the Senator from Ohio, made the statement that this bill provides \$145,000,000 to pay for imports going to French North Africa. He also made the statement that \$10,000,000 was provided in this bill to pay a debt of France to Brazil, and \$30,000,000 to pay an old debt of France to Belgium. As I understood the gentleman here this morning, he said that that was not correct. Is the Senator from Ohio in error when he made that statement on the floor in the other body?

Mr. VORYS. As I explained, none of the proceeds of this appropriation will go to pay either of those items. But the paying for relief supplies for these countries, relief being in quotations, because the relief definition is quite broad, the paying for relief supplies does make it possible for the country in question to spend its dollar assets to pay other debts.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JONKMAN. Will the gentleman explain the difference between balance of payments on the one hand and excess of imports over exports on the other hand?

Mr. VORYS. I think they involve the same things. The balance of dollar payments means that if, for instance, the exports of a country and its other invisible assets, such as tourist travel, income from outside investments, and so forth, are insufficient to produce dollars enough to pay for its necessary imports in dollars, then you have a deficit which causes a deficit balance of dollar payments.

Mr. JONKMAN. Then if the excess of imports included a lot of luxuries, that would depreciate the dollar purchasing power for necessities, would it not?

Mr. VORYS. That is perfectly true, and we certainly should not permit that. We should make arrangements so that these countries do not waste away their dollar availabilities by importing luxuries. So far as the evidence showed, they were not doing that. They were down to hardpan.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. EATON. Mr. Chairman, I yield five additional minutes to the gentleman from Ohio.

Mr. VORYS. There are three reasons urged for the consideration of this measure. One is the humanitarian reason, to relieve hunger and cold. I will leave others to dwell on that as, in my judgment, that would be an insufficient reason for taking care of the needs of only three countries, and the partial needs of a fourth country at this time. In addition to the humanitarian reason, there is an economic consideration. If we had conditions of peace and progress, a recovered Europe and a recovered China would be very good customers of ours with whom we could do many, many millions and even

billions of dollars of profitable business. Western Europe is never going to be able to produce enough food for itself. It will not be many years before we will have agricultural surpluses. It would be good business for us to have customers who could take off our hands our agricultural surpluses in return for things that we need. China has needs which we can fill with great profit if we had conditions of peace and progress and those countries were recovering.

That brings me to the third consideration. Why is it we do not have conditions of peace? We have involved in this bill a consideration of security, of national defense. For the first time since the end of the war our committee has brought to you the official Army estimates of the strength of the Soviet armed forces and of the free European forces and the satellite forces and our forces. You will find them on pages 12 and 13 of our report. We also show the disposition of those forces. You will find that the Soviets have 99 divisions aimed toward the West. The satellites have a hundred divisions. As opposed to them, there is one American division, the First Infantry Division, in Germany, and 104 divisions of the 12 free European countries. Those figures lead different people to different conclusions. The unquestioned fact that there is the possibility of immediate military aggression makes one group say, "Well, the inevitable is so inevitable, the conquest by military power of Europe and Asia is so clear that the best thing for us to do is to relax and enjoy it and spend billions on countless billions making ourselves militarily strong, isolated here at home." The other viewpoint is taken by those who realize that our first line of defense constitutes the forces of those 104 free European divisions, and that it is quite important not to permit the economies of those free European countries to deteriorate to the place where they can no longer support their necessary defense forces. I believe that is an element involved in this bill.

While I was hundreds of miles behind the iron curtain this fall and realized this overwhelming Soviet military superiority, it kept occurring to me, "Why don't they move? They have the troops on the ground. They could win the fight locally. Why don't they move in?" In studying that question, it seems to me there are just two answers. The answer is not that they love us so much. The answer is not that they hate war so much. The answer is not that they love the European countries. The answer is, one, the atomic bomb, and two, the fear of the tremendous economic power of this country, once we launch into full-fledged warfare. Therefore, what should be our policy? Our policy should be not to yield another inch by way of appeasement, or another jot of a principle by way of appeasement, but to stand up in the battle of principles and argue those out. Then, our second step should be to do what we can to maintain the economies of our friends of the free, democratic nations, without bleeding ourselves white. We must not fall into the trap that the Soviets have set for us, by bleeding our-

selves white through too many emergency, extravagant, and expensive operations. It is their definite policy first to prevent our aiding those countries, and second, to make any aid we render as expensive and ineffective as possible. I do not believe their policy should control our policy. We must go ahead and render aid we can afford to those who need it and who can be helpful in this world-wide struggle so as to have them ready for all eventualities.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. VORYS] has expired.

Mr. EATON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. VORYS. What are those eventualities? I hope the eventuality is that when the Soviets see that we are not backing down any place, that we intend to use our economic power, our moral power, and our military power to prevent aggression and expansion, that we will then have an era of peace. But if the situation should develop so that under article 51 of the United Nations Agreement there comes an invasion of a free nation by armed force and that nation has the right and the duty to defend itself, and other nations have the right and the duty to aid in its defense, our country and other free countries should be ready to act.

I now yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I was in hopes that the gentleman would have time to explain that incentive-goods section in the bill.

Mr. VORYS. The incentive-goods proviso, which is found in section 3, is a provision under which we can use commodities not in short supply in this country to induce the production in other countries of commodities which are in short supply in this country. Those who have been over there know that the farmers of Europe are hoarding their grain. There is no more way to bring it out by bayonets over there than there is here—it might be a little easier—but what is going to bring it out is incentive goods. When the farmer can buy something for his money, he will quit hoarding his produce or selling it on the black market. If cigarettes, pots and pans, and other things of that kind not in short supply here but absolutely lacking over there were made available over there in appropriate markets, it would help develop not only the production but the distribution of materials and commodities which are so badly needed. It could be so handled as to save the American taxpayer money. Such an agreement is required under section 5 before a country receives any such incentive goods. That, briefly, is a description of the incentive-goods provision.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. BLOOM. Mr. Chairman, I yield 30 minutes to the gentleman from Alabama [Mr. JARMAN].

(Mr. JARMAN asked and was given permission to revise and extend his remarks.)

Mr. JARMAN. Mr. Chairman, I do not intend to dwell on the situation in Europe of which this House and this coun-

try have been well advised and will be further advised in the future. You know the situation is tragic, you know there are many people in Europe today, and that there will be more in January, who are hungry, cold, emaciated, and undernourished. You know that such a condition is a fertile field for communism; that, in fact, it is the very field that Communists desire most and to the continuation of which they are anxious to contribute most. I do want to talk briefly about the cause of those conditions.

It seems to me it is necessary to go back at least to World War I when Europe lost practically a generation. That is particularly true, of course, of England, which had no conscription during the first 2 years of that war, because of which fact the flower of the youth of that land volunteered, and practically all of them were slaughtered in battle during those first 2 years. The same applies similarly to other countries, though not so extremely as to England. I have frequently wondered if the leadership which would have led England out of the slough of despond in which she unfortunately finds herself today has not slept in Flanders field since 1914 and 1915. In the last war, of course, the loss of manpower and leadership causes the losses of the other war to fade into insignificance by comparison. In the case of Germany several million of her men are still prisoners. We saw many of them, and they are very fortunate, those who are prisoners of the countries we visited. They are the best-fed Germans I saw. I do not know about those who are in Russia; I am not at all sure that they are nearly so fortunate.

Then there is the destruction wrought by that war, not only of cities, towns, and buildings, but of fields, many of which were literally churned with shells. These shells are still buried in many of the fields causing their cultivation to still be impossible. Then there is the scarcity of animals, practically all of which were eaten, driven away, or confiscated during the war. There is a similar scarcity of farm tools, seed, and fertilizer.

In addition to that the crop, which would otherwise have been made even under those handicaps, was cut 25 to 50 percent due to the terrible weather of last winter and the drought which followed, which was the worst one suffered by Europe in more than a hundred years. Even in the case of that which is produced great difficulty is involved in getting it to the cities. As the gentleman who preceded me indicated, the farm people are not suffering so much. Not only it is difficult for them to transport their goods to the markets in the cities but it is only natural for them to hoard that food when they have no respect for the currency they would get if they sold their products; when every single one of them lives in constant fear that communism will sweep over the country and that whatever money he might have will either be confiscated, devalued, or otherwise made worthless. Then there is the waste of the black market and the unfortunate fact that Russia has the bread baskets of Europe. I do not know how that happened, but it is an unfortunate fact that

Russia occupies the bread baskets of Germany and Austria, and, of course, a large part of the Balkans, which with Poland also dominated by Russia, constitutes the real bread basket of Europe, is behind the "iron curtain."

Many of you ask: Are they trying to help themselves and why should we assist them if they are not? I gained the very definite impression, while visiting 22 countries this summer, during which visit I could only gain a bird's-eye view because of the limited time in each country, that while there are naturally exceptions, by and large the people of Europe, not only the leadership of the countries but the individuals, are trying diligently to help themselves. Now they are not accomplishing nearly what they could but for the handicaps to which I have referred and the numerous others to which reference could be made. As I say, I believe they are doing very well under the circumstances.

Furthermore, as I understand it, the first requirement of the Marshall plan, toward which I consider this the first step, is that they help themselves, that each country, before it comes to us for assistance, will do whatever it can not only within its own borders but for its neighbors.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from North Carolina.

Mr. BONNER. I think everyone in America is interested in getting food and clothing to people who are in distress. I have listened to previous speakers and I have been attentive to the gentleman's address. Is someone going to tell the Members of Congress who have not had the opportunity of listening to the hearings before the Foreign Affairs Committee just the manner in which food and clothing are going to get to individual people; or is this program going to be turned over to someone in the various countries of Europe, eventually to go into the black market, as so much of the other goods that we have sent to Europe channeled through those markets?

Now, is there a program laid down to actually get this food to the people who the gentleman says are suffering? Do we have that program? I would like to have the gentleman discuss that, if he will.

Mr. JARMAN. I will not do so in detail because of my knowledge that another member of the committee will. But I will briefly reply to the gentleman by saying that the goods must necessarily be turned over to the countries concerned. It is absolutely impossible for one country to go into another country and effect such a distribution without depending considerably on the local government.

Mr. BONNER. For instance, in China it will go to a certain class of people, and the distressed Chinese will never receive it.

Mr. JARMAN. It will go to the government of the country concerned. But do not overlook the fact that rather strenuous restrictions have been placed in this bill as to observation and inspection by our people. We have, we think, been careful to take care of that situa-

tion in this bill, although we cannot take over absolute distribution in other countries.

Mr. BONNER. All the speeches on this subject that I have heard so far are just along the same line. Now, the people in this country, as I said, are greatly interested in this material, that these goods are to reach into the people who are in destitute circumstances. I want it to reach them. I want to support the measure, but I do not want to let this go over there again and get into the hands of certain people who use these goods for their own benefit and will never reach the people that we preach back home to help.

Mr. JARMAN. We all share the gentleman's desire.

Mr. BONNER. I think there should be an explanation of that situation in this House.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Ohio.

Mr. VORYS. Answering the gentleman's question, the language on page 5 of the bill, section (e) requires any country, before it receives anything, to make the following agreement:

To make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this act.

Mr. BONNER. Who is going to distribute it? The gentleman certainly did not discuss this phase. Are you going to set up some program turning it over to the Salvation Army, that will get right down to the people, or are you just going to turn this over to a country to do whatever it chooses with it? This ought to be developed.

Mr. VORYS. It will be seen from a reading of the bill that the administration of this measure is to be under the Relief Administration which has acted fairly successfully since the bill passed last May 31. The head of it is Dick Allen, former executive, with the American Red Cross, and he is doing a very good job of making these agreements with each country and enforcing the provisions. A similar provision is in the present law.

Mr. JARMAN. Of course, I wish to express thorough agreement with the gentleman. It is mighty easy, gentlemen, to criticize and say that goods are going down a rat hole, and that we ought to go over there and undertake finite details of the distribution, but I want to agree fully with the gentleman from Ohio in the opinion that this present relief program is being well carried out, and I disagree that it should be disrupted now and a change made for this comparatively small item, particularly when we have the Marshall plan coming on later, and particularly also when time is of the essence. Our country now has an efficient organization supervising this distribution in all of the countries concerned. It would in my opinion be ridiculous to ditch it and ask the Salvation Army to set up a new organization by January 1.

Mr. BONNER. Let me make myself thoroughly clear. I am not questioning and I am not doubting the gentleman's

good intentions, but so far no speaker has told us just what the program will be about this, and from the experience of the past we do not want to follow in that footsteps.

Mr. JARMAN. I thought the gentleman from Ohio told the gentleman, but I will repeat that the program will be carried out under Mr. Allen, who has charge of our present relief program and who is evidently doing an excellent job.

Mr. ALLEN of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Louisiana.

Mr. ALLEN of Louisiana. On the same thought that the gentleman from North Carolina brought out, this bill provides for the sale by these local recipient governments to the people. Now, what are you going to do about the man over there who does not have any money with which to buy? What are you going to do about that?

Mr. JARMAN. He is going to get it without money.

Mr. ALLEN of Louisiana. Does it say so?

Mr. JARMAN. I think the act says so.

Mr. ALLEN of Louisiana. All right; but why do you not spell it out?

Mr. JARMAN. If the gentleman will read the bill carefully I think he will find it in the minutest detail. We could not spell out everything in this bill that every Tom, Dick, and Harry wanted. We spent nearly 2 weeks attempting to satisfy as many as possible and indulged in a great deal of entirely unnecessary tweedle and tweedle. If we continued to work on it and spell out everything every Member of this House wants everybody in Europe who needs relief would be dead before anything could get there to help them.

Mr. ALLEN of Louisiana. Does not the gentleman believe you ought to spell it out, so that the hungry men can get it?

Mr. STEVENSON. That is right, spell it out so the hungry people can get it.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Illinois.

Mr. CHURCH. Referring to page 5, subsection (e), to which the gentleman from Ohio referred, to make available these materials to the people at reasonable prices, how does the gentleman justify his statement just now that the poor, who do not have the money, will get them free?

Mr. JARMAN. There are many people in these countries who have ample currency of their land but no dollars. There is no reason in the world that I can conceive of why a millionaire in Italy or France or Austria should get these goods free. They will pay for them in the currency of their countries, since they have no dollars to pay for them, but the man who is indigent will not pay. The gentleman will note that the proceeds will be placed in a special fund, much of which will undoubtedly be used for further relief to the indigent.

Mr. PHILLIPS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Tennessee.

Mr. PHILLIPS of Tennessee. For the benefit of some Members who have not had the opportunity of serving on the committee that considered this legislation, do you have any communication of any kind from any foreign countries making a request for any kind of relief? Where is that cablegram? What official body in any foreign country has requested this aid? Is it not a fact that we are forcing this aid upon those countries?

Mr. JARMAN. Has the gentleman ever heard of the Paris Conference, the deliberations of which were carried in the press and the radio very generally a few months ago?

Mr. PHILLIPS of Tennessee. I have heard of numerous conferences, but I have not seen any evidence or any records or any official communications to this Congress from any foreign country.

Mr. JARMAN. I have on my desk a report by the 16 nations who participated in the Paris Conference, in which they request what they think they need. If the gentleman would like to see it, I should be glad for him to peruse it.

Mr. PHILLIPS of Tennessee. Yes; I should like to see it.

Mr. JARMAN. Do the people of the United States have any duty to help relieve the situation? I am very strongly of the opinion that we do have that duty, from a strictly humanitarian standpoint. The people of the United States have never yet failed to answer the call of suffering, starving humanity when they could, and never will. The people of the United States do not wish this Congress to fail to answer that call today.

However, that is by no means all. There was a time when we were a debtor Nation. I believe we became a creditor Nation during the other World War. There was a time when but for our resources we might have been in the same situation with which those countries are confronted now, without any suitable or hard international currency. We have proceeded from that to the position of the leading and most powerful Nation of the world. That position of power and leadership places a responsibility on our shoulders when vast areas of the world are about to go under, as is the case now. It prevents us turning a deaf ear to such a near catastrophe, so dangerous to world peace.

But is that all? No, Mr. Chairman, I think we owe a duty to ourselves, to our country, and particularly to the 5-year-old boys who play around the firesides in the homes of this country, and to their unborn children, to prevent, if we can, the domination of the world by communism, and the probable slaughter of those 5-year-old boys on the battlefields of world war III and IV. Talk about high taxes, ours are low compared with what future generations will have to pay if this effort fails and the remainder of the world becomes a police state under the domination of Russia. Think for a moment of the cost of fortifying this continent and raising and maintaining throughout the future a standing army such as no American has ever thought of in peacetime. Yes, some Members of this body—I do not think he is a member of our committee—very appropriately said upon his return from Europe, "The ques-

tion is, What would it cost not to save Europe?"

And even with this tremendous expense, who can be sure that we would be saved when we know that Russia will in time possess the atom bomb or worse. Fortify our shore lines and our strategic points as we might, such fortifications would not prevent the destruction of New York, Washington, Chicago, and San Francisco by some future weapon, perhaps far more terrible than the atomic bomb.

There was a time when our foreign policy was something that the average citizen could well afford to pay little attention to. He could then leave it to the President, the State Department, the Foreign Relations Committee of the other body, and the Foreign Affairs Committee of this House, but that time has gone forever. Now our foreign policy has entered and sits around the fireside of every home in this Nation. It plays, as it were, with those 5-year-old boys to whom I had referred and with the destiny of their unborn children.

Yes, Mr. Chairman, the greatest duty, perhaps, is to ourselves and especially to our children and theirs.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. The gentleman has been through all these hearings and he is familiar with what is in the bill. I would like to know for my own information and for the information of the Members of the House, if there is anything in the bill which would protect the American people from having scarce commodities such as fertilizer, gas, and oil, and so forth, sent overseas under this program at a time when scarcities exist in the United States.

I wish to comment, however, on the gentleman's reference to the scarcity of fertilizer. While it is unfortunate that our farmers are unable to secure as much fertilizer as they wish, and I sincerely regret it, investigation will reveal to the gentleman that practically none of the shortage results from the shipment of fertilizer to Europe. He will find on the other hand that practically all of such fertilizer is being manufactured by war plants, which would not be in operation except for this emergency. The cost of manufacturing nitrates is so great that commercial firms would not operate them and they would have long since been closed and perhaps dismantled but for this demand for fertilizer. The use of nitrate recently increased in the State of Illinois 1,000 percent.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from New York.

Mr. COUDERT. The gentleman spoke a few moments ago about starvation and suffering. Does the gentleman take issue with the chairman of the Committee on Foreign Affairs? Does he take issue with his distinguished colleague from Georgia and with his colleague from Minnesota, all of whom characterized this as primarily a war measure in the cold war with Russia?

Mr. JARMAN. The gentleman now in the well of the House is taking issue with no one. He has already stated that there are three particular reasons why he considers this necessary. First, the humanitarian reason; second, the position of leadership that we occupy in the world, and third, our duty to ourselves and especially to our children. I am challenging no one when I make that statement.

Mr. COUDERT. Does the gentleman state that this is an act or a measure in pursuance of the American policy of stopping Russian aggression everywhere?

Mr. JARMAN. Indeed it is. This might be termed a defense measure. I do not know whether it could be properly called, and I would not call it, a war measure. On the contrary I prefer to think of it as a peace measure.

Mr. COUDERT. Does the gentleman agree with the gentleman from Georgia and the distinguished chairman of the committee?

Mr. JARMAN. The gentleman from Georgia spoke at length and I did not hear all of his speech, nor was it my privilege to hear that of our able and distinguished chairman.

Mr. COUDERT. Does the gentleman agree that Russia could seize western Europe in 24 hours?

Mr. JARMAN. No, I do not agree with that. I do think they could do so in 2 weeks.

Mr. COUDERT. Does the gentleman take the position that the enactment of this measure and the carrying out of its terms will prevent the seizure of western Europe by Communist parties now promoting civil war in France and Italy, and if not, is the gentleman prepared to carry the American policy to its logical conclusion and to intervene in France and Italy by force, if necessary, to prevent the seizure of their governments by local Communists' organizations now fomenting civil war?

Mr. JARMAN. I take the position that the passing of this legislation while, of course, it would not become effective in 2 weeks, the very fact that it is recommended and the very fact that we are considering it has had a psychological effect which has been very potent and will continue to be most effective. Not only that, but the Greek-Turkish bill, which was passed last spring, has had that effect. Russia has not progressed in Europe since its passage. I do not know how the gentleman voted on that.

Mr. COUDERT. I voted for it.

Mr. JARMAN. The gentleman may feel justly proud of having cast a vote that was most effective in stopping the spread of communism.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield.

Mr. MILLER of Connecticut. I expect to vote for this bill and later for the Marshall plan. I assume that we are going into this program with the hope that these countries eventually are going to be rehabilitated. The thought occurs to me why we should not look to those countries, perhaps 50 or 75 years from now, especially for the benefit of the

5-year-old youngster of whom you spoke, for repayment. Why should not those countries some day in the distant future, if and when they are rehabilitated, repay us? Why should not some of the countries now give us commodities of which they have surpluses? I have in mind rubber and tin and so forth that we need and of which they now have surpluses. Why could not an exchange be worked out, not under this bill, if not now, in the near future?

Mr. JARMAN. While it is not spelled out in this bill, I am of the impression that there is contemplated a sort of reverse lend-lease to take care of such items as the tin to which the gentleman refers which will contribute somewhat toward the end that he has in mind.

Mr. MILLER of Connecticut. The gentleman anticipates there will be some thought given to that in the so-called Marshall plan?

Mr. JARMAN. Yes; definitely.

Now, if I may, I must conclude. Some of you visited behind the iron curtain this summer. I wish every Member of this House could have done so, because of the fact that it is absolutely impossible to describe the stifling pressure, the strangulation that one feels when he realizes that every action of his is being observed, and that every conversation is being listened to, if possible; that he cannot afford to leave a secret document in his hotel room, even locked in a suitcase; that there is absolutely no freedom of speech, press, religion, or any other freedom in a police state. I say to you it is absolutely impossible to realize that condition and that feeling unless one has experienced it. Very soon we were able to detect the agents who were observing us; young men 30 or 35 years old; bare-headed; generally with their hands in their pockets, casually strolling about in front of the hotel or at the airport where we were congregated, ostensibly paying no attention to us, but by observing them closely we could see the furtive glances at us every minute or two. We were told that in Rumania our visit was preceded by the arrival of 30 of Russia's best agents, sent there, not so much for the purpose of observing us, but for observing those to whom we talked, and doubtless returning to them after our departure to put pressure on them, give them the third degree, if necessary, to ascertain what was discussed. I certainly hope, my colleagues, that pressure is all that those patriots had exerted on them. Yes, I hope that imprisonment is all; because, as you know, life is very cheap behind the iron curtain.

We heard in several places, before we reached Berlin, of the disappearance of 16 girl students of the University of Berlin the day before their graduation. They constituted either a class or a sorority. They were anti-Russian. I thought it was just a story they were telling on the Russians, but we inquired of the chief of our information service in Berlin and he said it was not a story; that those girls did disappear, and no one knows yet where they are.

In Warsaw we visited the Deputy Prime Minister, in the absence of the Minister. When we entered we saw two

stenographers seated by him. That is, we assumed they were stenographers, although they were a little old for stenographers. One of them was baldheaded. They took notes diligently, as the gentleman is taking notes here, of everything that was said. But finally one of them interrupted the interpreter, correcting his interpretation. I saw when our chairman asked the Deputy Minister a question, before he would answer, one of the stenographers would speak to him in Polish and then he would answer. Henceforth, one of those stenographers would speak to the Minister before he answered practically every question.

As that happened, my respect for the Minister increased, and I began to wonder whether he was a Russian agent or a Polish stooge as we thought he was.

From there we went to a luncheon with which our Ambassador favored us, and to which he invited several ranking Polish officials. We were seated by seniority, as is the custom on such occasions. I have been around here sufficiently long to acquire a certain amount of seniority and was the senior Member of the House present, although I was not senior on that occasion because I was not a Republican; but I mean in point of service.

Speaking of Warsaw, in my opinion that unfortunate city is the saddest, most tragic place in the world today. It is, I believe, first the most thoroughly destroyed large city. I have not seen Hiroshima or Nagasaki, the atomic-bomb targets, but I do not believe they can possibly be more completely destroyed than Warsaw, where one witnesses mile after mile of absolute ruin. Even worse than the destruction there is the way that it occurred. Comparatively little of it resulted from the conquest of Poland early in the war. You will recall that she only lasted 21 days and such destruction would have been impossible had German guns and bombs been trained on her throughout this entire period. While some of it occurred then, the great majority was deliberately and entirely unnecessarily perpetrated by the Germans when they realized the necessity of their withdrawal. They then destroyed what remained of that beautiful city, not block by block, but building by building, by dynamiting it. Nor is this by any means all of the tragedy. Perhaps even still worse is the treachery of one of Poland's allies.

You recall how valiantly the underground conducted itself throughout the war under that magnificent patriot, General Bors. You recall the Russians having cautioned him as they proceeded on their victorious march through Poland not to rise too soon but to await the appropriate time, indicating to him, if not assuring him, that they would then join him, save Warsaw and drive the Germans away. General Bors did wait until the receipt of the Russian signal, which he received by radio loudspeaker and dropped pamphlets. Yes; he and his brave followers rose valiantly, but did his Russian allies carry out their agreement? No; they did not. Instead they despicably sat in sight just across the Vistula and witnessed the destruc-

tion of that beautiful old city and the slaughter of much of the best citizenship of Poland.

When I expressed my opinion of them to the counselor of our Embassy, who was conducting me through the ruins, he ironically replied: "They simply saved themselves the trouble." Think of it, my colleagues, those treacherous Russians, who had promised to save those Poles, simply saved themselves the trouble of slaughtering them by permitting the Germans to do so. You see, the extermination of the majority of that type of Pole was necessary to such Russian domination of that unfortunate country as exists today.

That, my colleagues, is the way the Russian Army treats its allies, and such treatment is one of the things we hope to avoid by the passage of this legislation.

In conclusion, Mr. Chairman, I very much hope this bill will become law early next week, without any sizable vote against it. There are those who do not agree, of course, that such should occur and they have a perfect right to their opinion. I do not believe, however, that many who have visited behind the Iron Curtain so feel. Furthermore, I hope and strongly believe that those who do so feel do not represent the sentiment of any great proportion of our people, the tremendous majority of whom I believe agree with the opinion I have expressed of the duty which is ours.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. EATON. Mr. Chairman, I yield 15 minutes on the opponents' side and 15 minutes on the proponents' side to the distinguished gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

(Mr. AUGUST H. ANDRESEN asked and was given permission to revise and extend his remarks.)

Mr. STEVENSON. Mr. Chairman, I make a point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and fourteen Members are present, a quorum.

The gentleman from Minnesota is recognized for 30 minutes.

[Mr. AUGUST H. ANDRESEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The Chair recognizes the gentlewoman from California [Mrs. DOUGLAS], a member of the Committee on Foreign Affairs.

Mrs. DOUGLAS. Mr. Chairman, we have no pending requests for time on this side of the aisle.

The CHAIRMAN. Does the Chair understand the gentlewoman from California, in charge of the bill on the minority side, to say that there is no further demand for time in general debate on that side?

Mrs. DOUGLAS. At this time.

The CHAIRMAN. That is different. The Chair recognizes the gentleman from New Jersey [Mr. EATON], chairman of the Foreign Affairs Committee. Is anyone seeking time in general debate?

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. EATON. Mr. Chairman, will the gentleman yield for an inquiry?

Mr. LEMKE. I yield to the gentleman from New Jersey.

Mr. EATON. Mr. Chairman, I direct this inquiry to the leadership on the other side. Have they no more requests for time in general debate?

Mr. RAYBURN. Mr. Chairman, the situation is all right, as far as I am concerned. Some people say they have no more requests for time today. Of course, if we are going to use an hour today and an hour every day, and we have 12 hours general debate, it will take 12 days to get through general debate. Whether anyone wants time, I do not know.

The CHAIRMAN. The Chair may say for the information of the gentleman that under the rule not to exceed 12 hours is provided for general debate. Under the precedents of the House, if there is no demand for time in general debate, the Chair is directed to order that the bill be read for amendment. I think the distinguished gentleman from Texas, the former Speaker, understands that.

Mr. RAYBURN. That is what I would interpret the duty of the Chair to be.

Mr. LEMKE. Mr. Chairman, may I have 10 additional minutes then?

The CHAIRMAN. The Chair may advise the gentleman from North Dakota that this is all coming out of his time.

Mr. LEMKE. Mr. Chairman, I decline to yield further.

Mr. Chairman, we have a grave decision to make—a decision whether we are going to continue the America we know or substitute an America we know little about—the America of the internationalists and the one worlders. The question is, Shall we blindly follow the executive department and give America away? Shall we denude it of the raw materials that belong to unborn generations?

We have already depleted our natural resources from 11 percent to less than 9 percent of the world's supply. I submit we have no moral, legal, or constitutional right to do so. But there is no way to get a fair test of the constitutionality. This because the Chief Justice of our Supreme Court is one of the denuders. As Secretary of the Treasury, he helped prepare the agreement under which we made a loan to Great Britain of \$4,400,000,000 and then, with \$650,000,000 of our own money, canceled the \$34,000,000,000 that she owed us.

This Nation, born amidst the sufferings of Valley Forge, is not ours to betray or destroy. It belongs to unborn millions as much as it belongs to us. It is the property of future, as well as of living Americans. The step that we are asked now to take is a betrayal. It leads to inevitable depletion and destruction. Lincoln was right when he said that this Nation would never be destroyed unless we ourselves were its destroyers.

We are here asked to accept, without question, the false propaganda of international profiteers and multimillionaires that infest various departments of our Government. The trouble with this

Government, since the days of President Harding, has been that the President has had too many multimillionaires in his Cabinet. We have gone from the Mellons to the Sumner Welleses, the silver-topped Stettiniuses, the Lovetts, the Claytons, the Grews, the Harrimans, and scores of other international bankers and international businessmen—all products of or alined with Wall Street.

Behind this bill, if the truth were known, are the international bankers and manufacturers. These are ably assisted by their friends, and parties in interest in the various departments of our Government. These are interested in advancing their financial gains, by selling products that rightfully belong to Americans, to foreign nations. They are interested in having these nations pay for these goods with our American dollars. This at the taxpayers' expense. They, in their greed, would denude this Nation of all its raw materials to further enrich themselves.

May I warn you that if this policy is continued, we will soon be a depleted fifth- or sixth-rate nation. There will no longer be an American standard of living. We will then have brought our people down to the lowest standard of foreign nations. We will then be mingling our poverty with the poverty of other nations. Then, in case of war—and we are now in an undeclared World War III—our lot will be a sad one.

If to prefer Americans to foreigners is isolation then we are isolationists. If desiring the abolishment of our own slums, rather than go slumming in foreign nations at the expense of our taxpayers is isolation, then we are isolationists. If to refuse to prefer other flags to the Stars and Stripes—if to refuse to denude and exhaust our natural resources that belong to future generations—if to prefer our Nation to other nations is isolation, then we are isolationists. It was not so very long ago that to say you were an American was almost equivalent to saying you were a criminal.

Only an ignoramus would say that we were ever an isolated nation. We have always mingled with all the people of the globe. Often we nosed into places where we had no business. As a nation, we will continue to mingle with the rest of the world—not in a "holier than thou" attitude, but with a feeling that comingling and friendship among the nations of the world is our destiny. However, that does not mean that we will follow the international lunacy of denuding and destroying ourselves.

We are willing to help feed the hungry, out of our surpluses, not out of our necessities. We will do our full share in helping rebuild the world that we helped destroy—again out of our surpluses, but not out of our necessities. Charity begins at home. Before we build homes for foreigners let us build them for our veterans that won World Wars I and II.

The same tactics are being used to put this legislation over that were used in putting over lend-lease, UNRRA, Bretton Woods, Dumbarton Oaks, and the reciprocal trade agreements. In each case the truth was not given to the

people, but in place false propaganda was spread throughout the Nation. This because Wall Street and the one worlders control over 90 percent of all the avenues of publicity. They control the radio, the metropolitan press, and the theaters.

First, we were told that lend-lease would save our boys—"give us the tools and we will do the fighting"—but our boys did the fighting and the dying, and our taxpayers paid, and will continue to pay the bill, which will ultimately amount to \$623,000,000,000.

Then came UNRRA. We were told that if we passed this legislation the white dove of peace would perch over the world forever and ever. With tears in their eyes and with trembling voices the proponents of that legislation told us that if we did not pass it Russia would withdraw from the conflict. What a blessing it would have been to future generations if she had. Then we would not be in the mess that we are in now.

Again we were told that Bretton Woods would bring about permanent peace and love among the so-called 52 peace-loving nations—peace-loving aggressors. The truth was that Bretton Woods was a scheme by Lord Keynes of Great Britain, and sold to the gullible Morgenthau—"morning dew." By this scheme the American taxpayers have been fleeced out of billions and will be fleeced out of billions more.

Then came Dumbarton Oaks. That word should be divided into two words, "Dumb Barton." Again the "one worlders" and the internationalists took over Morgenthau, and the UN was hatched. Again this institution was to bring about permanent peace. It was to stop aggression. Yet from the very beginning, after it was baptized, at San Francisco and given a nice name, it condoned liquidation, murder, and theft, by some of the so-called peace-loving aggressor nations, of other nations' people and property.

Since then, the UN has degenerated into a name-calling institution. Like a bunch of rowdy boys, the delegates stick their tongues out at each other and call names. Worse still, the institution that was founded to stop aggression has become an aggressor. Again the UN was created at the expense of the American taxpayers. The delegates were largely wined, dined, and housed at the expense of our taxpayers. It has since been largely financed by Uncle Sam's taxpayers.

Not satisfied with that; these same internationalists and "one worlders" came forward with another request. They asked that the reciprocal trade agreements be not only extended but that the President be given the power to cut the tariff an additional 50 percent. In other words, giving the international horse traders in the State Department an opportunity to sell America still further short. Thus, the farmers' markets have and will again be sold, by the international bankers and manufacturers, to foreign horse traders.

Let us keep the record straight. To date, outside of our own war efforts and expenditures, we have given to foreign nations, in round figures, over \$66,000,000,000. In addition, we gave them over

\$5,150,000,000 worth of surplus property for less than \$1,000,000,000—for \$950,000,000. This international lunacy has made a sucker of us. I do not blame the foreign nations for sponging on us. I blame our own stupidity.

With one hand we arm the Greeks, Turks, and other nations to stop communism, and with the other hand we arm Russia and its satellites. Through UNRRA and through loans and other sources we furnish her with war material. The thing does not make sense. America, wake up! There are things going on here in Washington that are not for the best health of our form of government—a Government of, for, and by the people.

I know that there were 200 Members of Congress investigating the slums and the poverty of other nations, but they could have spent their time more profitably by going slumming in our own slums. They could have spent their time more profitably by visiting the Navajo Indians, where out of 149 deaths the records show that 73 die of starvation and another 49 because of malnutrition.

I repeat the time has come to take care of our own people first, and then, out of our surpluses, and not out of our necessities, take care of others. I repeat that our present indebtedness, with future obligations, already amounts to over \$623,000,000,000. This is twice the normal value of all our property. It is more than five times as much as all the rest of the world owes. Time to think—had enough?

I am aware of the President's message—a message full of holes large enough to throw a cat through without touching the hole. Let us have the facts. Let us stop playing politics. The situation is too serious. America's future is at stake. Among the Congressmen who visited in Europe there are some who believe that you can bribe nations into opposing communism. In fact, some have become so foreign-minded that they talk more like representatives of foreign governments than as Members of Congress.

Others give you the low-down on the European situation. They agree that this foreign romancing, at the taxpayers' expense, should be stopped. They tell us that there are some worthless DP groups. These eat American short ribs of beef and other American luxuries to the extent that they have grown fat and lazy. They tell us that there are also some worthy DP groups. These cut the wood and render services for the favorite groups. This under the auspices of the American occupation army. There are also foreign official crooks, grafters, and black marketeers.

They tell us that due to misgovernment—due to the Tehran, Yalta, and Potsdam blunders—there are millions of indolent. These hate us, but live on American charity—or should we say American stupidity. There are also hungry children—hungry because of indolent parents. A sensible solution to this problem would be to have the Red Cross and the Salvation Army take over. They are best equipped for the job. No political grafters or black marketeers or in-

competents are needed. The indolent parents should be told to go to work or suffer the consequences.

The Marshall plan will produce only hatred and war. It is as stupid as it is dangerous. If adopted, it will create an additional indebtedness of \$20,000,000,000 to \$30,000,000,000. If adopted, we will have created an international WPA that will be hard to abolish.

Under the existing rate of taxes, it will take 86 years to pay our present indebtedness. This \$20,000,000,000 will have to be borrowed, and payment postponed for 86 years. With simple interest at 2½ percent, it will, at that time, amount to \$86,000,000,000. With compound interest, it will be \$160,000,000,000.

The time has come that we talk plainly and call a halt to the further looting of America under the Marshall or any other plan. Anyway, why accept a plan by a general who does not yet know where he was on December 7, 1941? If he did not know then where he was, does he know now where he is?

There is only one way to bring down the high cost of living, and that is to stop squandering and giving to foreign nations the products and food that rightfully belong to Americans. As long as the administration takes, directly or indirectly, on an average, 57 cents out of every dollar earned, the cost of living will remain high.

There are already 73 hidden taxes on a single hot-dog sandwich, 126 on shoes, 154 on a bar of soap, 148 on a pair of overalls, 125 on a cotton dress, 172 on a bottle of milk of magnesia, 378 on other medicines, 205 on gasoline, 195 on farm dresses, and last, but not least, 52 on a loaf of bread. We have had enough of taxes.

As long as the administration takes the taxpayers' dollars, and gives them to foreign nations to compete with the consumer in the domestic markets, prices will be high. As long as the administration takes the taxpayers' dollars, and in addition to the foreigners, becomes a competitor with the consumer, there will be high cost of living. Stripped of all political chicanery the high cost of living is caused by our ignorant foreign policy.

The Republicans were elected to put an end to these foreign ideologies. Unfortunately, some of them have ignored that mandate. A few of them have been with the New Dealers so long that they, too, got the international disease—the disease of pauperizing America by giving away that which belongs to unborn millions. During the adjournment, we had a dozen congressional committees snooping around in foreign countries, creating international hatred.

The time has come that these Members look after Americans and not foreigners. These committees should have called on the starving Navajo Indians in place of squandering American dollars in Europe, and elsewhere. They should have looked after the welfare of the white-collared workers at home.

Now one of these committees insists that we form a corporation to give America away. I hope that my Republican friends have more intelligence than that. They were elected to abolish and reduce

Federal agencies, not to create new bureaus loaded with bureaucrats. We are told that these new bureaucrats will be under the control of Congress. Well, if some Republicans wish to make a bureau out of Congress, then I am sure the electorate will wash their hands of the whole gang, in the next election. Congress is supposed to be a lawmaking body. It is supposed to write the laws for Americans, and not for foreigners.

I shall oppose creating any new bureau, especially an international WPA. That sounds too much like the days of F. D. R. The Republicans must not permit themselves to be misled by this international lunacy. They must wash their hands of the New Deal foreign ideologies.

I repeat, our Uncle Sam has gone delinquent. He is in his second childhood. He has deserted beautiful Miss Columbia and her 140,000,000 sons and daughters. He has become an international philanderer. He is chasing Red, pink, green, and off-colored skirts all over the world. He is squandering the wealth that Miss Columbia and her 140,000,000 sons and daughters have created.

The time has come that we appoint a guardian to protect him from his folly, and prevent him from squandering the substance of our Nation—from giving away to gold diggers that which belongs to Miss Columbia and her sons and daughters—that which belongs to unborn generations.

I know of no better guardian than a candidate for President in 1948, who believes in America first, last, and all the time, with justice to all nations, whether they be the so-called 52 peace-loving nations, or our vanquished foes. One who believes in the Stars and Stripes rather than in a mongrel flag. A candidate who knows enough to know that the one-worlders have been deflated.

I am sorry that such a candidate—such a guardian—is not yet in sight. However, on the distant horizon—in the Land of the Rising Sun—we glimpse a real statesman—General MacArthur. May he become the Moses that will lead us out of the wilderness—the foreign entanglements. Eighty percent of the American people are getting sick and tired of our Uncle Sam's behavior, and demand such a candidate—such a statesman. They know that our Uncle is the easy prey of the global gold diggers—that he is denuding our Nation. They know that he is leading us into another undeclared war.

The Republican Party was kept out of the White House for 16 years because it had no positive program—because its candidates were me-too followers of the one-worlders—globetrotters. The Democrats met a disastrous rebuke November 5, 1946, because they, too, blindly followed blind leaders.

The time has come for both parties to again adopt the policy of our forefathers and avoid globetrotting and foreign entanglements. The time has come for my Democratic friends to adopt the doctrines of Thomas Jefferson. The time has come for my Republican friends to adopt the doctrines of Abraham Lincoln. When that day comes, it will be

a glorious day for the United States of America.

Our visibility is low—the international weather is disagreeable. Our Uncle Sam's vision is very poor. Our Presidents and leaders were outgeneraled at Tehran, Yalta, and Potsdam. In place of looking for more entanglements, the time has come for Congress to repudiate Yalta, Tehran, Potsdam, and all the other commitments that are not in keeping with decency and honesty among the nations.

In his armament race, in his power politics, the President is following the unfortunate footsteps of the former President. He is entering an undeclared war. All this could have been avoided, if at Potsdam, he had repudiated Yalta and taken a firm stand by telling Stalin to

get back into his own country where he belongs and stay there.

THE MARSHALL PLAN IN A NUTSHELL

Most of the requirements of the 16 countries participating in the Paris Conference, from which was evolved the so-called Marshall plan, have been submitted by representatives of such countries.

An analysis of the reported requirements indicates that the items needed in the 16 countries are, for the most part, either in short supply here at home or soon will be critical items with the exception of ocean-shipping facilities.

Expressed in United States dollars, part of the requirements our Government is being asked to either furnish directly or pay for in cash over a 4-year period are the following:

Requirements estimated to be paid for in United States dollars

[F. o. b. values in thousands of dollars]

	1948	1949	1950	1951
Participating countries:				
Petroleum requirements.....	\$482,345	\$514,823	\$531,181	\$510,483
Specialized oil equipment.....	140,161	134,747	115,016	124,866
Coal-mining equipment (including Germany).....	105,960	95,180	92,340	93,410
Solid fuel.....	369,000	225,000	126,000	54,000
Crude and semifinished steel.....	513,000	447,000	441,000	437,000
Freight and passenger cars.....	203,000	177,000	81,000	29,000
Ocean shipping services.....	570,000	460,000	365,000	310,000
Lumber, all kinds.....	95,928	92,592	87,320	75,004
Total.....	2,479,394	2,146,342	1,838,857	1,633,763

¹ The future fleets of the 16 participating nations are expected to be augmented by surplus vessels owned by the United States which can be sold or leased by them under the Ship Sales Act of 1946.

The fleets of the 16 nations will, after the acquisitions contemplated, consist of the tonnages shown:

[Millions of dead-weight tons]

	Dry cargo	Tankers	Total
End 1947.....	32.02	11.11	43.13
End 1948.....	33.74	12.06	45.80
End 1949.....	35.58	12.94	48.52
End 1950.....	37.39	13.76	51.15
End 1951.....	39.21	14.45	53.66

Thus the shipping of the 16 nations will be increased by 10,530,000 dead-weight tons in the next 4 years. It must be remembered that the older ships will be wearing out, and that this program involves not only replacements but new bottoms from current shipbuildings. It is assumed that part of this burden will fall on private operators or shipbuilders.

(Mr. LEMKE asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.].

Mr. HUGH D. SCOTT, JR. Mr. Chairman, there are two matters I should like to speak on and one pertains to the \$60,000,000 fund for China. I know of no country which has more good will in America than China. I know of no country, other than my own, in which I personally have more interest than China. I know of no country I would rather see receive needed help than China. I know of no country which is more immediately menaced by communism than that country. I have seen pillboxes erected in Tientsin, for example, since the end of the war, for protection against the im-

minently expected attack of the Communists, with Russian aid, presumably, from the north. Yet when I see this \$60,000,000 inserted into the bill I cannot help but question whether or not the Chinese people are going to get the benefit of the money, and I feel impelled to give a little bit of the experience I have had for whatever it may be worth.

During a recent visit to China and to four of its principal cities I talked to some sixty-odd Americans resident there, American businessmen, and Americans in the State Department as well, in those cities. In every case where I spoke to men in the American business colonies, they were unanimous without a single dissenting voice, in saying to me, "Whatever you do, do not send any money to this Chinese Government for projects which will be designated as relief, because the money will not get to where it is intended to go. It will be lost through corruption, and it will be lost through maladministration and inefficiency." Many others quoted the Chinese proverb, with all due respect to the gentleman from Minnesota [Mr. Judd] and the gentleman from Ohio [Mr. Vorys], who both are able to pronounce it much better than I, which goes like this: "Tien ch'i tse jiu," which means "Heaven helps those who help themselves."

My own conviction is that our Americans in China do not believe that the Chinese national government has yet presented sufficient proof of a determination to help itself. One thing I do not like in this bill is the fact that we are to have no real supervision of the expenditure of the money, of the distribution of the goods. Our American

friends in China say, "Yes, they can use the money. Yes, the Chinese Government can use the money, but it should be administered by Americans down to the last dollar, because if we are misled by the appeals of the Chinese on the grounds of sovereignty, we will be respecting their sovereignty, but the people will not get the benefit of the money." So, while I am going to support this bill I hope that the \$60,000,000 for China will be deferred until a later time, until such assurances have been given by the Chinese Government, that it will be used for specific projects clearly allocated and definitely followed through under American supervision. I would prefer to see the \$60,000,000 put into the bill for general relief in Europe where I am personally satisfied that it is very greatly needed.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to my friend from Ohio.

Mr. VORYS. There is no requirement in the bill that any of this money will go to China. As to any relief which goes to China, they must make an agreement with the 10 strings attached as set out in section 5, so that there will be supervision as provided for the nations in Europe. The gentleman need have no fear that the money will be dissipated.

Mr. HUGH D. SCOTT, JR. If I may coin a Chinese proverb, I would suggest to the gentleman that 10 strings do not make a knot. I would prefer to see the knot there and I would prefer to see the protection provided for. I do understand that some \$60,000,000 is at least informally allocated to China. I would like to make it very clear. My own sympathies are all for getting some money to China, but I want to see the money go to China some day which will be used for the purposes which we in America intend it to be used for.

With reference to the second point, I want to point out what I think is a possible joker in this bill. We have been assured that a bill will be introduced providing that ultimately all relief expenditures will be supervised by an independently created Government corporation. All such future programs as may be considered by this Congress will be supervised by a corporation to be set up, if we can get that bill through, and to my mind it is the goal of the long-range program. Certainly such a proposal will be made to this Congress. I sincerely hope that proposal will be adopted. But such a corporation or future agency is going to have its hands tied by this bill, because I submit to you that under section 13 the provision reads:

Personnel employed to carry out the purposes of this act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945.

And when that is read in connection with section 15, which provides:

The personnel, records, and funds provided for the purposes of carrying out this act shall be transferred to the administration of any organization for general foreign aid which Congress may provide—

Please note the word "shall"—if I am not very much mistaken, the President will load this particular relief organization and this particular relief distribution agency with a great many people, not all of whom perhaps will be needed. You will find when you set up this new corporation that it must accept all of the people that have been added to the Federal pay roll for the distribution of this interim relief. I submit you are walking into a trap. You are already hamstringing the operation of any future Government corporation that you plan to set up, no matter how carefully you set it up, if it must accept the personnel who are charged with the distribution of goods under this act, no matter how inefficient they may be, no matter how incompetent they may be, no matter how many of them may be old political friends from Missouri.

I am suggesting to you gentlemen that when section 15 comes up, a suitable amendment should be offered.

I would like to say in conclusion that I have seen with my own eyes these low living standards. I have recently been in the countries for which it is proposed to provide aid. I have seen conditions in Europe and in Asia. I believe the aid to be necessary. I believe it is a charitable "must."

I think that this country cannot well refuse to recognize its obligation to maintain the necessary living standards of people who will otherwise starve and will go short of the necessities of life unless we help them. I do not think we can do it forever. I do not think that we have a bottomless pit from which we can draw these resources. What we are doing will keep prices high and impose sacrifices on the American people.

I do think that a great mistake is being made in this bill by not now providing for this independent corporation and for the administration of this act by an independent set-up, headed by some American in whom all of us can put our complete trust and confidence. I believe that the emergency is being used to rush this Congress into the support of something which many of us believe to be necessary but at the same time, under the guise of emergency, a form of administration and distribution is being set up under which it is my judgment that much of the money will be wasted, all of the effect of the program will be heavily felt by the American people; prices will go up on account of it, and we are going to see the day when we will regret that we did not at this time require that it be distributed by an independent agency; that it be distributed by Americans; and that instead of these 10 strings that have been spoken of, that we throw a very strong knot around the provisions under which the distribution is to be made.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.] has expired.

(Mr. HUGH D. SCOTT, JR., asked and was given permission to revise and extend his remarks.)

(Mr. KELLEY asked and was given permission to extend his own remarks.)

Mr. KELLEY. Mr. Chairman, deny aid to Europe and millions die. Curtail

aid to Europe and millions die slowly. Even today death stalks among the millions, because Europe is hungry and the marks of undernourishment are on their faces and their bodies. Death will reap its harvest in due time.

The most convincing argument for aid to Europe is to see the conditions and the people there. One may talk about it, write about it, but there is nothing so convincing as actually witnessing it. A visitor to western Europe, especially Germany and Austria, will be struck by the emaciated children and the gaunt, stoop-shouldered, ill-clad mothers and fathers on the streets of the great cities. Every living-moment the one thought in the minds of the people of Europe is, "What shall my family and I have to eat today?"

I had the privilege of traveling through Europe after my mission to Switzerland at the International Labor Conference was completed. I visited Italy, Austria, Germany, France, and England, and was attached to no committee. I had the advantage of going where I pleased, talking to whom I pleased, and staying as long as I pleased. I had the disadvantage of paying my own expenses while doing so. But it was worth it, for I felt that I got very close to the people, and I have a vivid mental picture of the hunger, impoverishment, and the ruination of great nations.

We people in the United States are charitable and dislike to see others suffering for the lack of the ordinary comforts of life. We cannot enjoy the comforts to which we are accustomed if we know that others are suffering for want of them. This is the humanitarian side of the picture. There is also the practical view that our withdrawal or failure in Europe would mean complete collapse of the economy of western Europe, with an accompanying impact on us. We stand to benefit by an expenditure of relief money now, and failure to do so might mean a greater loss to us economically in the future.

All of the mouthings of Molotov and Vishinsky have been interpreted in the Congress and out of the Congress as whistling in the dark. I do not interpret them that way. To me, they are an attempt to embitter their people and the people of the satellite nations against us. They are the prelude to war. How could anyone suppose that the advancement of the Communists over the nations of western Europe was for any other purpose than for a battleground? Why do you suppose that Russia is so particular about permitting anyone to view what is going on behind the "iron curtain"? To me, it means simply that they are preparing for a war. If they can advance their own interests by a cold war and communism can creep forth over Europe, all well and good in their estimation. Should that fail, they could then resort to armed warfare.

So our only hope and defense against the encroachment of communism is to protect and preserve the peoples of western Europe. In so doing we should be careful that we get credit for our efforts and that the distribution of the goods sent is properly supervised. These have been two of our great weaknesses. Whatever we do in Europe should be

done with American efficiency and businesslike methods. And we should not submit ourselves to Russian propaganda. For instance, it is proposed that to carry out the success of reconstructing western Europe 30 or 40 percent of the coal should come from Poland. We are naive if we believe this, for the Ruhr coal-mine district spells success of any plan proposed for European recovery. Unless we recognize the Ruhr as the vital point in a reconstruction program, we may as well forget any plans and save our money. However, I shall deal more fully with the importance of the Ruhr area to European recovery at a later date.

Mrs. DOUGLAS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. SADOWSKI].

Mr. SADOWSKI. Mr. Chairman, while a great many of the Members of the House were visiting Europe this summer, spending a day or a day and a half in some twenty-odd countries, some of us were back home visiting with our constituents.

I want to say to you that a great change has occurred amongst my people in the way they are thinking about many things. I have never been an isolationist. In fact, I have always been very much opposed to that throughout my whole term in this Congress. My people are not isolationists. My people probably have more immediate blood relatives living in Europe than any other congressional district in the United States. My people have immediate members of their families, uncles and aunts and cousins, very dear ones, close relatives, as I say, living in Europe. They have always been very sympathetic to all of this relief program. I have supported all of the relief programs in Congress. But something else has happened since the beginning of this program of relief in Europe. Maybe the war is over. Maybe the people do not feel the same any more. The fact is, however, that today my people say that every sandwich that leaves the United States and goes to Europe ought to carry the American flag on it. Everybody who receives a gift from the United States should know it is coming from the people of the United States. They do not want this relief passed out by irresponsible people or profiteers any more; they want this relief passed out, if possible, by church organizations, the Red Cross, established charitable organizations that will give it to the needy, to the poor, to the hungry. They do not want to see American goods sold in European black markets where it brings to us the enmity of the needy and discredits our people and our Nation in the eyes of the people of Europe. American relief supplies should not fall into the hands of black-market profiteers as has been the case in Greece and China.

The relief packages, the gift packages that are sent individually by the private citizens to the people in Europe, have done a lot of good for the United States. Those packages that have gone to the needy have been the greatest bearers of good will for the United States of America.

My people want to see that the food that we give to the needy of Europe is given freely and generously to those who

really need it and who are hungry. They feel that our program of relief should be placed on a democratic, American basis; yes, on a Christian basis, coming out of the hearts of our people to the people of Europe who need it.

The other thing I was impressed with is our own economic condition at home and the condition of our own people here at home. My factory workers in the city of Detroit are earning anywhere from \$48 to \$52 a week. That seems to be about the average pay check—\$48 to \$52 weekly. They tell me this: "Congressman, on this \$50 a week that I am getting now I cannot live as well as I lived in 1939."

In 1939 the average earnings were anywhere from \$37 to \$40 a week. "Then I could live much better than I can on this \$50 a week I am getting now. This \$50 I get now hardly buys \$25 worth of food and clothes today."

If you have a family of six—four children, the husband and wife—that is, growing children attending school, you will probably use eight bottles of milk a day as I do at my home. Eight bottles of milk a day cost me \$50 a month. Now, the average factory worker in Detroit who has a family the same as I do, a family of six—four children—has to spend \$50 a month for milk, and \$50 a month for rent. That leaves him \$100 a month to buy his food and clothes, send his children to school, pay his doctors' bills, and such things as electricity, heat, and so forth. It just cannot be done; they cannot make out.

So we in the city of Detroit are faced with the problem of strikes. It is a very serious thing. It is going to come. We are all expecting it.

I talked with merchants back home. I said, "How does it look here?"

"Well," one of them said, "Congressman, you know things are high now, but the goods I am buying for next spring, the orders I am placing now for next spring are running 15 percent higher."

I said, "Do you mean that the clothes and things you sell are costing you 15 percent more at wholesale prices?"

He said, "Yes, that is exactly right."

He said, "You can expect much higher prices in the spring."

If these prices keep going up, and it looks like they will; if butter goes to a dollar a pound and eggs go to a dollar a dozen, if hamburger goes to a dollar a pound, which it looks like it will, what can I expect back home in my large city of Detroit, from those workers down there? I am going to have a lot of grief. I do not see how I can go along on a long-range Marshall program where we are going to take \$20,000,000,000 out of this country at this time. I like to be with the administration, I would like to support the administration—I have—but I have my serious doubts right now that I can go along with a long-range program where the prices at home are going to rise so high that it will be unable for our own people to make ends meet.

The most pathetic thing that hit me, however, this summer was not so much the factory workers to whom I talked as it was the people on old-age pensions. In the 12 years that I have been in Congress I have never had so many old peo-

ple come to see me as came to see me this summer and fall. What was really pathetic was old men coming in and showing me their \$30 or \$35 a month check and asking: "How can I live on \$30 or \$35 a month, Congressman? Do something for me. You have got to help me."

I think that is the worst thing that has happened in our own Nation, when our own old people are expected to get by on \$30 to \$35 a month at this time. That has not the purchasing power of over \$15 a month. These people are going to have to go around and beg their relatives and friends to give them shelter, food, and medicine; in a great country like the United States, a generous Nation that is to give billions of dollars to everybody else and forget about its own citizens. How are we going to say to those who are incapacitated and old, "You can go along and starve to death if you want to."

I am going to support the \$60 a month pension bill that the gentleman from New York [Mr. JAVITS] has introduced. This would increase old-age pensions to \$60 a month. It was stated by members of the Ways and Means Committee that we could not afford to put through such an old-age pension bill, that it would cost some \$2,000,000,000 to finance such an old-age pension bill. Well, Mr. Chairman, if we can give billions of dollars to Europe and the countries all over the world under the Marshall plan or any other plan, we certainly ought to be able to find \$2,000,000,000 to finance an adequate old-age pension program for our own people in the United States of America. Certainly that money will go directly into the purchasing power of our own people, that money will be spent in the United States of America, it will be spent for our own goods, for farm products raised here in the United States.

It is fine to be charitable, it is fine to be Christian, but charity begins at home. We have got to start thinking about our people. Our people today are in a desperate condition economically and that condition is going to become worse, not better. I do not know how I could go home and try to explain to my people, if living conditions are intolerable, and justify my vote for the expenditure of billions and billions of dollars for Europe and not take care of my own people.

I can see a program that is an alternative to the Marshall plan. I think our program ought to be the old American principle of doing business the way we have done for centuries, extending trade on a businesslike basis to all nations, to all people, doing business with everybody but on a business basis. All people and all nations are our friends. That was our doctrine in the past. America became strong under such a program. That is still a good program for us to follow in the future. All nations, all people are our friends, we will do business with everybody, we want to do business with everybody.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. SADOWSKI. Mr. Chairman, we had a very funny bill come before the

Committee on Interstate and Foreign Commerce the other day, introduced by our friend the gentleman from South Dakota [Mr. MUNDT]. True, it called for an investigation, but the purpose back of it was to cut off trade with Soviet Russia. Now, it is fine to talk about this fellow Joe Stalin if you are running for political office. You do not hurt very many Americans when you attack Joe Stalin, and certainly if I were running for the United States Senate I would want to do that in a big way. The fact remains, however, that in my city of Detroit the manufacturers who make automobiles are dependent upon metal. We have to have metal to make automobiles. When we go to making farm machinery and farm equipment, we have got to have metal for that purpose. We are getting chromium ore, nickel, and various other ores from Russia today. In some instances 50 percent of the most important ores are coming from Russia today. Now, if Joe Stalin wanted to be mean to us he would say: "Let us cut off trade with the United States and not give them any more ore."

We would be in a fine fix. I do not know just where we would get that ore to carry on with our industries in the city of Detroit. But sometimes people do such foolish things, it seems. The United States is strong because we have done business with everybody. We should continue to do business with everybody. I am sure that the metal manufacturers and the producers of metal who need this ore would make some arrangement to get that ore. If we should say, "Cut off trade with Russia," they would probably get the ore from England or some other country. England would make a deal with Russia for this ore; the ore would be mined in Russia, dumped over into England, reloaded on other ships, and brought back to the United States. The only difference would be that the recipients of that ore in the United States would pay about 25 to 30 percent more for the product because it would have to go through English brokers or Italian brokers or some other nation. So, it all strikes me that it is time to go back in our thinking to the good old way that we have been accustomed to thinking as Americans; that we want to do business with all nations and all people. You must have trade and commerce in order to have peace. If you are looking for war, if you want war and are pointing toward war, if your mind is directed in the direction of war, then you begin dropping the curtain of trade and commerce against these people, or this nation and that nation, and you bar trading with them. If you are thinking in terms of peace you will be thinking in terms of commerce and terms of trade and terms of business. Then it should not be necessary for us to burden the American taxpayers with heavy debts to finance the program for war. A program of commerce, of trade, and of peace calls for loans and credits that will be repaid to our people. It is a program of war that is causing heavy burdens to be put on the backs of our American taxpayers.

I am not going to support a program that will aim to set up east against west, Asia against Europe, or one country against another. I am going to support a program that is going to be directed for peace, for commerce, for trade, for justice, for equity amongst all peoples and all nations.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. COUDERT].

Mr. COUDERT. Mr. Chairman, I take this time solely for the purpose of making clear what I had in mind in a number of questions that I asked the proponents of the bill while they had the floor. The chairman of the Committee on Foreign Affairs, the distinguished gentleman from New Jersey [Mr. EATON], the distinguished gentleman from Georgia [Mr. Cox], and the distinguished gentleman from Minnesota, Dr. Judd, have all taken the position on this floor that this is primarily a war measure, a defensive measure, if you will, in the cold world-wide war with Russia, a measure to carry out that policy frequently stated by our Department of State that the United States is committed to the proposition that it will meet and stop Russian aggression everywhere.

Now, gentlemen, this is either a war measure or a relief measure or nothing at all. If it is a war measure, if it is for the purpose of carrying out that policy declared by the Department of stopping Russia everywhere, then I think we have got to measure it by one standard. If it is a relief measure we have to measure it by another standard.

As a war measure, it seems to me we have to ask ourselves, Will it accomplish the purpose? We must ask ourselves further, what really is the foreign policy of the United States, because we are not dealing in a vacuum any more, we are not dealing in pleasant academic generalities. That policy is now squarely put to the test, an immediate, living crisis. Russian communism has started, and has engaged in France and in Italy, in civil war, obviously jeopardizing the lives of the existing governments. If the United States is prepared to take any and all measures, and that of course includes armed force, to sustain in power the existing governments in those two states, and the Secretary of State comes to us and says that as part of our foreign policy in what is the equivalent of war he must have \$590,000,000 for that purpose, then we are probably in the position where we have very little choice, as we had very little choice during the war itself.

It was further admitted by proponents of this measure that obviously this relatively small sum of \$590,000,000 and what it will buy is not going to be decisive in the civil wars raging in France and Italy. It is not going to sustain those governments if they are not able to sustain themselves by their own splendid efforts in their magnificent and courageous struggle against the Russian Communist aggression within their borders. If it is not able to do that, and if the Department and the President are

not willing to say to us that the United States will go all the way, maybe in the next 2 weeks, maybe even next week, then I think we are entitled to look at the amount of this bill with a questioning eye. We are entitled to ask ourselves whether this is truly a war measure and, if we find it is not truly a war measure, and that it is not calculated to achieve the purpose, then we are entitled to look upon it as a relief measure. As a relief measure the standard again must be different. As a relief measure we are certainly entitled to ask the obvious question, What is America's capacity to give relief? If it is a relief measure, we are entitled to define that capacity, as the amount, quality, and character of goods we can export for this purpose, without causing any further increase in prices and, of course, without necessitating the imposition of economic controls.

I think we have to make up our minds on this floor before we reach a conclusion on this bill as to whether it is really and truly a war measure primarily or whether it is a relief measure. As far as I am concerned, it would make some difference in the way I should vote on amendments to reduce the amount and limit the use of the money for the purchase of specific goods. As it is, I should like to see that question effectively answered.

I yield to no one in my sincere desire for the rehabilitation of two great nations, France and Italy, and in my admiration for the courageous struggle which their present governments are making. More power to them.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. BUFFETT. Is it not reasonable to suggest if the proponents of this measure feel it is a necessary war measure or equivalent thereto that they should be willing to go all the way and vote for price controls and wage controls and all other types of regimentation that go with a war effort?

Mr. COUDERT. That is precisely my point. If this is part of a war measure, and an effective war measure, then obviously we cannot balk at the consequences. If it is not an effective and necessary war measure calculated to accomplish an immediate purpose in an immediate war, then obviously it does not justify all the sacrifices that war measures do justify.

Let me make one further point in that connection. No aid of this character, in my humble opinion, whether it be the Marshall plan or interim aid, can possibly have any chance of achieving effective rehabilitation until the political and social structure in the interested countries has been reasonably settled so that men and women can get back to business, get back to work, and devote themselves to reconstruction and rehabilitation in their own countries, and use our contributions, however great they may be, intelligently and effectively.

Mr. BUFFETT. May I commend the gentleman on the brilliant way in which he has taken this problem apart.

Mr. COUDERT. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BLOOM. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, we have heard a good many experts who have returned from Europe and who have seen the situation there. We have had some differences of opinion among the experts as to what they say. I went with the Food Committee of this House and spent some 4 weeks in western Europe during the month of September.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. AUGUST H. ANDRESEN. May I say to the gentleman that he was a very, very valuable member of that committee.

Mr. POAGE. I thank the chairman of my subcommittee, and may I say to him I believe that subcommittee, under his leadership, made a serious and honest effort to see the situation in Europe. There were six of us and I expect there were six opinions when we got back. That is the usual situation.

I have already said that I made no claim to being an expert except as to one thing. I have lived all my life in the Southwest. I think I know dry weather when I see it. I think I am somewhat of an expert on droughts. I saw the situation in Europe this year, and I can say to you, that even judging by the standards of the Southwest, Europe is suffering from a very severe drought, a drought that cut their crops in many cases half in two. Remember that even under the best of circumstances when there has not been a war for 10 or 15 years, or if such a case ever happened, in 20 years; and when the weather was good, western Europe has not for 100 years been able to grow her own food. Think, then, what the situation must be after the devastation of this war and the destruction and disruption of all of their economy. Then add to that the worst drought in 100 years and you will have some picture of what Europe is facing now in regard to feeding herself. It just simply cannot be done. Those who say "Let Europe feed herself" or "Let Europe go to work" reckon without the physical facts of nature. Many of our great States could not feed themselves during the Dust Bowl drought, or at least those sections of States that did not get rain could not feed themselves although they had suffered no war damage. No nation on the face of the earth has ever been known to be able to feed itself unless the Lord allows the water to fall or unless its people are able to bring it under irrigation. Western Europe simply did not have the rain needed to grow a crop this year.

During the month of September when they should have had feed, if they are ever going to have it, I stood in Norway and with my own hands fed to a dairy cow wood pulp, and watched her eat it. We had visited a dairy and we saw rolls of wood pulp which looked like newsprint. They told us they fed it to the cows. I said, "I do not believe a cow will eat that stuff." They said, "Try it." I tore some off and I tried it and I saw those cows

eat that wood pulp. Nothing in the world but wood pulp, rolled up like newspaper. I cite that merely to show you that the situation is desperate. I know some of those who visited Europe reported that they did not see people falling on the streets. I did not either. I was in Shanghai and I saw that kind of starvation there but I did not see it in Europe. But I think it is perfectly obvious that unless somebody supplies some food during these winter months, that just that kind of starvation must happen in Europe before another harvest season rolls around.

Under those circumstances it seems to me that our Nation could hardly claim to be made up of the Christian folks we have proclaimed ourselves to be if we were unwilling to make some effort to alleviate that suffering. I do not believe that many of us would deny that kind of help to a neighbor whose house had been destroyed by fire, or where the parents had been killed in some automobile accident and the children were left on a poor and unproductive place. That is about the situation in Europe. Their homes and their factories have been destroyed. Their people have been killed. If we lay any claim to being the Christian people that we think we are, we owe an obligation to our neighbors. I do not think the American people are so selfish or so reluctant to sacrifice that they will refuse to contribute when they know that people are bound to starve unless assistance is given. I believe our people would feed the hungry even if we knew that we would reap no selfish advantage.

Now, the fact that by doing good for somebody else we may perchance improve our own economy, and will undoubtedly strengthen our military position, should not mitigate against the proposal. The suggestion has just been made on this floor that we should decide whether this is a relief measure or a war measure, and that we must make a decision and say it is one and that it cannot be the other.

My friends, the fact that you can accomplish several desirable results by the same action makes that action no less desirable, in my opinion. Certainly we know that we are doing no more than our Christian duty when we feed these people. We know we have not done it if we do not feed them. That much we all know.

There may be room for honest difference of opinion as to effect that it will have on our own economy and the effect it may have on our military security. No one can look into the future and know positively that this program will give us either military or economic supremacy but it is hardly debatable that the probabilities are that it will place us in a stronger position. I certainly can give you no guarantee, nor can anyone else give you any guarantee that if we follow this program the nations of western Europe will not fall into the Soviet orbit and become our enemies at some future time. I cannot guarantee that. Neither can anybody else. No matter how much money we spend, we cannot guarantee that, but we do know, and no one can

gainsay it, that there is greater probability of a communistic government in any land where suffering is great than in the same land when there is adequate food, housing, and clothing. We know what the probabilities are and we know that there is much less likelihood of a Soviet-controlled government in these western European nations if their people have a reasonable amount of food, shelter, and warmth this winter than if they do not have it. We know that the Soviet influence will be stronger the less we do.

We saw Yugoslavia fall to the Soviet influence; we saw Hungary fall to the Soviet influence; we are seeing the pressure that is being put upon Austria, Germany, Italy, and France right now. I do not know whether it will succeed or not, but I do not see any objection to doing a Christian act simply because it may help us in the future. I do not see any valid reason for rejecting this program as a relief program simply because it may save the lives of American boys 2 years, 10 years, or 20 years hence. I can see no reason for repudiating a program simply because we may get a modified blessing in our own country from doing the things that we know we ought to do.

I do know that some kind of showdown between the free enterprise, free speech, free religion, free ballots, and free men of the West and the controlled and regimented life of communistic Russia is likely to occur sometime in the future. I do not think that war is inevitable. In fact, I do not think we will have war as long as there is little reason to believe that the forces of totalitarianism could prevail. I don't think the men in the Kremlin have any desire to commit hara-kari. If we can keep the balance of strength on our side, I believe we and the world have a fair chance of peace. If we let the balance of strength shift, I fear for freedom. There are more people in western Europe than there are in the United States. In spite of their losses, their productive capacity probably exceeds that of Russia. I want these people and this productive capacity on our side. Whether the showdown comes on the battlefield or in the council chamber, we need these people as friends rather than as enemies. The side they take may well determine the course of history and our own national existence. I cannot see how anyone can contemplate these facts and hesitate to do what we can to keep these people and these lands west of the iron curtain. Once the Communists take over in France and Italy, the police states of the Balkans will have established themselves just across the Atlantic from us—and never suppose that with such governments it will make any difference what the majority of the people want. Surely we need but look at Poland, Hungary, or Yugoslavia to see how much help we could expect from a western Europe in communistic hands.

Nor do I see any reason why we should invite economic catastrophe in our own land just because in helping ourselves, we might also help someone else—even if that other person is not 100 percent perfect. There has been too much loose

talk about how this program is going to starve the American people. This kind of talk is perfectly childish. What are the facts of the matter? You know what the figures are. You know that we grew 1,400,000,000 bushels of wheat this year. That is approximately twice the amount of wheat the United States needs for food and for seed. What are we going to do with the other 700,000,000 bushels of wheat? I know a lot of people from what they have said in the past will get up and say, "Let us feed it." I ask you: "At what price can you feed wheat?" Any of you farmers, any of you wheat men, at what price can you feed wheat? Can you feed wheat at the present price of cattle and hogs? And they are high. Can you today feed wheat at \$3 a bushel? No; you cannot feed it at \$3 a bushel, and that is the reason it is not being fed now, high though meat prices are.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLOOM. Mr. Chairman, I yield five additional minutes to the gentleman from Texas.

Mr. POAGE. You cannot feed wheat until you bring the price down to a point that it is profitable to feed it. Now, you cannot feed \$3 wheat, and it is just silly to talk about it unless you are willing to raise the price of beef, unless you are willing to raise the price of pork; far higher than these prices are today; and I do not think many of us want to do that sort of thing. You cannot feed wheat until it becomes an economically practical thing to do. That means, then, that if you are going to feed 700,000,000 bushels of wheat you have got to see the price of wheat drop decidedly. But some will say, "I would like to see the price drop; we want to bring prices down."

Do you? Are you so sure you want to bring prices down? Everybody wants to bring the other fellow's prices down. Everybody wants the other fellow to sell for less, we want the other fellow to sell food for less, we want the other fellow to sell manufactured goods for less, we want the other fellow to work for less, but how many of us want to lower our own prices or our own wage?

You cannot bring wheat prices down to the figure where you can feed wheat without destroying the existing prosperity in the agricultural regions of this Nation, and every farmer who grows wheat or feeds it knows it. You cannot bring the price of wheat down low enough to feed it to cows and to hogs without destroying the price of corn and without bringing the whole agricultural price structure down.

Oh, you say you would like to have that, that you want food to cost less. Do you? Your food costs much less per unit in 1932, much less, but there were 14,000,000 Americans walking the streets who could not get jobs, who could earn nothing to eat, even though beef sold for a nickel a pound. Were we so much better off in those days when the farmers of this Nation were getting 30 cents for their wheat? Some people seem to want to go back to those low prices but I do not know who was better off.

We hear all this talk about how people are in such bad shape today because the American farmer has an export market and is getting a fair price for most of what he produces. Who is in such bad shape? Are you suffering because the farmer is doing well? The American people as a whole are eating more per capita than they ever ate in the history of America. They are buying more new automobiles than they ever bought with the exception of 2 or 3 years. They are living in good shelter. We are short of housing, but they are living in better homes than they ever lived in before, and in my country and yours there have been thousands of old shacks abandoned that should have been abandoned long ago. With the low prices of 1932, only two farms out of a hundred had electricity in my State. With the high prices of 1947, nearly two out of every three farms enjoy electricity. With 8-cent cotton, nearly every farm in the South was mortgaged for all it would carry, and the loan companies were getting them just as they were getting city homes. Today, with a good export market, not only our farm mortgages but our city mortgages are at record lows and there are no foreclosures. Regardless of what may be said, our people have not simply more money, but what is really important from the standpoint of living standards, they have more of the conveniences and luxuries of life today than they ever had in any period of low prices and economic depression—and what is more, they have a higher living standard than they can possibly have in a future depression. Russia knows this, even if some of our people are not smart enough to realize it. Russia is making her plans on the assumption that we will suffer a depression. Russia knows that you cannot maintain the American standard of living in the city or the country if you let the price of wheat break down to a dollar a bushel, six bits a bushel, or 50 cents a bushel; and who in this House can tell where, if you are going to start a spiral of deflation on a vital farm product, that you can stop it? Remember that it is not simply farm prosperity that is involved. It is our national prosperity. You cannot have full employment or handsome dividends if you do not have a prosperous agriculture, and you cannot have a prosperous agriculture if you dump half a billion bushels of surplus wheat on the market. What plan have you to put the brakes on? Where are you going to stop when you pile up 700,000,000 bushels of wheat in this country with no market? Our present farm prosperity, which is the basis of our entire prosperity, stems from our export marketing of wheat.

If you want to maintain prosperity, Mr. Chairman, on the farms and in the factory, if you want to keep our people at work, if you want to keep our corporate dividends high, if you want to keep American prosperity at a level that will enable us to pay the public debt, let us not destroy the farm prosperity as we saw it destroyed in 1920 and 1928.

Let us keep this thing moving at a level that will enable the American people to sell their crops, so that we can have a level of prosperity that will pay our national debt. You talk to me about de-

stroying America's credit. America's credit is good as long as America's income is good. But if you destroy America's income and take it back to the level of 1932, when it was \$39,000,000,000, then, indeed, you cannot pay anything on the public debt, and you will have it increasing year by year. You keep this income where it is today, you keep America prosperous by letting us sell our wheat abroad and give us a program that does good for Europe, that does good for America, and you will see America enjoying a prosperity that will enable us to pay our public debt. It is the only way in the world you can do it. Why should we destroy this beneficial arrangement simply because it is going to do us some good and do the world some good at the same time?

If you are really troubled about getting some of our money back, why not wipe out the tariff on those things Europe can still export? Europe still produces some of the most elegant luxury goods. There are craftsmen and factories there that are utterly unfitted for any other work. Our people want their goods. Every dollar that we spend on luxuries relieves the inflationary pressure on American essentials. Our economy would be helped, not hurt by taking these goods. Europe would not be hurt by exporting this type of goods. Her people need necessities, not luxuries. I realize that luxury goods will not pay for all the essentials we shall send to Europe, but they will help pay the bill if we will but allow them to come in. What about it, my friends? Do you really want to be paid, or do you only want to find fault? Let us take all the luxury goods, all the scarce and needed minerals that Europe can send us. Let us send to Europe the wheat that she needs. Let us not hesitate because someone else may share in our blessings. I trust the American people to do the big, the generous thing, but if you are not interested in charity, I urge you to consider our own self-interest.

Let us not kill the goose that lays the golden egg simply because she feeds on surplus wheat which we cannot use at home.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN]. [After a pause.] Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Mr. Chairman, I have attempted to yield to the gentleman two times but apparently he has not been here. There is no possibility that the yieldings will be accumulated, is there? I am yielding to the gentleman for only one speech.

The CHAIRMAN. I think the gentleman can figure that out for himself.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, I want to thank my good friend for giving me this opportunity to present some of the conclusions that I have reached after our recent tour through Europe and the Arabian countries.

Our Committee on Armed Services has just completed a tour of 12 European and Near East countries, including Germany, Austria, the free territory of Trieste, Greece, Turkey, Iran, Saudi-Arabia, Egypt, Italy, Switzerland, France, and England.

During this tour the committee met and discussed military, economic, political, and social conditions with literally hundreds of persons. We met with Army, Navy, Air, and State Department officials in Berlin, Frankfurt, Munich, Vienna, Trieste, Athens, Istanbul, Tehran, Dharan, Cairo, Rome, Paris, Geneva, and London. In addition we met with both civic and military authorities of the different governments visited.

While the main mission of our tour was to inspect American military installations and American troops in the occupied zones of Germany and Austria, nevertheless, because our overseas military missions are largely determined by social, economic, and political conditions abroad we spent considerable time investigating those conditions.

We found the morale of our troops to be exceptionally high. The leadership displayed by our officers and noncommissioned officers was outstanding. The health of our troops in general is excellent. The discipline is of the highest quality and hundreds of GI's were personally interviewed.

Facilities and installations inspected were found to be in excellent condition. A number of United States cemeteries visited revealed that these were being given every care and attention.

While the number of American troops in Europe today represents merely a token force whose mission is that of maintaining law and order and supporting the military government in the occupied zones, nevertheless, the mere presence of American troops very obviously has done much to reassure the peoples of the occupied zones that the United States is vitally concerned with their welfare and their problems.

We traveled approximately 18,000 miles and visited 12 different countries and I must confess that I am more confused than I have ever been before.

Time will not permit me to review the many countries and places that we visited. However, I do want to present for the consideration of the House some of the conclusions that I have reached after this extensive trip.

Since September of 1945 we have pumped an estimated \$20,000,000,000 into Europe of which the British received three billion seven hundred and fifty million. The other countries including Russia and the satellite countries of Russia have participated in the balance—this for relief and rehabilitation, and even in face of this gesture the result has been the steady advance of Russian influence on the continent of Europe.

For generations England strove to prevent any power from dominating the Continent. She fought Germany because the rise of German power threw its shadow over Europe.

Now, England is helpless before Soviet might and the question is whether the United States can prevent communism from engulfing Germany, Austria, France, Greece, Italy, and the few remaining European areas where some freedom and private enterprise remain.

In this connection, I might point out the warning by Herbert Hoover that "the greatest danger to all civilization is for us to impair our economy by drains which cripple our own productivity."

We cannot continue indefinitely to pour billions haphazardly into Europe without crippling and bankrupting ourselves.

Since World War II anyone who raised a question about our foreign policy has been charged immediately with being an isolationist.

In July of this year, before I made the trip to Europe I stated:

The dilemma in which we find ourselves today is the direct result of bungling after victory in World War II.

To begin with, we gave Russia every advantage. We felt that the Bear would respond to kindness. This country began its appeasement policy toward Russia even before Germany's defeat.

We dismembered Germany and put German industry out of commission. We destroyed the industrial heart of Europe.

Instead of trying to restore and rehabilitate European industry, we saw to it that most of the Continent became a poorhouse. Today Europe is a poorhouse dependent upon our charity.

How the Russians must have laughed at us behind our backs. Communism thrives on misery, hunger, chaos, and confusion.

Unless we restore the productive capacity of Europe, including Germany, there is no end to the money that can be poured into Europe without appreciable effect.

Of course, we can punish Germany. We can turn her into a pastoral nation. But the result in all Europe shows that the American taxpayer will be called upon to pay for, in one way or another, the goods that are no longer produced in Europe.

Our foreign affairs have been badly handled. Certainly, we cannot withdraw from participation in world affairs. At the same time, there must be an end to indiscriminate and wasteful spending abroad.

So far as I am concerned, any future program for European rehabilitation must deal with fundamentals and must fully protect the interests of the United States.

I think a lot of others feel the same way.

Now, I have not changed my mind to any great degree. Today the Congress is asked to appropriate some five or six hundred million dollars to prevent starvation and hardship during this winter in the war-torn countries of Europe. We will then consider a plan to appropriate an estimated \$20,000,000,000 for restoration and rehabilitation of the economic, industrial life of western Europe. Also, up for consideration will be help to Britain, Japan, Korea, China, and India.

How far we can go without bankrupting this Nation is the question. We owe two hundred and sixty billion at the present time. However, I do say, in any event, to pass legislation authorizing these appropriations to effect stability in the world without building up our national defense is to me an unsound and unwise investment.

The conditions in world affairs are more critical than ever before.

I am of the opinion that if Russia and her satellite nations were inclined to move in they could push through Europe to the English Channel just about as quickly as mechanized equipment could get them there.

Russia, I understand has some 4,000,000 men under arms and has reached new peaks in production of military equipment.

Our military in Europe has but token forces in Germany, Austria, Italy, Greece, and Trieste. They are turning in a magnificent performance under Gen. Lucius D. Clay in Germany. The military, in my estimation, knows more about what should be done and how it should be done than all the statisticians, economists, and diplomats put together. We should be governed by their recommendations to a great extent.

As General Clay said to us in Berlin: "We fought our way in, we are dug in and we are here to stay unless ordered out."

Now, while we are talking about this rehabilitation program of the industrial and economic life of western Europe I read in Newsweek of October 27 as follows:

It ought to give "enormous momentum" to the Bizonia industrial effort. As part of the new level-of-industry plan it will "sweep away the uncertainties and fears which have surrounded the problem of reparations for the last 2 years."

With these words, spoken over Berlin radio on October 16, Lawrence Wilkinson, director of the American Military Government Economics Division prepared the Germans for the new list of 682 plants scheduled for immediate reparations dismantling. On the same day the complete book-length roster prepared by American and British military governments, officially made its appearance in London and Berlin.

The most extraordinary feature of the announcement was the intimation that the flow of reparations to the Russians would be started again. Explanations that resuming shipping German plants to the Russians might put the Soviets in a pleasant mood for the Foreign Ministers' Conference in London this month did not impress Berlin observers in view of the cold war admittedly being waged between the United States and the Soviet Union and the somewhat warmer conflict suggested by former Secretary Byrnes in his book, *Speaking Frankly*.

Ruhr show-down: Fearful that their silence might prove political suicide, German party leaders had been loud and vitriolic in condemning in advance the new reparations list. But since its actual publication their threats of protest strikes and passive resistance have not materialized.

So why do we continue this appeasement policy where there is utter destruction and ruin? Why should it be necessary to dismantle these plants and then appropriate money of the American taxpayers to rehabilitate and rebuild them?

So the whole matter does not make sense. While we are asked to put up \$20,000,000,000 to give western Europe that industrial impetus to effect recovery the planners are planning to strip the last remnants of Germany's industrial life around which recovery might be organized.

Certainly we must, sooner or later, take a stand and if we tolerate such an unsound performance under existing conditions in these war-torn countries

how is it ever going to be possible to get these countries back on their feet?

The utter destruction and devastation in German is terrific, and one has to see with one's own eyes to understand the situation.

The people are discouraged. They are disheartened. They are demoralized. They are frustrated. They walk around aimlessly all day scrounging around in the fields for a potato or two.

Certainly some help must be given. But, we must see to it that it reaches the people for whom it is given.

Fear that we may sicken of our job and move out and the Russians move in grips the hearts of the people everywhere. One might say, "Well, they had it coming and let them have it." Yet, on the other hand, if we fail at this critical hour you can, I believe, reconcile yourselves to complete communization of Europe. The situation is a desperate one and it looks more to me like a \$50,000,000,000 job than the \$20,000,000,000 estimated.

The No. 1 problem is food to prevent starvation in parts of Europe during the coming winter months.

No. 2: Rehabilitation of coal industry around which the whole economy of Europe moves.

No. 3: Rehabilitation of transportation.

No. 4: Rehabilitation of the steel industry.

My recommendation is that if we undertake the job that an administrative agency separate from any branch of Government, in liaison with military government, be set up, composed of the keenest brains in America, in finance, agriculture, coal, transportation, steel, and miscellaneous industries—men of wide experience—hard-headed, practical businessmen who understand that two and two make four—men who have been successful operators.

With such a program set up the American people should be informed as to how the plan is going to operate, where the money is going to be spent, who is going to do the spending and the results it will achieve. The whole venture is purely speculative and my guess is that it would have one chance in five of succeeding.

We might as well include it as part of our budget. Write it off, as I believe it doubtful we would ever recover a dollar; but if the gamble is made—and it is a gamble—to stop up complete communization of Europe, it might and it might not produce results and return the world to some degree of peace and stability. However, if we are just going to appropriate money for promiscuous spending, as we have in the past, it would be like pouring money down a hole and would accomplish nothing.

Now, there should be enough patriotic American businessmen who would lay aside their own business for the time being, willing to take over and tackle the job. It would require the keenest brains and ingenuity that is available. This program must be made an all-out war for world recovery. It is a job for everyone to do his part toward peace for the world just as our boys did their part in World War II.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. GAVIN. Thank you very much. I appreciate the consideration given.

It is evident that those who have been handling our affairs have not profited from the lessons of previous wars, judging from the agreements we have entered into, but have continued to put their faith in treaties with people whom they thought were as right minded as themselves; and the result has been that Uncle Sam and the American taxpayer have taken a terrific beating without any definite results.

We should have had alert, quick-thinking, practical realists handling our affairs, men who judged the past, the present in which they were working, and anticipated what might happen in the future, instead of world thinkers. The water is over the dam as far as agreements are concerned.

We have got to get down to practical business; we must handle this program in a practical manner. No Member of Congress is against this program to feed the hungry people of the world, but we want it carefully administered to see that these foodstuffs get into the stomachs of the people who are crying for them. That is all we are concerned about.

I want to say to you that communism is on the march everywhere in Europe. I have heard some of our speakers in the past week say that communism has been reduced to a crawl. I have heard them say that communism is only in evidence here and there. It is my opinion communism is on the march everywhere in Europe; every country in Europe, whether Germany, France, Austria, Italy, Trieste, Palestine, the Dardanelles, whether Germany, France, Austria, Italy, Arabia, wherever you may go, is packed with dynamite that may explode in our faces any minute.

Now I say to the American people that we had better begin right now, along with any help we give to Europe, to build our national defense—the mightiest Army, Navy, and Air Force this country has ever known to be ready to meet any emergency that may arise.

Far be it from me to be warmongering, but as Gen. Jan Smuts so ably said, "Peace without the power to back it up becomes but an empty dream."

We fought our way into Italy and at Anzio I saw the graves of our 7,499 American dead. We are scheduled, according to agreements, to pull our forces out of Italy when we have settled nothing, and yet we are about to put millions of dollars into that country for relief, and what may happen when we pull out is anybody's guess. If we put our money in we should see that the military stays in to protect it until conditions are settled in that country.

So, the problem is one that after this extensive trip has every one very much confused.

Help is requested of us from Japan, Korea, China, India, Germany, Austria, Greece, Italy, France, and the British Isles.

We are feeding today some million displaced persons and how long we can con-

tinue to carry this tremendous burden, without finding ourselves in difficulties, is the problem which confronts the Congress.

It is quite evident that there is a lack of cooperation on the part of the Russians to unify Germany economically and it may be necessary to unify the British, American, and French zones of Germany and go it alone, if Russia refuses to work with us.

In any event, the situation is a most critical and desperate one, and all I can say in conclusion is that we should be thankful to Almighty God that we were born Americans and live in America. We seem to fail to realize how grateful we should be to live in this great land of opportunity, where freedom of speech and freedom of the press and religious and political freedom prevail, and those fundamental characteristics that have built, without question, the greatest Nation the world has ever known.

The war-torn countries of the Old World look to America for strength and leadership to return them to some degree of peace, tranquillity, and stability, and I pray God will give us guidance and direction to restore order out of the chaos that now exists throughout the world.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield to the gentleman.

Mr. BONNER. The gentleman is making a fine speech and I have enjoyed it, but do you believe that the majority of this food we are going to send over there will get to those we are directly interested in, without cost? I mean for the hungry stomachs of Europe, unless there is some limit to this bill.

Mr. GAVIN. That is right; and I believe that the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] will offer such an amendment so that we can get the desired results and so that the food for which the American taxpayer is paying will reach the stomachs of the people for whom it is intended.

Mr. BONNER. But as the bill stands now, the food will be taken over there and sold.

Mr. GAVIN. As I understand it, the gentleman is correct.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BLOOM. Mr. Chairman, I yield one additional minute to the gentleman from Pennsylvania.

Mr. GAVIN. I yield to the gentleman from Michigan.

Mr. SADOWSKI. The gentleman has made a very splendid plea for the rebuilding of Germany, but I did not hear him say anything in behalf of the rebuilding of countries whose peoples were destroyed by the Nazis. The gentleman did not do that deliberately, I am sure.

Mr. GAVIN. Certainly not.

Mr. SADOWSKI. Should not they be extended aid in the form of loans and credits?

Mr. GAVIN. I may say that I do not believe we would be able to get back of the iron curtain to give relief to those countries that may be sympathetic,

friendly, and ambitious to cooperate and work with us.

Mr. SADOWSKI. But the gentleman knows those people have made these requests and they need this help and have asked for credits and loans. They want their money on a business basis, not as gifts; they just want a loan and some credit on a business basis. Is the gentleman in favor of that?

Mr. GAVIN. I certainly think we want to help any country that is friendly and favorable toward us. If, however, they are under the domination of any communistic country, certainly we do not want to do anything to make satellite countries of Russia stronger.

Mr. SADOWSKI. Those people and those nations have all been friendly with us. They fought on our side in the last war. They were our allies, so it is not a question of their being unfriendly to us.

Mr. GAVIN. We are friendly to them without question and would be if given the opportunity to be.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. BLOOM. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. HAYS].

The CHAIRMAN. The gentleman from Arkansas is recognized.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. DEANE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twelve Members are present, a quorum.

The gentleman from Arkansas is recognized.

Mr. HAYS. Mr. Chairman, I have seldom begun a speech touching foreign relations without referring with some pride to the fact that in 1944 the gentleman from Minnesota [Mr. JENN] and I introduced what was called a bipartisan peace resolution. I think one of the admirable things about the discussion of the pending question is the fact that partisanship has been minimized. We can all take pride in the fact that when national security is considered in an issue so grave as this we have at least tried to forget party differences. I feel such a strong conviction upon this point that while I am a pretty good party man, loyal to my party on most domestic issues, I want to use it as a preface to what I say about this bill.

When I returned from Europe after 7 weeks, visiting many of the countries that are mentioned specifically in the bill, and talking with our ambassadors and our agricultural and economic attachés, who are doing such splendid work, the first question that I was asked was, Are the conditions as bad as pictured? Second, if the answer is "Yes," are Europe's foundations, material and spiritual, preserved, or will the money we expend be wasted? Finally, if the answer to both of these questions is "Yes," can America do the job without exhausting herself, for I agree with everyone who has said that it is of utmost con-

cern to the world as well as America that our great productive system be held intact. The worst misfortune that could befall the world is for America to be impaired.

I overheard a young man talking to the Ambassador's secretary in Copenhagen. He asked, "How can I join the American Army? I want to get to America. I want to be a part of America." I thought that was a rather typical conversation, because I found generally an admiration for and interest in America, an appreciation of our institutions. "Yes; I know there were critical, even cynical, comments—I heard them—but wherever there was correct information about America there seemed to be a high regard for us. Certainly at one stage of the war we were the world's best loved nation. It is a worthy thing for us to want to remain continuously in that exalted position. We will strengthen that position by this measure.

Yes; conditions are as bad as they are pictured. One-half of all the babies that have been born in Europe since the war have died from malnutrition or undernourishment. I saw the wheat fields of northern France. They looked a good deal like the drought-stricken parts of the Southwest, of my own State, in 1930, when great suffering was prevented by outside help. I was amazed to read a businessman's statement in the CONGRESSIONAL RECORD the other day in which he said that on the boulevards of Paris and in the cafes he saw no sign of hunger, no lack of food. But he paid black-market prices for his meals, and if he had examined carefully the actual conditions that exist in France, even in Paris, he would have found suffering and deprivation. Without any doubt, conditions are bad, and they will get much worse unless we help.

Now, I believe America should rise to this challenge even if it were not for the threat of the Communists, and I hope that when the debate is concluded it will be apparent that we are engaged in saving something as well as defeating something. If it were not the Communists capitalizing misery, it would be some other revolutionary group. There are always people of violence to prey on hunger and distress.

The French people have perhaps not been as gifted, at least not as effective, as the American and British in the science of government. But they are a great people and there is still a devotion to freedom. And while, as the gentleman from Texas pointed out, no one can guarantee that this venture will be successful, that the results which we hope for can be assured, we know what the answer will be if the help is not given. We also know that it will not be because a majority of the people of France prefer a totalitarian government. It will be because a vicious, a violent, an unscrupulous and unprincipled minority will seize upon that situation and climb to power. There must be an opportunity for the people of France in their distress to register their majority will. They are going to be hungry this winter and they are going to be cold unless we can give this substantial aid, and I reiterate that we can

do it without damage to our own resources.

A lady in France said to me that America still could not understand France because we have not suffered. I believe I had the right answer for her. It is partly because we have suffered, some of our people have suffered greatly, that we are determined to do something about the world's present ills. It is because we do know what war means.

The economic problems of France today are not primarily due to any widespread disinclination to work on the part of the rank and file of the French people; not at all. Work stoppages are Communist inspired. Let us remember, too, that here was a nation with 40,000,000 population that lost one and one-half million men in the First World War. Herbert Hoover rightfully said, "They have not recovered from it." Perhaps they never will in our lifetime. The war that was fought upon their soil took 25 percent of their industry, and almost wrecked their transportation. And following the war, the two worst droughts in the history of France came upon them. Not since 1815, when the first weather records were kept, have there been such droughts as in 1945 and 1947. The people of western Europe have suffered the greatest devastation in two tragic wars and they have suffered from the century's worst weather.

Many are asking if our action in giving aid can be carried out without the impression that we are thinking in terms of war. That is an important question, and the gentleman from Texas [Mr. POAGE] handled it exactly as it ought to be handled. Here is an identification of interest. Surely, there is enough danger potentially in the communistic expansion to make us aware of the fact that our own interests are involved, and the other element, the more positive one, is also here. Inevitably this question of our Christian character as the leading nation in the world comes into the discussions. It ought to be said without apology. I know there is a shying away from reference to America as a Christian nation for it might have a creedal and narrow aspect. Not at all. Our forefathers were not embarrassed about it. They said, "This is a Christian nation" because it is a free nation, with the right of every man, whether he be a Christian or otherwise, to worship as he pleases. Ultimately that is our hope, to achieve freedom in the world. There is a clear identification of interest between the French and our people, if the French who are trying to preserve freedom and stabilize their Government are in the majority, and I think they are. I cannot believe there is doubt about the outcome of this debate. We are going to pass this bill. There will be some minor amendments perhaps, and incidentally I hope there will be a full discussion on the Andresen amendment.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mrs. DOUGLAS. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. HAYS. I think we ought to discuss the possibility of the use of some funds and the extent to which aid might

be given through the nongovernmental agencies that have done such good work, though I have reservations on that score. No one believes more than I do in the work of the church committees, for example. I want to say just a word about that, for the work of the Society of Friends and of the Church of the Brethren, to mention two in reestablishing some of the foundation dairy herds, is impressive.

I hope, therefore, as we talk about these political problems that have such grave aspects, we can also point out that America has been doing this other nongovernmental relief job, and we need to coordinate the two so that the world understands really what we are about. From the standpoint of policy, our purpose is to stabilize the governments of the western rim of Europe so that if a conflict comes they will be our friends and not be on the side of the opposition. From the standpoint of human relief, it means we are not going to disappoint the millions who have only America to look to. This is the initial stage of what ought to be a reconstruction process, culminating, I should hope, in the Marshall plan, representing maximum self-help by the European people.

In spite of our differences over governmental patterns, even with the free part of Europe, it is obvious that there is enough congeniality to justify this effort to save the free governments.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. Will the gentleman discuss his opinion as to furnishing money or food to a country that is indulging in the use of slave labor 2 or 3 years after the war contrary to international law?

Mr. HAYS. Will the gentleman be as specific as possible so I will be sure I understand him?

Mr. MURRAY of Wisconsin. I am sure the gentleman understands me, because he knows that one of the countries about which he is talking at the present time has thousands upon thousands of German prisoners, who may be just as innocent of all wrong as any man in this room ever was, and they are kept there at the present time by the French Government as slaves, if you please. I should like to have the gentleman, with his background, explain his position when it comes to supporting a government that is willing to use slave labor as it has 2 or 3 years after the war.

Mr. HAYS. Mr. Chairman, this illustrates very well the complexities of the problem. I think it is a good illustration of the point I made, that we do not have to underwrite, indeed, we cannot underwrite all of the policies of the existing Governments of France and Italy in order to support enthusiastically the efforts to bolster the stable governments as they now exist, by the choice of free people. I think it would be asking a good deal of me to give them a bill of health on the gentleman's proposition.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman. I assume that the gentleman from Alabama wants to speak more directly to that point.

Mr. JARMAN. I am wondering if these unfortunate prisoners to whom the gentleman referred are not, even with all the scarcity of food in that country of which the gentleman is speaking, really faring a great deal better than if they were in their own country, Germany.

Mr. HAYS. Probably they are. The point can be made. Yet may I say to my friend from Alabama, it indicates that we cannot measure the situation by their material welfare. I believe there would be sound arguments against France on that particular point. France was perhaps eating better under German occupation than since the liberation. Yet France was miserable and unhappy. That is the reason I have said there is so much more involved than food and fuel. Freedom is really the goal that we are talking about, which we are trying to preserve. However, I thank the gentleman for making that point. I think he has answered in one respect the statement made by the gentleman from Wisconsin. Yet the gentleman from Wisconsin is right in saying that wherever we exert our influence, we must exert it in behalf of sound principles, and above everything else human freedom. I agree with him thoroughly as to that.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. MURRAY of Wisconsin. I want the record to show the high respect I have for the gentleman from Arkansas, and I want to explain to him what prompted me to ask that question. I wish that somebody some time would tell me why everything that the Italians do is fine, as if they were one of our allies in this war, and why they say the German people should be crushed down for all time. I wish somebody would answer that question sometime here on the floor of the House.

Mr. HAYS. May I say on that point, again that is a good illustration. I am for aid to the Italian Government, because we will thereby give to Italy a new opportunity to work out in much better fashion than they have in the past, a pattern of real democracy.

Mr. MURRAY of Wisconsin. They started this dictator business, however, I will say to the gentleman, did they not?

Mr. HAYS. All right. The Italians themselves must provide the final answers. I am trying to be consistent. If I allowed my emotions to rule, I might support a condition in the bill that every minority religious group in Italy might have the same kind of guarantees for religious freedom that we have in America, which I know they do not have. I am not making an issue of that. I think it would be inappropriate. I am using this as an illustration of the fact that we cannot write out the kind of government that others are to have, and neither can we correct all the evils in existing governments. We have to make a decision. I hope that the Congress will decide that there is enough stability in western

Europe to assure us a perpetuation of that degree of freedom and of self-government that they have enjoyed in the past, thus giving us some hope of maintaining a peace based upon respect for human rights.

Mr. MITCHELL. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman briefly.

Mr. MITCHELL. With reference to the gentleman's statement regarding religious freedom in Italy, I wish to make a correction of the record, because I checked on that today and in article 14 of the Italian Constitution, it is pointed out very specifically that all people shall have freedom individually and in groups in religion.

Mr. HAYS. The point is that some insist they have only freedom to worship and not the right to propagate their faith.

Mr. MITCHELL. They do have the right to propagate their faith. I read the constitution today, and I got it from the Italian Embassy, so the gentleman should check on that.

Mr. HAYS. I thank the gentleman. The point I am making, however, is that we would achieve nothing by trying to impose by pressure our ideas upon the people of Italy. I have faith that the people of Italy will sometime work this out so that religious groups, and I am not promoting any particular religious group, will have no basis for complaint.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman.

Mr. POAGE. Several of the questions have intimated that these governments in western Europe are not what we would like to have, and the questioners were not satisfied with the way they were running things at the present time. Neither am I satisfied with everything.

Mr. HAYS. Exactly.

Mr. POAGE. But do the gentlemen labor under any illusion that conditions would be better, and that these prisoners of war would be better treated, and that they would have greater religious freedom or any other kind of freedom if we allowed these governments to fall under communistic and Soviet rule?

Mr. HAYS. The gentleman makes a supremely important point. It is a question of alternatives.

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. HAYS] has again expired.

Mrs. DOUGLAS. Mr. Chairman, I yield the gentleman one additional minute.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield to me?

Mr. HAYS. I yield.

Mr. MURRAY of Wisconsin. I would like to ask this: Are we to understand from the Foreign Affairs Committee that the prisoners of war are better off in slavery with the French than they are in the American zone in Germany?

Mr. HAYS. I do not think the gentleman could infer that; I cannot agree that a man well fed in a prison is better off than a man poorly fed outside the prison walls. I am sure that was not im-

plied, and I am glad the record is clear on that point.

Mr. Chairman, I hope that the pertinent remark of the gentleman from Texas [Mr. POAGE] can have the emphasis in the closing moments of my contribution. The alternatives are clear. There is enough left, culturally, morally, and spiritually in the life of free Europe as we have known it in the past, particularly among the peoples with whom we have fought for freedom in the past, to justify this monumental effort to relieve hunger and distress for a few months, so that the world can live again in hope and peace.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the distinguished gentleman from Illinois [Mr. CHIPERFIELD].

(Mr. CHIPERFIELD asked and was granted permission to revise and extend his remarks.)

Mr. CHIPERFIELD. Mr. Chairman, after the most careful consideration of all the evidence presented to the Foreign Affairs Committee, I reached the conclusion that the President's estimate of \$597,000,000 for interim aid to France, Italy, and Austria was excessive and could not be justified. I therefore offered an amendment in committee to reduce this amount to \$489,000,000—a cut of \$108,000,000—by proposing the following four reductions:

First. A \$74,000,000 cut in the allowance of wheat for Italy. This was based on information furnished our committee by the agricultural consultants of the Select Committee on Foreign Aid, that actual allocations to Italy would probably only be 618,000 metric tons as against 1,145,000 metric tons estimated earlier by the State Department. This involved a cost differential of about \$74,000,000, to which I just referred.

In calculating the grain needs of Italy, the State Department used as a basis the Italian Government's forecast of their 1947 grain crop which it had underestimated by approximately 1,000,000 tons. Therefore Italy has on hand 1,000,000 tons more wheat than had been counted upon by the State Department.

Second. I made another reduction of a similar character amounting to \$17,000,000 applicable to the estimated wheat requirements of France. This was brought about by a cut in the probable allocation for France from 770,000 tons of wheat with a value of \$111,000,000, to 650,000 tons with a value of \$94,000,000 as the State Department recognized the grave possibility that there would not be available the larger estimate for export.

The Herter committee thought there would only be available 500,000 tons of wheat with a value of \$74,000,000. However, I allowed for France a safe margin of 150,000 tons or 5,550,000 bushels.

Third. Another reduction of \$20,000,000 was made on the grounds the United States need not cover French payments due Belgium and Brazil on commercial accounts.

Fourth. I also included in my amendment a reduction of \$13,000,000 against the initial request for fats and oils for Italy now considered to be unnecessary.

These four reductions reduced the total by \$124,000,000. I added \$16,000,000 to replace Austria's funds earmarked under Public Law 84 for the children's fund, which had been included in Austria's requirements, but which are not now available, making a total reduction in the amount originally requested of \$108,000,000.

The following chart gives a breakdown of these items:

<i>Summary of suggested reductions or additions</i>	
<i>(In millions of dollars)</i>	
Amount requested for interim aid (report of the Secretary of State, Nov. 10, 1947)-----	\$597
Suggested reductions or additions:	
Reduction of Italian wheat requirements-----	-74
Reduction of French wheat requirements-----	-17
Disallowance of French payments to Belgium and Brazil on commercial accounts-----	-20
Reduction of fats and oils to Italy-----	-13
Total-----	-124
Additional requirements for Austria-----	16
	-108
Balance of allowed requirements after suggested reductions and additions-----	489

This amendment which I sponsored was adopted by the Foreign Affairs Committee but was later reconsidered and a reduction of only \$67,000,000 was approved.

The committee also later added \$60,000,000 for China.

Taking into consideration that the Italian wheat crop was 1,000,000 tons more than estimated by the State Department, and the availabilities of wheat from this country for export to France and Italy are much less than originally estimated by the State Department, it is my conviction that this committee could and should reduce the \$597,000,000 requested by the President to \$500,000,000 or less. In doing so it would in no way jeopardize the proposed program.

It is difficult to arrive at an exact figure, as the State Department's figures, both as to requirements and availabilities, change from day to day, like a chameleon. But no matter how they juggle the figures, they always manage to get the magic total of \$597,000,000 requested by the President.

It is well to keep in mind that the \$597,000,000 figure is not based on the food requirements of the recipient countries but is based on balance of payments. An estimate is made of all the imports required for a country not only for food but for such items as coal, petroleum, cotton, and so forth. Then their assets from exports are subtracted from this amount and we are requested to make up the deficit.

Along with a large majority of my colleagues I want to feed hungry people where there is real need. I feel very strongly, however, that we should do so only when that need has been justified

and only to the extent recipient countries cannot take care of themselves. Nor should we drain our natural resources and materials in short supply any more than is absolutely necessary.

It is a disservice to promise aid beyond our ability to perform. Such a promise would do more harm than good not only to ourselves but the countries promised such aid.

Furthermore we should not be required to give assistance unless the people of the recipient countries are doing everything possible to help themselves and preserve democracy. I want to stop the spread of communism in western Europe and China as much as anyone but I have grave doubt if it can be done with dollars.

It is a well-known fact there is considerable hoarding of wheat in Italy and France. Why should we use American taxpayers' money to force or induce the farmers of France and Italy to bring their grain to market when they are unwilling to voluntarily do so for the welfare of their own country.

The gentleman from New York, Representative BUCK, put the situation tersely when he said, "The Lord helps those who help themselves. We are not called upon to outdo the Lord."

Mr. JARMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JARMAN. As the debate began, the ranking minority member of the committee, following the lead of the chairman of the committee, stated that at least half of the time—I do not know whether he yielded it then or whether he stated it would be available for those in opposition to the bill. No one so far who is in opposition to the bill has requested time on this side. But we have only 44 minutes of the 3 hours in favor of the bill. My parliamentary inquiry is whether the ranking minority member still has control of that 3 hours that he promised to the opposition, if they want it.

The CHAIRMAN (Mr. REEVES). The Chair regards the rule which was adopted by the House as giving the ranking minority member of the committee 6 hours to dispose of as he sees fit. The Chair accordingly regards the situation as giving the ranking minority member of the committee control of all of the remaining time on his side.

Mr. JARMAN. I thank the Chairman.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, the Republican leaders in Washington may be unwittingly leading the party into a cunningly devised New Deal trap.

It mostly goes back to the servile bipartisan foreign policy adopted by the Republican leaders which in its very nature virtually committed the party to the multi-billion-dollar lend-lease program, called the Marshall plan—even before New Deal strategists released it.

Both party leaderships are jittery about the effect inflation will have on their chances for getting control of the Government next November. Each is looking for some political trick to pull

it through. It may well be that the New Deal crowd has beaten its opponent to the draw.

Its scheme is simple. New Deal strategists are whipping up with all their might the worries being suffered by the people from ever-mounting prices. This is done to frighten them into supporting their program for restoring the OPA with all its evils.

In addition they flood the country with propaganda that price and wage control, rationing, and so forth, are absolutely necessary to carry out the Marshall plan, that without such controls the further scarcity of goods which the plan would produce would drive domestic prices still higher.

If I judge correctly the sentiment of the Republican Members of Congress, there is strong support for carrying out this plan of regimentation.

There are a number of Republican Members that will accede to all of the New Deal demands. A much greater number say "some" controls have to be put back, which can mean only that all controls would in due time be restored. There can be no such thing as a half-way OPA.

But here is the trick. Once the administration is given the controls sought, it will use them as sparingly as it can—at least until after the election—to keep the good will of the voters.

Meanwhile it will so manipulate foreign shipments and transactions under the so-called Marshall plan as to have the least amount of effect in further raising domestic prices.

And be it not overlooked that the Marshall plan will provide it with a powerful weapon to effectuate that purpose. The New Deal high command hopes that this scheme will succeed in maintaining a high degree of prosperity without raising prices sufficiently to cause the voters to rebel. If it succeeds, the New Deal Party will again proclaim itself savior of the country by virtue of the powers granted it to ration commodities, control prices and wages, and regiment the people in general.

If the New Deal succeeds in putting the so-called Marshall plan through and having the wartime controls restored—both being integral parts of the same scheme—the end of what is left of the Republican Party and this Republic may well be in sight.

Mrs. DOUGLAS. Mr. Chairman, I yield 7 minutes to the gentleman from Missouri [Mr. BELL].

(Mr. BELL asked and was given permission to revise and extend his remarks.)

Mr. BELL. Mr. Chairman, we are discussing today a measure which I think every Member of this House recognizes to be of very, very far-reaching importance. It has been said today that this measure has a twofold purpose: First, the relief of suffering of humanity; and, second, the preservation of our line against the onrush of communism. I expect to vote for the bill.

Mr. Chairman, while I am thinking about this bill and all of its implications, for a moment I just want to comment on one or two things that have come to us in the picture of Europe today. In

France we see a nation divided against itself. Forty percent of its people belong to the Communist Party. In Italy we see a nation torn with turmoil. All of eastern Europe is gone. In every country of Europe we see the hand of communism reaching into the body politic, confusing, destroying, rotting, and decaying, having a large effect upon not only the economy but upon the struggle of those countries to maintain liberty.

A distinguished gentleman standing here this morning said that communism is everywhere. I think that we as Americans should recognize that communism is in the United States the same as it is in every other country in the world. For instance, today there are more Communists in America, people who admit they belong to the Communist Party, than there were in Soviet Russia at the time of the Russian revolution.

Mr. VORYS. Mr. Chairman, I yield the gentleman four additional minutes.

Mr. BELL. Mr. Chairman, as I said a moment ago, the agents of the Politburo for the last 20 years have been carrying on an unrelenting cold war in every country in the world. It is evident from the conditions in France and Italy and in numerous other countries that we could name that those countries have not set up an effective defense against that sort of a war. Here in America those of us who love our country have for many years been deeply concerned at the progress of communism here. Every time an American gets up and condemns communism or makes some remark about it, the stock phrase is that he is a "Red baiter" or a "witch hunter" or something of that sort. A great many people have been intimidated in just that manner.

The other day I received a copy of a speech delivered before the United Nations by a distinguished Filipino, Vicente Sotto, in which he described the efforts of the Filipinos during the last 20 years to combat communism in that country. He told how some years ago they arrested and convicted some 34 Communists who were in the pay of Moscow, who had been to Moscow for instructions, and were back in the Philippines well financed from Russia. He then sets forth in his speech a number of paragraphs from a bill which he has introduced in the Philippine Senate. This afternoon when we go back into the House I am going to ask permission to insert that speech into the RECORD. I do it for this reason: The best brains in America should be exerting themselves to find ways and means of stopping the advance of Communist influence in this country. I think that a study of Senator Vincente Sotto's bill will offer some helpful suggestions to you gentlemen who are considering the problem as to how we are going to combat communism here. I am not saying that Senator Sotto's bill is necessarily the answer to our problem, but it is worth study. Shall we outlaw communism as a party? Shall we recognize communism for what it is? Personally I think every Communist in America is an agent of the Politburo and the quicker that we as Americans recognize that fact the better off we are going to be. I think that every Communist in America is at heart a traitor to

his country, and I think the quicker we recognize that fact the safer we are going to be in America. It is evident that the course that we have taken in the last 20 years has not solved this problem any more than it was solved in France by saying, "Yes, they are a political party and they have a right to say what they please." It has been said again and again in this country that we have no constitutional right to deny a man the opportunity and right to belong to the Communist Party. But, gentlemen, I do not believe that our forefathers when they wrote our Constitution intended that our Government should be so weak, so supine, so helpless, that it could not stamp out traitors within its own midst.

SPEECH OF SENATOR VICENTE SOTTO, DELEGATE TO UNITED NATIONS FROM PHILIPPINES, ON WARMONGERING AMONG NATIONS

I should like to discuss the stirring question raised before the General Assembly of the United Nations, that is, Who are the real warmongers, the Soviets or the Americans? Without considering the Balkan case, in which it has been factually established that the Soviets, through their clever intrigues and machinations are the real conspirators against the territorial and political integrity and independence of Greece; without considering the case of China, where it is likewise an established fact that the Soviets are the ones giving material and moral aid to Chinese Communist hordes in order to overthrow the Chinese Republic; and without considering the case of Korea, where it is also a proven fact that the Soviets have no plan of ever evacuating this unfortunate country, because they have ulterior motives of incorporating that territory to their ever-expanding empire, I should like to call and draw the attention of the world toward my far-away country, the Philippines, where for more than a year already peace and order in two or three Provinces of Central Luzon have been perturbed by bandits known notoriously as "Huks," who are none other but unlettered peasants and misguided elements led by Communist agitators under the pay roll of Moscow.

In making this observation I am not speaking through my hat. Documentary proof which tends to demonstrate conclusively that the Soviets and their agents are mainly responsible for the present disturbances in my country obtain in the national archives of the young Philippine Republic.

According to this evidence, long before the last World War, the Soviets financed the trip to Moscow of a certain Crisanto Evangelista and other notorious unemployed labor leaders, in order to further train in Communist tactics and propagating the vile seeds of discontent and Marxism in our islands with a view to overthrowing the legally constituted Government through force and violence. In effect, when these leaders of the Philippine proletariat returned to my country, with funds and instructions from Moscow, they immediately commenced active propaganda work among the ignorant and gullible masses. Under different names, they organized labor and peasant organizations; they established night schools where each enrolled laborer or peasant was paid 10 cents per attendance for learning the precepts and principles of Soviet communism; they printed and distributed extensively communistic handbills and pamphlets; incited laborers and peasants to strike against their employers and the landowners; and held meetings and rallies, where violence and force were preached as means to attain their objective of establishing a new government after the Soviet pattern. They also entered the political arena by putting up candidates for different elective positions, but all of them met with dismal

defeat. This defeat at the polls angered them and incited them to redouble their efforts to agitate discontent and seditious acts against the constituted democratic government of the Philippines.

After our Government discovered the subversive and insidious objectives of the Communist leaders, 34 of their number were forthwith brought before the pale of the law and accordingly indicted on charges of sedition and organizing an illegal association, and nearly all the accused were found guilty and sentenced accordingly to suffer imprisonment and others to banishment to provinces far from the capital of the Philippines. Our supreme court, where their cases were appealed to, handed the decision holding that the Communist Party of my country was an unlawful association, because both its platform as well as the public act and utterances of its organizers and leaders were predicated upon the principle that violence is necessary in order to overthrow the Philippine Government. Some time afterward the then American Governor Frank Murphy granted executive clemency upon the Communist convicts.

This is how communism was nipped in the bud in the Philippines before the last war.

During World War II, however, the Filipino Communists, ever with the aid and financial support of the Soviets, came back to life again, disguised under another name. Now they have adopted the name of Huk, and with the arms supplied by the American forces of liberation in order to fight against the Japanese invading the Philippine Republic, alleging imaginary agrarian injustices or inequalities, but all they really wanted was to wrest the control of the government of the Philippines and establish a new order after the Soviet pattern under the leadership of an irresponsible agitator named Luis Taruc and others of his ilk, paid with money subsidized from Moscow and aided by Chinese Communists, some of whom have already been deported by our energetic President Manuel Roxas.

Such is the insidious work of the Soviets and Soviet agents in the Philippines. And I should like to point out categorically that in making this observation I do not refer to Russia or to the Russian people. In Russia, where there is no freedom of speech, only God knows what the Russian people think.

Recently, motivated by the desire to contribute what little I could do to stem the tide of subversive ideologies in our country, I, in my capacity as member of the Philippine Senate, filed a bill amending our penal code with the following explanatory note:

"Disturbance of peace and order in our Government may impair its operation—nay, lead to its destruction. Acts leading to this effect are covered by book 2, title 3, of our revised penal code, and defined as 'rebellion,' or 'insurrection or sedition.' But there are certain utterances and overt acts which, even though not constituting any of the mentioned crimes, are a serious threat to peace and public order and a menace to the stability of our democratic institutions. They pertain to ideologies and doctrines antagonistic and subversive to those of our democracy, which has been proved to be the only safeguard of human rights and freedom against the barbaric abuses of totalitarian rule.

"This bill qualified such overt acts and utterances as crimes punishable for their commission. Associations and organizations whose purpose tends to propagate subversive ideologies to gain world power, such as nazism, fascism, the Falangist movement in Spain, and communism, are to be outlawed in this country. Evident proof that those ideologies already have gained foothold in our young Republic are the present disturbances of peace and order occurring in some provinces of central Luzon and are spreading to some areas in the Visayas. This de-

plorable situation is due to the nefarious activities of the members of a certain subversive organization known as the Hukbalahap, the purposes and objectives of which are similar and identical to the Russian system of government. Hence, the necessity that the Hukbalahap organization be outlawed.

"We must preserve our Republic and our democratic institutions not only for ourselves, but also for all generations to come. We should not for a moment allow totalitarian tendencies and ideologies to undermine the very foundations of our Republic."

My bill, which will most probably be debated during the next regular session of our Congress, contains the following provisions:

"ART. 142-A. Any person, who by means of speech or writing, or who by means of emblems, cartoons, banners, or any other means of information or publication suggests, preaches, or propagates ideologies, doctrines, or theories of government in favor of totalitarianism or communism and against democracy, and any person endorsing, subscribing, or adhering to them shall, upon conviction, suffer the penalty of prison mayor and pay a fine not to exceed 10,000 pesos. In addition to the above penalties, if the offender is a Filipino he shall be deprived of all his political rights and shall be perpetually disqualified to hold public office; and, if the offender is a naturalized Filipino citizen or an alien, he shall be deported to his country of origin and all his rights to property shall be forfeited to the Government.

"As used in this article, 'democracy' means a government by the people; a form of government in which the supreme power is retained by the people and exercised either directly or indirectly through a system of representation and delegated authority periodically renewed, as in a constitutional representative government or republic.

"Totalitarianism' means, within the purview of this article, a system of government which is controlled by a political group and which allows no recognition of or representation to other political groups, as was in Fascist Italy, or Nazi Germany, or in Falangist Spain.

"Communism' means a system of social organization involving common ownership of the agents of production and providing for a dictatorial form of government controlled by the proletariat.

"ART. 142-B. 'Fascism,' 'Nazism,' 'Falangism,' and the 'Hukbalahap' organization are, for purposes of this article, subversive organizations, whose purposes and aims are to substitute the totalitarian and dictatorial form of government for that of the present democratic government of the Philippines, and, therefore, their existence is prescribed and prohibited."

Now, with these indisputable facts before us, the civilized world may judge who are the real warmongers: The Soviets or the Americans?

Mr. HALLECK. Mr. Chairman, I desire at this time to make an announcement because many Members have inquired as to the program.

Originally, in announcing the program as we expected to carry it forward in the consideration of this bill, I said that general debate would begin today and continue for such time as might be fixed by the Rules Committee; that if it were not concluded on Friday we would meet on Saturday in order to conclude general debate and that the reading of the bill would begin at the opening of the session on Monday and continue through that day and such further days as might be necessary to complete consideration of the bill and bring it to a vote. In view of the fact that we are progressing with

the general debate, it being expected that general debate will continue for some little time yet this afternoon, and in view of the fact that the House has already agreed to come in at 10 o'clock tomorrow, and it being thus apparent that general debate can be concluded tomorrow, I think it will serve the best purposes of all of us to announce that we will continue general debate on tomorrow until the time is concluded or until all of those desiring to speak have had such an opportunity to speak.

The first section of the bill then can be read for amendment. The committee will rise and, of course, if there is other business to be taken care of, it can be done at that time. It is my hope that the House can then adjourn over until Monday, at which time the reading of the bill will continue.

Many Members have asked me as to whether or not there will be a vote Monday evening or whether they could have an assurance there would be no vote on Monday evening. I have told them that I could give no such assurance but if I were to guess about it, from the number of amendments that I have heard talked about and from my experience here in connection with the 5-minute rule, I might be inclined to hazard the guess that the vote will not come on Monday.

However, I wish to make this clear for the guidance of the Members: The reading of the bill will continue on Monday until a reasonable hour in the evening. If at that time the reading of the bill is completed and we are ready for a vote, the vote on final passage will be had on Monday evening. If at such a reasonable hour in the evening the reading of the bill is not completed, then, of course, further consideration will go over until Tuesday.

On Monday we shall determine whether or not, in order to expedite consideration, it is desirable to have the House meet earlier than the usual noon meeting hour. It will be our purpose to have the House meet at noon on Monday.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, the gentleman from Missouri has pointed up a very important fact. If you were living in western Europe today, as are so many millions of people, you would feel very much as they do there, "between the devil and the deep blue sea," the deep blue sea being the Atlantic Ocean. Those people are heartsick, they are afraid. Fear is written all over their faces. Many of them have taken communism to their bosom, so to speak. Why? Because they are afraid. They have seen what happened to patriots like Petkov, they have seen what happened to Nagy of Hungary, Mikolajczyk of Poland, and many others. They know that if the United States pulls out of western Europe today or even in the near future the void will be filled by Soviet troops, as it is already being partly filled by their Gestapo agents. They are afraid to say things in support of democracy or the United States for fear their words would be

taken down and used against them in the future.

I doubt that very many of those people, even among those who carry a Communist card, are in favor of it. I doubt it because they have seen the ravages of communism. They have talked with those of their fellows who have escaped through the iron curtain, and they do come out at the rate of several thousand a day. They really know the conditions that lie behind the iron curtain. If you wish to see the most abject fear in the faces of people, take a look at those who walk the streets of Berlin. There is fear of the deepest kind written on the faces of these people. Why? Because they know that the mere presence, temporary as it may be, of a few thousand Americans, a few thousand British, and a few thousand Frenchmen, is all that keeps them from being completely submerged within the iron curtain. Berlin is 165 miles behind the border line between the Soviet zone and the British and American zones. Berlin is merely a relatively free spot inside the iron curtain. They do not complain that they have been bombed into ruins. That they accept as the fortune of war. The fear is the fear of the hunted.

The people of Europe need our help. They need our help temporarily because of hunger on the part of those who are unable through their own diligence and work or because of their age and infirmity to earn the barest living. I hope these funds we are appropriating may be so applied as to reach those who need it so badly.

But, first of all, those countries need to recover from the ravages of war. We can go on pouring money into this part of the world for years to come, but if we do not satisfy their need for industry and commerce and help them achieve some measure of prosperity, the entire fund we will have appropriated will have been thrown down the well-known rat hole. Therefore, while I support this pending legislation, I hope and trust that the agencies in the executive department, as well as the committees of Congress, will take the earliest practicable and possible steps toward the recovery of western Europe—to reinstate there some modicum, at least, of prosperity.

The one thing that communism fails against—that great rock upon which it dashes itself to pieces—is prosperity. It is chaos upon which it feeds most heartily. Therefore, to do something about the reconstitution of the industry and the commerce of those countries is the first order of business following this bill, I should say. The first necessity, as everyone who has been there will declare, is the stabilization of currencies and the resumption of trade and commerce. That part of the world is an industrious part of the world. The people are intelligent. Most of them have been honest, although the black markets they are caused to deal in by virtue of price control and the rationing system that exists there today force them to be criminals in a sense. Fundamentally, they are fine, honest people. They are the near relatives of millions of like people in America. We hope, therefore,

that our executive officers and our committees of the Congress will take immediate steps to stabilize their currencies. Second in importance and probably equal to the first is the reinstitution of transport in that part of the world. It requires transport to carry coal and other supplies in order to have the proper distribution of these things among the people and industries where the people work. That is the second great requirement for that part of the world. When the currency has been stabilized and commerce and trade have been resumed, which I hope will be soon, then that part of the world should be able to take care of itself. Then it need no longer be a burden upon the United States. If we do not do that, and if we do not do our utmost to stabilize the currencies and reinstitute transportation and help get their industries started again, then they may well be a burden upon us for a long time to come, and force us down the same highway to destruction upon which they are presently traveling.

I think there are many problems that come into that question which we might discuss here, but time is too short.

I have just come back myself, not having been there in the business of investigation but on matters related to international civil aviation. We went to Germany for a few days at General Clay's invitation and visited him in Berlin. Then we went down to Frankfurt and Wiesbaden and drove by automobile through the French zone on our return journey to Switzerland. It is a very sad state of affairs, as anyone who has been there knows. We must give western Europe the opportunity to thwart chaos by restoring some modicum at least of their prosperity and happiness. I was particularly struck with one little fact. Those people are short of cigarettes, as everybody in the world knows. Cigarettes sell for more per pound over there than anything else that you can think of. On the current black market cigarettes are worth ten to fifteen dollars per carton. That is a tremendous and terrific price. At the same time, the Government of Great Britain has shut off the imports into Great Britain of tobacco from the United States, and we are about to have a terrific tobacco surplus, while in Europe there is a terrific tobacco shortage. I do not know how people feel about that, but if there is one great big black market that you want to break in Europe, just ship about 100,000,000 cartons of cigarettes over there, and you will bust it wide open. Incidentally, you will be giving some people who feel the shortage of cigarettes very badly some degree of contentment. The same is true about coffee, and the same is true about soap. Those commodities sell for higher prices on the European black markets in proportion to their value in the United States than practically any other items.

To conclude, communism being a real threat to freedom, and freedom being of vital importance to us, the best place to stop communism is in Europe. To do that we must defeat chaos and confusion by restoring order and production and distribution, trade and commerce. To me this bill is a temporary stopgap. The really important steps have to do

with resumption of production, trade, and commerce. Uncle Joe knows that too because he tries his best to defeat us and western Europe through strikes and disorders.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. COLE].

Mr. COLE of Missouri. Mr. Chairman, last week I received a letter from a resident of Mound City, Mo., who is now at Columbia, Mo., and I believe is a student at the Missouri University. I do not know the author of this letter, therefore I do not know whether he is a Republican or a Democrat. However, I hope that it will soon be my privilege to meet him because I admire his profound thinking and his ability to express his thoughts. His letter pertains to the matter now under discussion and is worthy of consideration by this Committee, so I have requested this time to read it to you. I quote:

DEAR MR. COLE: Please bear with me if my letter does not conform to the best rules of how to write your Congressman. I feel compelled to voice my opinion on the aid-to-Europe program.

I am urging you for five good reasons to oppose the Marshall plan, at least the long-range plan.

First, and most distasteful, is the power politics applied by the administration in backing of its pet scheme. Long before the plan was advanced to the public in general the Government bought up huge quantities of wheat that could not be resold in case the plan were defeated by Congress. The reason, of course, is similar to the potato deal that we're all so familiar with. And, by advertisement, sentimental appeal and applying nearly every principle known to the propagandist, the Administration has taken immense liberties in the underwriting of this plan.

Secondly, the detrimental effect that will result in this country will hasten disaster on this country. We've already been given the warning by the President, himself, in his appeal for powers that proved so distasteful but bearable in wartime. His appeal will have a lot more weight when the effects of this program begin to be felt. Once the heavy yoke of this power is instituted on the United States, it will be many, many years after Europe is back in full swing for us to rid ourselves of this yoke. This is manifested now by the immense number of bureaus in Washington that were war-born and are still with us even though the guise that gave them birth has been entirely removed. It has been proven time and again that once the Government is allowed to enter a field, i. e., rent control, export control, price control, etc., it takes virtually a revolution to expel them. And even if the Government is allowed these powers, I honestly doubt the degree of their success. Its just terribly hard to repeal the old economic laws by an act of Congress. Should they fail and should chaos come to this country comparable to that of the thirties I doubt that our way of life will survive. This is food for thought, Mr. COLE. Since 1915 the Communist Party has been building in this country and waiting for its chance. I don't think it was ready in the thirties, but should they catch us in such a predicament again, revolution could easily result. You, as well as I, know the Reds thrive on chaos and confusion. Let's preserve our country and way of life.

Thirdly, one might doubt the actual good that might come of this gratuitous aid. If we impose conditions on the use of our aid, we might easily be called Uncle Shylock with grounds because such a program cannot be administered by a half-baked plan or ill-

trained personnel. Just take a look at the difficulty of wielding control over such an organization as our Army or Navy with supposedly competent administrators. Even if it were well administered, though, the least grateful will be the Europeans themselves.

Due to ancient and deep-seated rivalries in Europe, we'll be inextricably involved in the mire of European politics. And if we don't impose any conditions on our aid, even less good will be done. With my limited knowledge of Communist control in Europe, it's hard for me to say how or to what extent the Communist program will be directly aided by our money. But, however closely the European appeals are scrutinized, I'll guess that a lot of our aid will materially aid and abet the Red cause more than ours.

Fourth, if their need is so dire, why is the foreign capital in the United States not withdrawn and invested in European countries. If they are not willing to help themselves, why should we? Not only that, but our own price level which least of all needed a boost, has been considerably upped by the presence of this money.

Fifth and most important, after we've once committed ourselves to such a long-range program, it will be next to impossible to pull out regardless of the near-future developments in this country. A person in your position has, no doubt, seen the far misses of economists' and planners' guesses. At a poor second best, I'd recommend a year-by-year program that is easily removable. This is the very least Congress can do in their altruistic attempt to bankrupt this country. And with things so unstable as they are at the present, it is quite likely that such a contingency that would make necessary suspension of aid, transpire. Given a couple of years, I believe our economy could be stabilized. Delayed 4 or 5 years by such as the Marshall plan and with demand stifled by control for this extended period of time, disaster will surely envelop us with industry at an extremely high pitch for the partial supply of Europe and the United States. At the lapse of our aid, the demand could be satisfied in a period of perhaps a year and an economic break-down could easily result. Furthermore, the cost of the program plus the cost imposed by economy control at home will lead us further into debt when it is gigantic already. Only the shortsighted cannot see the danger of such a huge national debt. Right now the interest cost alone of our debt amounts to more than 10 months of the cost of the GI bill.

Now certainly is the time for the Government to get out of debt if it is ever to do so and not to increase the cost of government by a rigid, distasteful economy control.

I hope that I don't appear as an alarmist but from where I sit, now is the time for protection—protection from our own foolishness. For these reasons, I beg of you to wield your influence to forestall this idealistic, Wall-lacian dream.

A constituent,

E. M. WRIGHT.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

(Mr. COLE of Missouri asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

The CHAIRMAN. The gentleman from Michigan [Mr. HOFFMAN] is recognized for 10 minutes.

The gentleman from Michigan is again recognized for 10 minutes.

The gentleman from Michigan apparently is momentarily absent.

Mr. VORYS. Mr. Chairman, during the momentary and no doubt unavoidable absence of the gentleman from

Michigan, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MUHLENBERG].

Mr. MUHLENBERG. Mr. Chairman, permit me to observe that I am not in any way substituting for the gentleman from Michigan [Mr. HOFFMAN], who has been called for but has not yet responded.

Mr. Chairman, I am quite anxious to bring this discussion back to earth, for it seems to me that we have wandered a good deal during the afternoon. We have talked about a great many things other than the particular matter we have come here to discuss today, which is the question of interim aid to Europe.

We can, it seems to me, regard this problem only on three bases. — One, of course, is the economic angle. On that, I believe, there are only three possible plans, three possible points of approach. It must be observed, first, that Europe is without present resources and that the only place from which those resources can be obtained in quantity is the United States of America, almost the only country in which there is a degree of prosperity and in which there is a degree of plenty. In that case we must either, first, continue our buying abroad so as to give them an opportunity of obtaining dollars with which they can continue their buying here, or, second, we must give or lend the substance to Europe with which it can make these purchases here, or, third, we can withdraw altogether from the whole proposition and shut the door, refusing to allow them to withdraw our goods in order to build up here a country which within its own borders is self-sufficient.

It seems to me that the third one of these probabilities would be very tragic in its impact on world history. I do not believe the method we are considering today can include any such possibility.

Let me then approach the second one of these angles—that is from the standpoint of the military. Certainly it is common sense, if we are thinking in terms of national defense, to put our border as far away from the eastern and western seabords as it is possible. If we can push that border 3,000 or 4,000 miles away from our seaboard certainly that is just plain common sense, it seems to me. If aid to Europe in this economic crisis will help that, if it will help to build up a group of like-minded and strong people who may defend our philosophy of free men, then I think it is worth while. The third and last point is that of the humanitarian angle, and from that standpoint, too, it seems to me that we will be following the humanitarian principles of the American people when we grant interim aid that is so desperately needed under the degree of impoverishment and the degree of undernourishment that exists in Europe today.

We are not talking about the Marshall plan today; we are talking about interim aid, and I am entirely in accord with the desire of the committee that the action of the Congress, under the safeguards that are within the bill, shall grant that degree of aid from this country to the impoverished people in Europe stipulated within the bill; and that I believe the American people want us to give.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. LANDIS].

(Mr. LANDIS asked and was given permission to revise and extend his remarks.)

Mr. LANDIS. Mr. Chairman, I hope that the membership, before they vote on this bill or any other foreign aid bill, will read the national resources and foreign aid article in the Krug report. I also notice that this legislation has called attention to the forgotten Indians in Arizona. I think they are going to do something about the American Indians right away. I hope also it will be some benefit to getting recognition for the old people of America so that we may give the old people of America a decent pension before we go into these foreign-aid programs.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. LANDIS. I yield to the gentleman from California.

Mr. HINSHAW. There is one more category we might take into account and that is our American internees in the Philippines and our American prisoners of war in Japan and China.

Mr. LANDIS. That is correct, sir. I thank the gentleman for his contribution.

Mr. Chairman, under the proposed Marshall plan we are to furnish European countries food, fertilizer, coal, steel, timber, and machinery, for the next 4 years. This plan will cost the United States approximately \$20,000,000,000.

Before we appropriate more billions for Europe, we should examine our productive capacity and see that enough of what is produced remains in the United States to avoid unemployment of millions of our workers. Unless the dividing is done wisely we will go down and the whole world will go down with us. The American people must have some assurance that their resources are not being depleted.

Since the start of World War II, United States has given or lent the world a net outlay of \$58,206,000,000. United States has given approximately \$20,000,000,000 to 59 countries since the fighting stopped. France has received \$1,950,000,000; Italy \$538,000,000; and Austria \$63,000,000. However, the largest single item went to England, a \$3,750,000,000 loan which is almost used up.

These lend-lease agreements turned out to be neither loans nor leases, but outright gifts. Apparently we are a Nation of givers who ask nothing in return. We must first find out how much we have left to give before we go completely broke and crash through inflation, strikes, and hunger at home. A crash at home would mean Communist-led strikes and hunger marches ending in revolution. The time has come to stop communism in America. First we need a law to punish individuals who advocate the overthrow of the Government of the United States by force. Next, Russian immigrants to this country should be restricted in proportion to the number

of Americans authorized admittance to the Soviet Union.

During the past 12 months ending June 30, the United States has exported 19,200,000 tons of food at a cost of approximately \$2,300,000,000. Sixty percent of this food went to Europe. The Friendship train gathered approximately 2,000 tons of food for shipment to Europe. For a comparison of the amount of food exported to Europe last year, the total shipment equaled 11,609,000 tons or equivalent of 5,804 trainloads the size of the Friendship train.

Food sent to Europe included 611,000,000 bushels of grain, 500,000,000 pounds of meat, 7,000,000 pounds of butter, 40,000,000 pounds of oleomargarine, 233,000 tons of fats and oil, 493,000 tons of dairy products, 181,000 tons of dry beans and peas, 82,000 tons of fish, 9,000 tons of chickens, 238,000 tons of eggs, 289,000 tons of vegetables, 385,000 tons of potatoes and sweetpotatoes, and 976,000 tons of fruits and nuts.

If you want to know why prices have increased and why you did not get an automobile, a tractor, a truck, or other essential products, just take a look at some of the exports from the Krug report.

1946

Industrial machinery, \$1,076,000,000; farm machinery and tractors, \$158,367,000; passenger cars, \$125,173,000; motor trucks and busses, \$240,264,000; railroad locomotives, \$148,684,000; railroad freight cars, \$40,551,000; chemicals and allied products, \$500,100,000; 1,059,000 passenger tires; 1,406,000 truck tires; cotton cloth, 1,200,000,000 yards; leather, 9,484,000 pounds; lumber, 600,000,000 board feet; coal, 47,000,000 tons.

1947

Oil and gasoline, \$308,445,000; boots and shoes, 7,200,000 pairs; agricultural products, \$1,753,012,000.

After reading the Krug report from the Interior Department, I want to submit the following questions:

First. How can we export \$1,800,000,000 worth of steel and steel equipment when the shortage of steel is our chief bottleneck to maintain or increase production? Certainly you do not want to stop the manufacture of automobiles, farm machinery, coal cars, tank cars, steel pipe, electric refrigerators, and electric washing machines. The manufacture of automobiles will be delayed 2 more years because of our present steel shortage. Surely you would not want to create unemployment in the United States of America. No; we have about 60,000,000 Americans employed and we had better keep them on the job.

Second. How can we export \$500,000,000 worth of oil when it is becoming scarcer owing to the slowing up of the rate of discovery and the depletion of developed reserves? I am certain we do not want to start gas rationing.

Third. How can we export 500,000,000 bushels of wheat when we will only have a surplus of about 200,000,000 bushels? We certainly do not want to create a bread shortage in the United States next year. We must keep a wheat reserve, because our 1948 crop will be short about 300,000,000 bushels. If we do not feed

part of our wheat to livestock and poultry, we will have a meat famine next year.

Fourth. How can we export \$300,000,-000 worth of coal when we only have enough coal cars to keep our mines working 3 or 4 days a week, and only produce enough coal to supply the United States and Canada? This is not a resource problem but primarily a transportation and production problem.

Fifth. How can we export \$100,000,-000 worth of lumber when we have an acute housing shortage in the United States? Most of our best timber has been cut and hauled away. An increase in lumber exports, now, would be at the expense of domestic consumption.

Sixth. How can we export nitrogen fertilizer unless special measures are taken to expand its production for the present supply will only be enough to fill domestic requirements.

\$64 QUESTION

All of us would like to know the answer to the \$64 question, "Is it fair to ask our people to sacrifice and save grain to export in order for foreign countries to have 71,000,000 bushels of grain to make alcoholic beverages?"

The situation with respect to industrial products sent to Russia is as follows:

EXPORTS TO RUSSIA

Exports to Russia should be stopped. The Truman administration can stop the shipment of goods to Russia because they control the export license to sell goods abroad. I did my best to stop the sale of scrap iron and oil to Japan many years before the Roosevelt administration placed an embargo in 1941.

During the first half of this year, exports to Russia averaged about \$15,000,-000 a month—about half of it lend-lease and UNRRA goods.

During September we shipped \$3,000,-000 worth of exports to the Soviet Union. Following is a list of what we sold: Three generators worth \$53,292; nine transformers, \$953; switchboard panels and parts, \$9,177; 10 oil circuit breakers and switches, \$197,103; 14 stationary motors, \$994; starter equipment and parts for industrial machinery, \$26,623.

MACHINE TOOLS

Mining machinery and parts, \$44,120; pumps and parts, \$3,718; two automatic chucking lathes, \$54,711; four lathes which could be used for artillery and ammunition, \$113,214; two precision-boring machines, \$49,000; two excavators, including power shovels, \$148,860; one crane, \$15,106; two gear-cutting machines, \$11,000; six drilling machines, \$131,500; one gear-tooth grinding machine, \$23,200; three broaching machines, \$72,000; two gear-honing and lapping machines, \$13,000; forging machinery and parts, \$224,400. Three new passenger cars, \$4,287; farm machinery and implements, \$34,984; 60 railway cars of over 10 tons, \$339,000; railway car wheels, \$202,500; laboratory instruments and supplies, \$23,186.

OIL AND GREASE

Three million pounds of sisal, cord, and cordage, \$403,000; 686 barrels of red and pale lubricating oil, \$8,059; 1,409 barrels of lubricating oil for steam re-

financed stocks, \$16,601; 4,766 barrels of other lubricating oils, \$77,600; 162,000 pounds of lubricating greases, \$13,000; carbon or graphite products, \$31,600—items listed in Washington Daily News of November 14, 1947.

POLAND GETS SHIPMENT OF UNITED STATES LOCOMOTIVES

One hundred locomotives are being shipped to Poland as part of a United States effort to speed up deliveries of Polish coal to western Europe. Also being shipped with the locomotives are spare parts, railroad tracks, bridge construction materials and machine-shop equipment. Poland is buying the locomotives and other materials with a \$40,-000,000 loan granted by the Export-Import Bank 18 months ago.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. BRADLEY].

Mr. BRADLEY. Mr. Chairman, I appreciate that this bill will pass the House in one form or another, and I have no desire to attempt to delay it in any way. However, there is one phase of the matter which has not yet been covered and which I think should be a matter of record.

There will be large quantities of material shipped from the United States to various foreign governments under this interim plan, and it is probable that there will be much greater quantities shipped in the future under some further developments of a European-aid project. All of this brings us to one of our old and difficult problems—the maintenance and operation of an adequate merchant marine under the United States flag. As you know, the American merchant marine has gone through violent ups and downs during the course of our history, and while just now it is on a reasonable plane of prosperity, it seems to be distinctly on the down grade. So the question arises in my mind today as to how the goods covered by this bill will be transported to foreign nations—will they be sent in American ships or in foreign bottoms? I can appreciate that in this stopgap-aid program it is hardly practicable to delay shipments so as to set forth any specific percentages or quotas which must be carried in American ships, but I believe that that recognition should not in any way dim the fact that the record of this debate should show the belief by at least some Members of the House that American ships should receive their just share of cargoes sent by this Government.

During World War II our overseas carrying trade was built up to a very high level, with practically all of the ships owned by the United States and operated either through charter or under general agency agreements. It has been our endeavor, since the end of World War II, to modify this system, and we are now getting the merchant marine back into private operation, either through private ownership of the ships concerned, or through the chartering of those vessels from the Maritime Commission. However, during recent months, the number of ships under charter has decreased considerably due to the entry into the carrying service of

new ships under foreign flags of former American vessels purchased abroad and now operating under other flags, and also due to the dollar shortage abroad. We should do nothing which will encourage the further decrease in the carrying trade by the American merchant marine, but rather, we should use our every effort to build up that merchant marine as an outlet for American investments, as a means for furnishing employment for American seamen, and as an indispensable adjunct of the national defense.

In comment regarding the Marshall plan many statements have been made, coming from reputable sources, that there is an intent on the part of the administration to turn American ships over to foreign nations in order that they may be manned by alien crews and so reduce the costs of transporting goods under our foreign-aid program—this with the idea that such a practice will result in a betterment of American economy as a whole. I consider such reasoning to be completely fallacious because not only should the American merchant marine be maintained for the transportation of goods and the employment of men but also because, without an adequate merchant shipping, we cannot carry out overseas operations which might be necessary in the event of further hostilities.

The very fact that in this debate it has been maintained that the principal purpose of this interim-aid plan is to prevent a possible war with Russia would seem to be an impelling reason to reserve the shipment of goods for the benefit of American flag vessels, and thus build up our own merchant marine.

Mr. Chairman, one reason for the failure of America to hold its own in the merchant service is our differentiation between Americans who go to sea and Americans who remain ashore. To my mind it would be just as logical to invite foreign workmen to come to the United States and operate our idle factories, take over establishments now in the hands of the War Assets Administration for disposal, and there to turn out relief goods for foreign lands, as it is to advocate turning American ships over to foreign governments for the purpose of carrying American relief supplies. The American who goes to sea has just as much right to the protection of his job by the Government as has the American who stays ashore, and we shall never be successful in our operation of a merchant marine until we recognize that fact. There cannot be two classes of American workingmen, but, rather, for the strength of the Nation we must treat all alike.

In the consideration of the bill now proposed I note that the House version would not permit of the use of interim aid for the purchase of American ships by the beneficiary nations. However, I find no such provision in the bill as passed by the other body, and it is my intent to offer an amendment at the proper time which would preclude the use of relief funds for the purchase of American vessels. I do not expect to have the amendment adopted, but I shall offer it for the purpose of impressing upon our conferees the fact that the bill, as passed by the

other body, would permit of such purchases, whereas the House bill will not, and that for our own protection we should see that the House version is maintained. To some of you this may seem like a strange and possibly foolish precaution, but when one considers that this actually happened in the use of lease-lend funds, insofar as the present 96 American ships now operating under the Russian flag are concerned, I may say that it is no idle gesture to guard against a recurrence under the present legislation.

In concluding, may I express the hope that in the shipment of American goods abroad under this interim aid program, the percentage we are now handling will not be reduced and, that under any conditions, the administration will see to it that at least 50 percent of American goods shipped to Europe under this program are carried in American flag vessels.

Mr. JUDD. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

A BANKRUPT FOREIGN POLICY

Mr. SMITH of Wisconsin. Mr. Chairman, when H. R. 4604, the bill now before the Committee, was reported out I was constrained to vote against it. To vote against a majority of my colleagues on the committee was an unpleasant duty for me. Loyalty to my committee, however, must yield when it is opposed by clear convictions. It was my intention to vote for any kind of bill which would alleviate conditions of hunger and suffering. I agree with my distinguished colleague from Minnesota [Mr. Judd] that this bill is not designed to meet the call of suffering humanity in western Europe. It is the first step in the long-ranged Marshall plan and I believe the members of our committee will not deny that statement.

Mr. Chairman, the people of this country have been hoodwinked again. For weeks the press and radio have been telling the people that this is a bill to relieve suffering humanity and they are willing to respond to such a call, but now comes the great disillusionment. Passage of this bill will not aid hungry people or give them clothing or shelter originally anticipated.

Mr. Chairman, the Republican Party is on notice and let it not be said 6 months from now that this bill was the President's program. Today our party carries the ball, and that spells responsibility. Make no mistake about it.

Mr. Chairman, this brings into sharp focus the kind of leadership we have had since the end of the war. During the debate on the Greek-Turk aid bill last spring I called attention to the deplorable state of affairs under the Democratic administration and indicated where it would lead if we followed it. We are in a more confused state of affairs today and they worsen each succeeding day. American military victory has been followed by American political frustration.

in this postwar era we have followed bankrupt foreign policies which threaten the very basis of our Government.

Mr. Chairman, instead of freedom from want and from fear we find in Europe and in Asia fear and want on a scale heretofore unknown in the history of civilization. Everywhere, including our own country, there is the haunting fear of a Third World War and in some places the hope that it will come soon in order to relieve the present desperate situation. This hope is whispered among the millions of miserable people who have lost everything they had because of territorial changes accompanied by mass expulsions and the setting up of tyrannical dictatorships.

Mr. Chairman, let us recall the first three clauses of the Atlantic Charter:

First. Their countries seek no aggrandizement, territorial or other.

Second. They desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned.

Third. They respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them.

Tell that to the million and more people who were deported from eastern Poland to the Soviet Union, those of them who have survived the ordeal of transportation in cattle cars and subsequent slave labor. Tell that to the hundreds of thousands of Poles, Letts, Lithuanians, Estonians, Ukrainians, Yugoslavs, Russians who have been dispersed as fugitives all over Europe. Tell that to the Germans who formerly lived in east Prussia and the territory between the Oder-Neisse border and the former German frontier—to those of them who are still alive as beggared refugees after undergoing orgies of pillage, rape, and murder.

Mr. Chairman, our foreign policy during the war was largely in the hands of ungifted amateurs who seem to have made the gravest international decisions on much the same basis as hunches, or perhaps lucky numbers, which, we are told, determined financial policy in the early years of the New Deal. Four principal assumptions on which American wartime diplomacy was based have proved to be costly mistakes. These were:

First. That Russia, after a victorious war, would be a cooperative do-gooder or at least a passive factor in the international scene. It was assumed, with truly amazing naïveté, that Soviet foreign policy would continue to be restrained when every element of check and balance in Europe and Asia had been smashed.

Second. That the way to get along with Stalin was to give him everything for which he asked. Curiously enough, the advocates of this policy were often the most violent critics of concessions to Hitler. The aftermath of the Yalta and Potsdam agreements proves that an appeasement policy is always in the red, because it is invariably interpreted by a dictatorship as an invitation to new aggression.

Third. That Germany was the sole source of international evil—past, present, and to come; that no country except Germany had waged an aggressive war in the past or would wage one in the future. This highly emotional judgment overlooked the historical evidence that the strongest military nation in Europe habitually yields to the temptation to abuse its power. It was childish oversimplification to confront the problem of aggressive war with a crude formula for destroying Germany.

From a practical standpoint this assumption that only Germany could be an aggressor was extremely harmful. For it discouraged any attempt to come to an agreement with the forces in Germany which were working for the overthrow of Hitler's dictatorship. How much more hopeful the outlook would be if, instead of a destitute, broken, divided Germany, we could today deal with a united western-oriented Germany, under the leadership of the men who took part in the anti-Nazi rising of July 20, 1944.

Fourth. That America could completely destroy the balance of power in Europe without, as a sequel, facing a bitter choice of alternatives. These alternatives are either to throw America's full weight into the scales to help create a new balance of power, or else to watch all of Europe slide bit by bit into dependence on the single strong land power which existed at the end of the war, namely, the Soviet Union. Whichever horn of this dilemma is chosen, the result will be continuous nervous tension and unprecedented drain on our national resources.

As for me, Mr. Chairman, I do not propose to follow the kind of leadership that has given us Tehran, Yalta, and Potsdam, and I plead with my fellow Republicans to remember what has transpired in the past so that it will guide their actions in the future.

Mr. Chairman, this administration, in addition to Tehran, Yalta, and Potsdam, has also given us UNRRA, lend-lease, Bretton Woods, the Morgenthau plan, and other crackpot New Deal ventures. It now seeks the power to set up a world spending program—the Marshall plan—to be owned and operated by the same crowd.

We have heard a great deal about setting up a "superduper" corporation to administer the program envisaged by this bill. I have the highest esteem and regard for the gentleman from Massachusetts [Mr. HERTER], who is responsible for this suggestion. If he were to be selected to head the organization I would be for it. But this would merely result in giving the New Deal billions of dollars to play with and we would get the same kind of administration as we are getting today.

If we are really interested in doing something constructive for the needy people in Europe and Asia we might rely upon existing agencies which have been doing that kind of a job for hundreds of years and it will cost the taxpayers of this country very little. I refer, Mr. Chairman, to the churches, the Salva-

tion Army, and the American Red Cross. Take this job out of the hands of the politicians at home and abroad. Of course, the politicians will protest and I realize that any amendment that might be offered to effectuate that purpose would be defeated on this floor, because that would eliminate political power.

Mr. Chairman, if we turned the relief measures set up under this bill over to these existing agencies it would save millions of dollars in administrative costs and we could be sure that whatever aid we gave would go directly to the people who need it without graft or political pull. I am informed that the Salvation Army has a trained force of 30,000 men and women who can do this job. Today that organization is operating in many countries with a total of 16,000 posts. Here is skilled manpower at our command at our asking.

Mr. Chairman, I have today received a letter from a prominent constituent along this very line. She says in part:

I am making a suggestion that has met with amazing enthusiasm among a widely assorted group of people—really generous Americans who want to help starving Europeans and Chinese, but Americans who have become completely disillusioned by the incompetency, waste, and complete inability which Government has shown in distributing the billions expended in Europe and Asia with little or none of these billions reaching the starving poor.

She adds:

The money and food should be distributed through the missionary societies and charitable organizations already organized.

Certainly, this is the only way it should be handled and I intend to offer an amendment to that effect. These organizations publish literature in every language and they have the respect and confidence of the people everywhere. Let the people do this job; they can and will if governments, as such, will only get out of the way. There was no showing in our committee, Mr. Chairman, that our food and supplies will get to the needy and I am certain no showing will be made during this debate. Whatever we give will go to the respective governments and from there on out to the ultimate consumer; it is a cash transaction. By no stretch of the imagination can that be considered as beneficial to the hungry people in Europe or Asia.

Mr. Chairman, the people of this country must understand that adoption of this legislation means a continuation of high prices and a continued scarcity of consumer goods. The productive capacity of this country is wholly inadequate to meet the needs of all the world. At this time we are caught in a spiral of inflation which could easily wreck this country. The President has said that if the Marshall plan is adopted it must be implemented by a series of price controls and allocations. Is this what the American people want? I do not believe so. The cry today is for lower prices and a stable economy. The people are sick and tired of governmental confusion and ineptitude. They are demanding that this Congress bring order out of chaos and not a continuation of it. Furthermore, Mr. Chairman, our constituents will accept no excuses, be he

Democrat or Republican. The time has come for resolute action on domestic problems; that is our chief responsibility today. Let us meet it without equivocation.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. JACKSON].

Mr. BLOOM. Mr. Chairman, I also yield 10 minutes to the gentleman from California [Mr. JACKSON].

(Mr. JACKSON of California asked and was given permission to revise and extend his remarks.)

Mr. JACKSON of California. Mr. Chairman, again the Members of this body find themselves confronted with a reluctant choice, a choice on the one hand of appropriating nearly \$600,000,000 for aid to several countries of Europe and one country in Asia. The second choice with which we are confronted is that of turning our backs upon the rest of the world and withdrawing ourselves within the confines of our own country. That naturally infers and actually means a complete withdrawal from all of the other countries of the earth. There can be no leaving of occupation troops in Germany, there can be no further participation by this country in Austria, because to leave those isolated groups of Americans in the face of a Red tide which is as certain as day and night to surround them and eventually engulf them would be madness of the first order. So the choice, as I see it, is a choice between two very clear alternatives, the alternative of complete withdrawal or the alternative of continuing such aid as proposed in this program.

Those who advocate the program of aid give several reasons for their endorsements. They say, first of all, that it is for humanitarian reasons, that we cannot as a Christian Nation stand aside and see starvation, nakedness, and want move slowly across the face of the earth. That is one highly laudable reason for giving aid.

They say also that we must aid in the economic and physical reconstruction of the lands that have been devastated by war. Some of them add that we should also do it in defense of our own country.

I do not believe, Mr. Chairman, that we can completely justify to the American people any participation in this aid program on the first two points, that of humanity and that of economic rehabilitation. But I think that we can and we must approach this great problem on the basis of our own welfare—the national security of the United States of America. Perhaps my thinking on this matter is colored by 10 years of military service and perhaps that is the reason why I personally look at it from the standpoint of national defense. What I have said, Mr. Chairman, is not to infer in any way that the factors of hunger and want can or should be disregarded in our approach to the problem, for we are never going to arrive at any lasting solution to the problems that beset the world today so long as hunger is a major factor in the political decisions being made abroad. There are those who will quite correctly point out that we have hunger here at home. There are, in many parts

of our country, people who are unquestionably hungry tonight. So it is not enough to justify the program on the basis of avoiding hunger abroad.

Some say that there are people in our land who do not have proper housing. I contend that we cannot properly submit that we are doing this for the building of homes abroad or for any other of the many excellent humanitarian reasons which might be properly advanced by the opponents of this program. But I do submit, Mr. Chairman, that there will be no hunger to match the hunger of our own economy in a great many ways if all of the avenues of approach to the Old World, if all of our lines of communication to the things we so vitally need are severed, as severed they must and certainly will be if the iron curtain lifts to engulf and cover western Europe, the Middle East, Africa, and Asia.

We can build, Mr. Chairman, a million combat aircraft, we can build a million heavy tanks, we could make this country an armed camp, and we could cover our coast lines with defenses that would be impregnable to attack. We could do all these things and become a bristling arsenal of defense—except for one important factor. We are, today, a have-not nation with respect to oil. "Oil" is a dirty word. It has often been said that oil is an unsatisfactory period at the end of an unsatisfactory paragraph. That may be largely true, but until such time as science develops a substitute for that viscous liquid our peacetime economy and any possible war economy must operate on oil. We have enough for only a year or 15 months of total all-out war as we knew it in the late conflict. Then, what happens on the day that the pipe line gives out, that queer sucking sound which means that there is no more oil in the pipes? What about our national defense then? Where do we go from there? Some of the gentlemen may say that we shall never save the world from communism on these programs of aid. Perhaps that is true. But, whether or not we save the world from communism is secondary to the basic question of whether or not we save our lines of communication and our avenues of access to things we cannot do without; I put in that category such things as tin, manganese, nitrates, and nickel, all of which are in extremely short supply here at home. There is a score of such vital minerals and ore which we do not produce here but which are found only in other portions of the world. Certainly, there is no one naive enough to believe that if the rest of the world comes under the domination of the Soviet Union that we are going to get anything at all in the way of those things which will be essential for our own self-defense in a world in which every hand will inevitably be turned against us.

Let us look at this question for a while from the standpoint of not what we are doing for the rest of the world but what we are doing for our own welfare and for our own national integrity. What good is it going to do to sit on 5,000,000,000 tons of wheat if you do not have the Diesel oil to power the trucks and the trains that must convey it. That may

not be too important, though, in a world, the markets of which are gone.

One of the most frequently heard complaints relative to our aid deals with the containment of aggressive communism. Have we succeeded in containing communism? Much has been said here today about that. Some gentlemen have said that the world is in worse shape today than it was on VJ-day. Well, I do not know. I also made a trip during the recess. I am a little hesitant to talk about that because in some quarters such a statement carries the connotation that one considers himself an authority on foreign affairs. Someone once said here that if a member of a committee flew over Paris he immediately became an authority on French economy. So, I am a little hesitant to point out that I spent almost a month in Greece, one of the countries which was given aid under the program of assistance to Greece and Turkey. But I will say that during the past year the voices of free peoples and free men have actually increased in volume. You are hearing them today where you did not hear them a year ago, and you are also listening daily to a great outpouring of hope. Italy, France, Denmark, Belgium, England—every one of those countries in going to the polls in recent months has shown a definite and unmistakable desire to swing away from the left. This has all developed in the past few months.

Has our material assistance, has the food we have poured in, the medical supplies, the clothing, have all of these things had anything to do with this new expression, the first indication of a revulsion toward international communism and the first indication of a worldwide gathering of free men? I am inclined to think it has had a great deal to do with it. I believe that the impetus behind the swing of the pendulum is a direct result of the aid rendered to these nations by the United States.

I do know that in Greece when the gentleman from Texas [Mr. TEAGUE] and I rode through the northern provinces in a jeep we were surrounded in every hamlet and village by hundreds of men and women, some of them with tears running down their cheeks, and I know that they literally kissed our hands because we were Americans and because they knew where their help had come from. So much for the statement that they do not know in Greece from whence comes the food that feeds them. The people I talked to knew where it was coming from, and they knew it very well. What is more, they were grateful. We found a great reservoir of good will for the people of the United States.

Speaking of the governments of Europe: it is no simple matter to solve all of the many complex postwar problems with which they are faced today. You can compare it to living in a gas-house-gang neighborhood where the bullies and the thugs run around with clubs. It is not easy under those circumstances to speak your mind. It is not easy to voice your opinions as to freedom and those abstract things we talk about. But there are men and there are governments today in western Europe who are doing just exactly that: Schuman in France,

Sophoulis in Greece, De Gasperi in Italy, Inonu in Turkey. There are men who are standing up manfully against the pressures being directed against them in the form of strikes and riots. Every conceivable type of pressure is being used against them to try to break down those governments. It is hard to keep a mill running or to keep wheels in the mill turning when vandals bent on destruction of the property riot through the buildings and throw monkey wrenches into your machines. But that is precisely what is happening in these governments under attack.

Mr. Chairman, I do not interpret the new demonstrations of violence in France and Italy as representing an increase of communism, but rather they bear a remarkable resemblance to the actions of a cornered rat. These are outward and violent expressions of desperate men who fear only one thing, and that the success of economic rehabilitation. I think they fear that more than they fear anything else in the world, for communism hates order and lawful processes as the devil hates holy water. I think that at the source of the riots and the strikes can be found the germ of an idea that on the wall there is the faint outline of future hope for the country. Communism can no more exist in an atmosphere of hope than the sun can shine in the middle of the night.

I should like to ask anyone who says that our program of aid to Greece and Turkey has failed to give me evidence for his statement. We spent a month there, and to the contrary, we found that every indication pointed to the fact that had the United States not gone in there when it did the Communists in Greece, aided and abetted by their allies in Albania, Yugoslavia, and Bulgaria, would have taken over the country of Greece 90 days ago. One of the most plaintive cries of the Athens Communists is that the assistance and aid rendered by the United States to the Greek Government has prevented the establishment of a dictatorship by the proletariat.

Turkey? Turkey has one of the most stable governments in Europe. To those who say that Russia can overrun all of Europe in 24 hours I must say that I cannot agree. The Turkish Army is tough; it is ready. Anyone who attempts to overrun Turkey is going to find that it has a tartar on its hands, and it is going to take a much longer period of time than 24 hours to bring about the downfall of the Turks.

As to when Russia will take over western Europe or take over Asia, I think it is enough to say that they will take over step by step, foot by foot, as we step back. The bayonets of the Red Army will fill the void created by our retreat. It may be a cold war, but when a country is overrun and when it is brought to its knees by political infiltration or by economic stress, the end product is exactly the same as if a foreign army had marched in. So cold wars or hot wars or lukewarm wars are just terms and relative expressions. I have the feeling that we are very much at war. There is no shooting going on, but the atmosphere is much the same as if we were on a field of armed combat.

So far as the charge is concerned that we are being blackmailed into furnishing aid by threats of going communistic, I should like to say that in the eight countries we visited in Europe I did not hear one individual say "If you do not do this, we will go communistic." We did hear a constant fear expressed that there might be forceful occupation by military aggression of several of the countries we visited. That is quite a different thing from saying "If you do not send us \$100,000,000,000, we are going to go communistic tomorrow." I cannot term the expression of a real and living fear "blackmail." In short, and in conclusion, Mr. Chairman, the military commander who commands troops in a bivouac area who does not post outguards and local security when in the presence of an enemy is guilty of unbelievable stupidity. He should be and is relieved of his command. The same is true of a naval task force commander who does not put out a screening force to protect his main body.

I contend, Mr. Chairman, that our outposts are on the shores of western Europe and on the shores of China. If we voluntarily pull in, we can expect no outer perimeter of defense to exist when needed. We can expect to take our stands on the docks of Hoboken and San Francisco when and if the fateful hour comes. I consider it is folly to seriously contend that when Soviet Russia has completed the conquest of the rest of the world she is going to say, "Well, that is all. It is a good day's work. We are finished, and we will live together in peace and harmony." That, to me, is the ultimate in folly. It was said today that this program has only one chance in five of succeeding. For my part, if it only had 1 chance in 10, yes, 1 chance in 100 to succeed, I should still feel inclined to support it. The alternative, to my mind, is the eventual destruction of America. I cannot accept that alternative. I believe that we are holding and containing the tide of militaristic aggression. I cannot agree with those who would leave a void to be filled by the Soviet as it most certainly will be filled. Five to one is not too long a shot for today.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MICHENER, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. GAVIN asked and was granted permission to revise and extend the remarks he made in Committee of the Whole today.

Mr. DAWSON of Utah (at the request of Mr. GAVIN) was granted permission to extend his remarks in the RECORD.

TANKERS FOR TRANSPORTATION OF OIL

Mr. GAVIN. Mr. Speaker, on behalf of the chairman of the Committee on Armed Services, the gentleman from New York [Mr. ANDREWS], I file a privileged report on the resolution (H. Res. 383).

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That the Secretary of the Navy be requested to furnish the House of Representatives full information in their possession relative to tankers under their control used in the transportation of oil whether full use is being made of the tankers and how soon additional tankers being received from the United States Maritime Commission will be put into operation.

Mr. GAVIN. Mr. Speaker, I ask unanimous consent that the report be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(The report is as follows:)

REQUESTING INFORMATION CONCERNING THE NAVY'S USE OF OIL TANKERS

Mr. ANDREWS of New York, from the Committee on Armed Services, submitted the following adverse report:

The Committee on Armed Services, to whom was referred the House Resolution 383, requesting the Secretary of the Navy to furnish to the House of Representatives full information relative to the Navy's use of oil tankers under their control, report it back to the House and recommend that the resolution do not pass.

The action of the committee is based upon the following letter to the chairman of the Committee on Armed Services from the Honorable W. John Kenney, Acting Secretary of the Navy, which letter contains the information requested in the resolution insofar as practicable:

THE SECRETARY OF THE NAVY,
Washington, December 3, 1947.

HON. WALTER G. ANDREWS,
Chairman of the Committee on Armed Services, House of Representatives.

MY DEAR MR. CHAIRMAN: Your request for the information called for by House Resolution 383 has been received. The information required by that resolution is set forth below:

The Navy owns and is now operating a total of 36 fleet-type tankers. Of this total, 12 are assigned to the Pacific Fleet, 8 to the Atlantic Fleet, and 16 to the Naval Transportation Service. All of the Naval Transportation Service tankers are regularly employed in transporting petroleum products from sources of supply to Navy or other military storage installations where those products are required. Tankers assigned to the two fleets are also made available monthly for that purpose in numbers depending upon the requirements of the fleet to which attached and the intra-area distribution needs for which the fleet commanders are responsible.

The Navy has only two large tankers laid up in its reserve fleet. These vessels were especially equipped with heavy lift cranes for particular purposes during the war. To reconvert them for use as petroleum carriers would not only be time consuming and costly but would also deprive the Navy of two specially fitted ships for which a definite need would exist in the event of another emergency.

By an agreement among the services the Navy is responsible for providing the bulk ocean transportation requirements for all three services on a world-wide basis. To

carry out this responsibility the Navy not only uses all 36 tankers previously mentioned but also charters tankers from the Maritime Commission on a voyage basis. An average of 45 tankers monthly must be so chartered from the Maritime Commission to meet the petroleum transportation requirements of the armed services which exceed the capabilities of the Navy's own tanker fleet.

It was long recognized by the military services that a serious petroleum transportation problem would be presented by the expiration of the Maritime Commission's authority to operate tankers under general agency agreements. That authority, unless again extended, is due to expire on February 29, 1948. In late September a plan was accordingly developed in the Navy Department to acquire a certain number of tankers from the Maritime Commission and operate them under a service form of contract with one or more commercial operators. While this plan was under consideration a meeting was called on October 1, 1947, at the White House by Mr. Steelman to discuss means of meeting the predicted shortage of petroleum products for the civilian economy during the approaching winter.

The plan agreed upon at the above meeting which received Navy Department approval was to recondition for the earliest possible use of the military services 50 tankers then laid up in the Maritime Commission's reserve fleets. Appropriation considerations made it mandatory that the cost of reconditioning the 50 tankers be divided between the Maritime Commission and the Navy Department. The agreed-upon division of vessels resulted in the Navy Department undertaking the reconditioning of 26 tankers and the Maritime Commission the balance of 24.

The program of readying for service the above 50 tankers is now in full progress. Two ships already have been completed and have sailed for loading ports on the west coast. By the end of December it is expected that a total of 16 ships will be in service. By late January or mid-February 1948 all 50 tankers are expected to be in active operation. It is important to note that as these vessels become available the requirements for tankers now obtained on a charter basis from the Maritime Commission will be correspondingly decreased, thus releasing those ships either for sale or to meet the needs of the domestic economy if continued in operation under the existing authority of the Maritime Commission.

Sincerely yours,

W. JOHN KENNEY,
Acting Secretary of the Navy.

Mr. GAVIN. Mr. Speaker, I move that the resolution be laid on the table.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. GAVIN. I yield.

Mrs. ROGERS of Massachusetts. I appreciate very much the interest the gentleman has taken in this problem. He is always helpful. The information requested in my resolution was given by the Secretary of the Navy to the Committee on Armed Forces. A great deal of work must be done on the fuel problem because our people are cold, as a result of the shortage of coal and oil. I am introducing a resolution today which calls for an embargo on the tankers being sent by the Maritime Commission to foreign nations. Those tankers are needed in order to bring oil to the United States from countries which produce oil. An embargo should be placed on the sending of tankers abroad until this country is assured of being kept warm at least for this winter. I believe they

should be kept for the United States anyway.

I note in tonight's paper an embargo was placed by the United States on soft-coal exports. I am also requesting that an embargo be placed on the exportation of oil until the shortage is over. I am introducing a resolution for that purpose. The United States has the power to embargo oil and the tankers, but the resolutions would insure their doing it.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. GAVIN. I yield.

Mr. MICHENER. I have received letters from my district within the last few days stating that they are unable to get fuel oil. Would the resolution referred to here help that situation?

Mrs. ROGERS of Massachusetts. This resolution simply gives the number of tankers that the Navy has. The resolutions which I have introduced would place an embargo on tankers going to foreign countries and would decidedly help our situation. Also, the embargo on oil would help our situation.

Mr. MICHENER. In voting on a resolution of this kind I think we all want to know that it is going to get some results. I shall support the resolution if there is any hope of helping to furnish oil at this time to people needing it. There are apartment houses right here in Washington that are cold now. They do not have hot water. The heat is being rationed, so I am informed. Hot water for bathing purposes is being rationed, the same as it was during the war. The hotel in which I happen to live has not adopted anything like that as yet, but I do think the country ought to give consideration to matters of this kind right now.

The SPEAKER. The question is on the motion of the gentleman from Pennsylvania [Mr. GAVIN] to lay the resolution on the table.

The motion was agreed to.

A motion to reconsider was laid on the table.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the letter sent by the Secretary of the Navy may be included as a part of the gentleman's remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. TOLLEFSON asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. ROSS asked and was granted permission to extend his remarks in the RECORD and include an address delivered by Hon. JOSEPH W. MARTIN, JR.

Mr. SCHWABE of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include certain extraneous matter. The matter exceeds the limit prescribed and I have an estimate from the Public Printer to the effect that the cost will be \$177.50. Notwithstanding the additional cost, I ask unanimous consent that the extension may be made.

80TH CONGRESS
1ST SESSION

H. RES. 386

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

DECEMBER 4, 1947

Considered and agreed to

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for the consideration of the bill H. R. 4604,
5 to promote world peace and the general welfare, national
6 interest, and foreign policy of the United States by providing
7 aid to certain foreign countries, and all points of order against
8 said bill are hereby waived. That after general debate, which
9 shall be confined to the bill and shall continue not to exceed
10 12 hours, to be equally divided and controlled by the chair-
11 man and ranking minority member of the Committee on
12 Foreign Affairs, the bill shall be read for amendment under

1 the five-minute rule. At the conclusion of the reading of
2 the bill for amendment, the committee shall rise and report
3 the same to the House with such amendments as may have
4 been adopted and the previous question shall be considered
5 as ordered on the bill and amendments thereto to final
6 passage without intervening motion except one motion to
7 recommit. After the passage of the bill H. R. 4604 it
8 shall be in order in the House to take from the Speaker's
9 table the bill S. 1774 and to move to strike out all after
10 the enacting clause of said Senate bill and insert in lieu
11 thereof the provisions contained in H. R. 4604.

RESOLUTION

Providing for the consideration of H. R. 4604,
a bill to promote world peace and the general
welfare, national interest, and foreign policy
of the United States by providing aid to cer-
tain foreign countries.

By Mr. ALLEN of Illinois

DECEMBER 3, 1947

Referred to the House Calendar and ordered to be
printed

DECEMBER 4, 1947

Considered and agreed to

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports

(For Department staff only)

Issued December 8, 1947

For actions of December 5, 1947

80th-1st, No. 158

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HIGHLIGHTS: House debated interim foreign-aid bill. Rep. Murray, Wis., claimed Secretary Anderson advocates "a rejuvenated OPA" while poultry prices are low. Rep. Anderson said CCC should be reimbursed for losses under Knowland foreign-aid amendment. Rep. Robertson claimed Secretary Anderson admitted that CCC "was the greatest speculator of them all."

HOUSE

1. FOREIGN AID. Completed general debate on H.R. 4604, the interim foreign-aid bill (pp. 11193-233). Reading of the bill for amendment is "to begin today."
2. FOREIGN TRADE. Agreed to as reported H. Res. 366, requesting the Commerce Department to furnish information concerning the sale of supplies to the Soviet Union by firms and individuals located in the U.S. (p. 11192). This resolution had been reported with amendment earlier in the day (H.Rept. 1155) (p. 11233).
3. PRICE CONTROL; RATIONING. Received a Delaware County, Pa., citizens' petition urging restoration of price controls and rationing (p. 11233).
4. ADJOURNED until Mon., Dec. 8 (p. 11233).

SENATE

NOT IN SESSION. Next meeting Mon., Dec. 8.

BILLS INTRODUCED

5. PERSONNEL; COMPENSATION. H.R. 4650, by Rep. Hartley, N.J., to provide compensation for civil-service employees and other Federal employees who receive permanent partial disabilities resulting from injuries incurred while in performance of their duties. To Education and Labor Committee. (p. 11233.)

ITEMS IN APPENDIX

6. PRICE SUPPORTS; POULTRY. Extension of remarks of Rep. Murray, Wis., criticizing administration of price support programs, particularly with respect to poultry, and claiming that Secretary Anderson and others "advocate a rejuvenated OPA to be placed on the farmers" (p. A4851).

7. PRICES; FOREIGN RELIEF. Extension of remarks of Rep. Anderson, Calif., inserting and discussing a table of CCC purchases for foreign relief and stating that CCC should be reimbursed for purchases made under the Knowland foreign-aid amendment (pp. A4851-2).
8. FARM PRICES. Extension of remarks of Rep. Robertson, N. Dak., criticizing high farm prices and claiming that Secretary Anderson has "recently admitted that the Commodity Credit Corporation...was the greatest speculator of them all" (pp. A4867-9).
9. INFLATION. Rep. Dague, Pa., inserted Samuel B. Pettengill's article, "A Farmer and his Hired Man" (p. A4867).
10. FOREIGN AID. Various and sundry remarks and insertions on the foreign-aid program (pp. A4849-51, A4855-6, A4856, A4860, A4870-4).
11. EMERGENCY POWERS; GRAIN. Rep. Smith, Wis., inserted an American Feed Manufacturers Assn. statement, "Why the Return of Price and Allocation Controls Will Defeat United States Grain Conservation" (p. A4853).
12. DUTCH ELM DISEASE. Extension of remarks of Rep. Clason, Mass., urging additional funds for the eradication of the Dutch elm disease and inserting a Mass. Agricultural Experiment Station article on the subject (p. A4866).
13. COST OF LIVING. Extension of remarks of Rep. Horan, Wash., inserting and discussing H.G.L. Strange's (research director, Searle Grain Co., Winnipeg, Canada) statement of comparison between Canadian and U.S. cost of living (pp. A4874-6).
14. ADMINISTRATIVE PROCEDURE. Rep. Gwynne, Iowa, inserted his recent address on National legislative and administrative law (p. A4854).
15. FOREIGN TRADE. Rep. Crawford, Mich., inserted recommendations of the National Foreign Trade Council (pp. A4861-3).
16. MARKETING. Rep. Levins, Tenn., inserted R. E. Freer's (Federal Trade Commissioner) article, "The Federal Trade Commission Views Questionable Advertising Copy" (pp. A4857-9).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Dec. 8: H. Appropriations (ex.) and S. Appropriations, foreign aid; H. Banking and Currency, inflation control; S. Banking and Currency, credit controls. For Dec. 9: Joint Committee on Economic Report, inflation control. For Dec. 9 and 10: H. Agriculture, fertilizer situation. For Dec. 9, 10, and 11: S. Judiciary, export control. For Dec. 11: S. Agriculture, long-range farm program; S. Expenditures in the Executive Departments, proposed report on potential Government costs.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

the threatened shortage of fuels, both as to the present and the future.

The scope of the study will be broad enough to cover all types of fuel, sources, and amount of available supplies, present and future demands, and all related matters, including production, processing, distribution, and transportation of the same. Foreign as well as domestic aspects of the subject will also be carefully examined.

We have been disturbed over reports reaching us of probable shortages this winter of gasoline, fuel oil, natural gas, coal, and even of electric power. Various representations have been made regarding causes of the shortages, such as refinery facilities, inadequate tank and coal cars, inadequate pipe lines, disposal of tankers, lack of steel pipe, greatly increased domestic demand, and foreign requirements. The committee intends to look into all of these matters.

The committee is also concerned over the long-range aspects of the Nation's demand for and supply of fuel, especially of petroleum. Demand for petroleum is increasing at a tremendous rate. Its use for the production of power, heating of homes, automobiles, trucks, airplanes, farm machinery, Diesel locomotives, Diesel power generation, home and space heaters, are all contributing to the total demand and thereby creating the problem of insufficient supply. The country's daily demand for petroleum has increased from 3,373,000 barrels a day in 1939 to an estimated 5,396,000 barrels a day in 1947. As late as last August it was estimated that the United States demand would increase to 6,000,000 barrels a day and the total world demand to 10,000,000 barrels a day by 1951. From present indications this figure may be attained by 1950 or even as early as 1949. This is a truly alarming situation.

The total ultimate oil resources of the world have been estimated at about 600,000,000,000 barrels, with the United States having about one-sixth, the rest of the Western Hemisphere about one-sixth, and the Eastern Hemisphere having about two-thirds. From 1859, the year of the first United States commercial oil well, to the present, the United States has produced more than 33,000,000,000 barrels of crude oil. According to some estimates, about one-third of the probable petroleum resources of the United States already has been produced and used. As against this it is stated the rest of the world had produced about 19,000,000,000 barrels or only 4 percent of its present oil resources.

The committee already has held hearings with respect to petroleum problems and made reports pursuant to various special resolutions in each of the last four sessions of Congress. It held further hearings during the early part of the present session. It now appears that the situation is rapidly changing and swiftly shaping up into such a critical condition that further inquiry and study is immediately imperative.

The study will be conducted by members of the committee staff supplemented by hearings to be conducted by the full

committee. The hearings will start Thursday next, December 11. The first witnesses to be heard will be Max W. Ball, Director, Oil and Gas Division, Department of the Interior; Walter S. Hallanan, chairman, National Petroleum Council; and Col. Gus Vogel, Executive Director, Army-Navy Petroleum Board. These witnesses will be followed by others until every phase of the subject has been covered. It is the hope of the committee in this way to be in a position to make recommendations to the Congress with respect to any legislation that may be found necessary.

CALL OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 140]

Barden	Gore	Meade, Ky.
Bell	Gwinn, N. Y.	Miller, Md.
Bland	Hall	Monroney
Blatnik	Edwin Arthur	Morgan
Bolton	Hall	Morrison, La.
Bonner	Leonard W.	Murray, Wls.
Boykin	Halleck	Norrell
Buckley	Harless, Ariz.	Norton
Byrne, N. Y.	Hart	O'Brien
Camp	Hartley	O'Toole
Carroll	Havener	Philbin
Celler	Heffernan	Ploeser
Chapman	Hendricks	Powell
Chenoweth	Herter	Rabin
Chislerfield	Hinshaw	Reed, Ill.
Clark	Hoffman	Reed, N. Y.
Clements	Hope	Rooney
Clippinger	Jenkins, Pa.	Sabath
Cooley	Jennings	Sadowski
Cooper	Johnson, Ind.	Sarbacher
Corbett	Johnson, Okla.	Scott, Hardie
Coudert	Kefauver	Scott
Cox	Kelley	Hugh D., Jr.
Dawson, Ill.	Keogh	Smathers
Dawson, Utah	Kersten, Wis.	Somers
Deane	King	Stanley
Domengeaux	Kirwan	Stockman
Dorn	Klein	Thompson
Ellis	Knutson	Vail
Fletcher	Lane	West
Fogarty	Larcade	Wilson, Ind.
Fulton	Lesinski	Wilson, Tex.
Gallagher	Lucas	Wolcott
Gearhart	Ludlow	Wood
Gillie	Lynch	Zimmerman

The SPEAKER. On this roll call 321 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON AGRICULTURE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Agriculture headed by the gentleman from Indiana [Mr. GILLIE] be permitted to sit during the session of the House today.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ADJOURNMENT OVER

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. MUNDT asked and was given permission to extend his remarks in the RECORD immediately preceding the passage of House Resolution 366.

Mr. MICHENER asked and was given permission to extend his remarks in the RECORD and include a letter in reference to our air defense.

Mr. JOHNSON of California asked and was given permission to extend his remarks in the RECORD and include a speech.

Mr. SIMPSON of Pennsylvania asked and was given permission to extend his remarks in the RECORD on the death of former United States Senator James J. Davis.

Mr. HORAN asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. BENDER asked and was given permission to extend his remarks in the RECORD and include a statement by Mr. Cyril Bath of Cleveland.

INTERIM AID BILL, 1947

Mr. EATON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4604, with Mr. MICHENER in the chair.

The Clerk read the title of the bill.

Mr. EATON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. JAVITS].

Mr. BLOOM. Mr. Chairman, I yield an additional 5 minutes to the gentleman from New York.

Mr. JAVITS. Mr. Chairman, as I have listened to the general debate on this bill and have heard the Members on questions of foreign policy before, I have come to the conclusion that there are four main arguments advanced against this bill. In the time allotted to me, I would like to deal with those arguments, but I will state them first.

First. It is said that the bill will not stop communism.

Second. It is said that the people of Europe who will receive this food and other aid will not know that it comes from us.

Third. It is said that the bill commits us for the future to a Marshall plan or some other program for general European economic recovery.

Fourth. It is said that we are bleeding ourselves white and adding to the inflationary pressures in the United States by the enactment of this bill.

These are the main arguments. Let us deal with them in turn.

First, it is said that the bill will not stop communism. Gentlemen, we are all adults and grown men, and if for the \$590,000,000 authorized by this bill we could stop communism, then it would not be nearly the problem that any of us think it is, according to our discussions here on the floor of the House. Certainly this bill standing alone will not stop communism, but the failure to enact this bill, in the opinion of most competent experts, including practically every member of the Committee on Foreign Affairs, with very few exceptions, will result in communism taking over control by force of the Governments of France and Italy within this very winter.

I, in company with other Members of the House of Representatives, have been to Europe this past summer. I have been in France, and though not in Italy on this trip, I was in Italy 9 months ago. I was in Austria, which is another country to be aided under this bill. I was in occupied Germany, Belgium, Great Britain, Switzerland, Poland, and other countries of Europe. Certainly we did not see people starving on the streets—of course not. The Europeans are not crazy. They are not going to wait until people with bloated bellies are lying around in the gutters before they do something about it—and do we want them to wait until that time? Certainly they are not starving, but they are in need, and they are hungry. Everybody who examined the faces of these people in the big cities, whether it was in Paris, Berlin, or Vienna, knows that you are dealing with hungry and needy people who are not sure whether their next meal will really be coming in.

One finds in Europe that the whole economy has been destroyed. Not only has there been physical destruction of the countries, that is, the factories, buildings, and homes have been blown down, but there has also been internal destruction.

The industrial plants of Europe during these war years have not been maintained with oil or spare parts or with any of the items that maintenance calls for. Neither has the soil of Europe been maintained. The yield of the soil in these current years is extremely low. Why? Because the Nazis abused and used Europe's resources as they abused and used Europe's people. When they got through abusing a plant or a field, they junked it with no concern whatsoever about the requirements of the people of Europe. Finally, all of the European economy was channeled by the Nazis out of the occupied countries into Germany because that is where it fed their war machine. In a sense all roads led to Germany; now all the roads lead to a ruin. Before Europe can get back on its feet, their whole economy must be reorganized and reoriented away from the sole receiving point for all of Europe, which was Germany; and is now a ruin.

The attitude of the people, which I think everybody saw who went to the western European countries, was distinctly opposed to communism. The people know communism. They have lived with it, and they are closer to it than we are. The thousands of refugees, many of them having come from

countries which were occupied by the Soviets, people who have been locked in behind the iron curtain, know the one thing in life that they do not want. They do not want a police or garrison state. If the recent elections in France and Italy showed anything, they showed that the people of Europe were exercising the most magnificent discipline of any people in the world, because instead of trying to blackmail the United States into aiding them by threatening to go communistic, as indicated by their votes, they voted exactly the other way. They showed that they understood the reluctance of the United States to assume leadership in Europe and to assume leadership in the world better than they ever understood it before. Despite this horrible winter that is facing them, they showed that they were going to tighten their belts and give the United States this one last opportunity to assume the leadership in the world which its resources demand that it assume—the Europeans certainly are not trying to blackmail us into this program.

Soviet aggression in Europe is very clear. That through the communistic system it is out to capture control of the western European governments by internal means, and not by armed aggression. It has been said on this floor, and it has been said before, that the Russian tanks could sweep our armies and all of the other armies of Europe into the sea in just about as long as it took them to roll. Certainly they could, but they will not. Why? Because, though our forces in Europe are small, they are our forces, and the Russians know if you push them around you are pushing around the United States, and the United States, despite unpreparedness, licked Germany and all of the other Central Powers once, and licked Germany and Japan in World War II. The Russians know, and we know, that we can do it again if we have to or are made to do so. That is why the Russian armies will not move. That is why the only way for the Soviets is the internal capture of the western European governments through the Communists in those countries. But we must do something in order to get people to stand out against communism which offers them the philosophy of despair; for what does communism do? It says, "We will take your meager resources, such as they are, and by the power of the bayonet we will see that everybody gets his share. For that you will give up all individual liberty, you will give up individual freedom, you will give up the right of self-determination." It takes a very, very desperate people to embrace that philosophy, but a desperate people will embrace it. The alternative to chaos, confusion, hunger, and internal anarchy is communism. There is no use fooling ourselves on that score. Now, what do we offer the peoples of Europe in order to resist this Communist philosophy? Fine speeches on the floor of the House of Representatives and the Senate or something tangible that they can sink their teeth into?

The standard of living of western Europe today, despite what is said on this floor, is abysmally low. The ration in France is 200 grams of bread per day.

We all know that bread is their principal item of diet. That is two thin slices per person per day. The ration in Italy is 270 grams of bread per day, or about three thin slices. What is this aid bill going to do? Will it increase that ration? Not at all. All this bill will do is to enable those countries to maintain the ration they have today and nothing more. So that what we are asking the people of Europe to do is to fight against communism because we are going to help them maintain their present skimpy ration.

That is the least we can do. If they fight against communism on that, they are indeed the best kind of fighters for democracy, and they are entitled to our support and every bit of additional aid that we can possibly muster.

The second point made against this bill is that the people receiving it will not know where the food comes from; that they will not know it comes from us. The bill clearly says, as anyone who reads section 7 can find, that everything that can be marked as coming from us shall be clearly so marked. The bill, in addition, provides for a broad program of publicity so that in the case of wheat, which necessarily must be mixed with other wheat unless we want to furnish all the wheat that those countries use—and then the cries on this floor will be far louder than they are now—and if the wheat is mixed with other wheat, the bread is going to be partly theirs and partly ours, the only way we can get the message across is by radio, newspapers, and other means of publicity. The bill provides that we shall do that to the full. Anyone knows that most of the people of Europe are deeply grateful and know that we are aiding them.

The point has been made that we should have distribution in western Europe through soup kitchens or through the Red Cross, so that the people will know that the aid comes from us. Now, I say again, let us be adult. If you were living in a country where you were being fed by soup kitchens or by the Red Cross, would you feel that that country was at the bottom; that the country was in a state of anarchy; that the government of that country was not entitled to your respect and support? Would you or would you not? If you did, would you not then proceed to change that government in what in your opinion would be a drastic change, considering your state of desperation? That change in Europe, Mr. Chairman, as every one of us who was there is convinced, means a violent change to communism.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. VORYS. The gentleman will recall that we took up with the Red Cross last spring in connection with the relief and assistance bill the question of whether they were in position to administer any large-scale relief. The gentleman will remember that we were told they were not equipped and organized to carry on any such program.

Mr. JAVITS. They said it would overwhelm them, as a matter of fact.

The third argument made against this bill is that it commits us for the future.

The gentlemen who make that argument, of course, could not have read the bill for it states, and I read from page 8, line 25:

This act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

What this bill does do, however, is to leave us with a freedom of action which we will not have if we fail to pass this bill. Because, Mr. Chairman, if we fail to pass this bill we will be faced in France and in Italy, as the present Communist-inspired disorders so clearly show, with what the diplomats call a fait accompli; the Communists by that time will have seized power and be in control and we will have as little chance of getting our ideas and our point of view and our system of government and our way of life spoken about, let alone adopted, in those countries as we have today in Rumania, in Bulgaria, in Yugoslavia, in Hungary, and in Soviet Russia itself.

This bill does not commit us for the future. On the contrary, it maintains our freedom of action for the future so that we really can fight totalitarian forces where they need to be fought.

Fourth, and finally, this bill, it is said, will bleed us white. In that respect, Mr. Chairman, I think we ought to make a few comparisons. One would think from the way Members speak on the floor of this House that the American people have a bread ration of 200 grams a day, just like the French; and one would think that their total caloric intake a day is what it is in France, which is about 2,000 a day, which the experts say is just about enough to keep body and soul together, or, as one Italian workman said to one of my colleagues, "It is not enough to live on, but it is not enough to die on." We know as a matter of fact that that is not true at all. In that respect the American people are miles ahead of some of these gentlemen who speak on the floor about our being bled white. That is shown by the way in which the people have made enormous contributions to the Friendship Train; and, second, and even more important, by their willingness to conserve food. For just what under this bill is the total amount of wheat that would be shipped over to Europe? If it were all shipped it would amount to 60,000,000 bushels over 4 months; and yet the American people in the space of exactly 2 months in what I call with no disrespect at all, a very modest program of food conservation, not a total conservation program, but a very little one, the American people saved a hundred million bushels of wheat so that the Conservation Committee is now going out of business. But we will soon have by the enactment of this bill a permanent food conservation program because we believe conservation to be the greatest resource against inflation and the greatest resource for making food and other commodities available to the hungry Europeans who need it badly; and who the American people know to need it badly, as displayed by the amount of relief they have already given and the

conservation measures they have already undertaken.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. BENDER. Does the gentleman agree with his chairman? According to a newspaper the chairman made the statement in reply to an inquiry that Russia could take over France, in fact, take over all of Europe in 24 hours. Does the gentleman agree with that statement?

Mr. JAVITS. I have just addressed myself to that matter. I said that as a matter of military power the Soviets might be able to take over Europe in a few weeks but that they would not because they know that if they were to try it would mean taking on the United States—and they will not do that. That is what I said about it.

Mr. BENDER. Then the gentleman does not agree with his chairman?

Mr. JAVITS. I said nothing to indicate that, and I do not believe my answer to be susceptible of that interpretation.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from California.

Mr. McDONOUGH. A moment ago the gentleman mentioned that 60,000,000 bushels of wheat is the amount that is provided under this bill.

Mr. JAVITS. Yes.

Mr. McDONOUGH. That is the first I have known of any break-down as to how this money is to be spent. Can the gentleman give me a break-down as to how it is going to be distributed?

Mr. JAVITS. The gentleman will find that completely set out in the report of the committee which covers that point and others of exactly the same character.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JARMAN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Illinois.

Mr. OWENS. The gentleman from New York has stated twice with quite a bit of emphasis that this winter Russia will take over those countries by force and he has stated with equal emphasis that the alternative to the hunger and despair of those people is communism. Will the gentleman state what proof there is of his first statement that they will take over by force and tell me also why the alternative to this hunger proposition?

Mr. JAVITS. I did not make the statement that the Soviets would take over by force. I said exactly the contrary, that they would not dare to. I said they would try to take over through their ideologies, that the people who believe in them would try to take over by internal capture of western European governments.

Mr. OWENS. The gentleman has not answered the question. Will he answer the question?

Mr. JAVITS. I believe I have, sir.

Mr. JACKSON of California. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from California.

Mr. JACKSON of California. How long would it take the Russians to take over? Would not the gentleman say they will take over step by step just as fast as we go backward step by step?

Mr. JAVITS. Yes; when we leave any vacuum there, the Soviet is the only power in the world which is able to step into and fill it.

Mr. Chairman, I would invite every Member to examine a very interesting publication gotten out by the United Nations Conference on Trade and Employment now meeting at Habana which analyzes the annual incomes of the peoples of the various countries of the world. That document gives the following revealing figures, and this is all calculated on the same basis of exchange in dollars:

Whereas in 1946 the annual income of the people of the United States was roughly \$1,200 per year for every man, woman, and child, in those very same dollars the annual income of the people of Austria and of the people of Italy was \$100 per year per person—just exactly one-twelfth; and the annual income of the people in France was exactly \$300 per year, based on the same dollar valuation, exactly one-fourth of ours.

In the face of that juxtaposition of individual income can any reasonable person believe that the people of the whole world will continue to live in a dreadful slum while we enjoy this relatively great prosperity without trying to do something about it? Can we expect by our speeches alone to have those people accept the virtues of individual freedom and democracy, and assume that they will be perfectly happy to tighten up their belts and starve to death so that they can be the front-line resistance, as indeed they are, to the Communists' philosophy?

There is one thing about this problem we are discussing that all of us would understand if we would only think about it for one quiet minute. The people of the United States are not old, and they are not stodgy. The people of the United States are young and they are vigorous. The people of the United States want to be given their head and want to be given their heart. They will do the rest.

Just look at the picture as the world sees it today. It is Soviet Russia that is on the offensive in every country in the world where it can possibly stage an offensive, in France and in Italy. A great many of our Members get up on the floor to say that Soviet Russia is on the offensive right here in the United States itself. All of us know that Russia does not have available for use one-fifth of the resources of our country. In magnitude, we have 50 percent of the wealth, we have 50 percent of the production, we have 50 percent of the transportation, we have 50 percent of almost everything that you can name in the whole world with only 7 percent of the population; yet here some would have us cowering in a corner, scared to death to appropriate—at least some people tell us we are—\$590,000,000—which is roughly one four-hundredth of the annual production of the United States in the year 1947—in

order to make our challenge to this power which is aggressive and moving forward on the offensive all over the world.

I say to you gentlemen that the people of the United States, in my humble opinion, do not feel that way at all. They feel they can hold their own, they feel they can take care of themselves if we will give them their head and heart and give them a chance to do it. They will triumph over these communistic ideologies by showing that ours is the best system in the world, the best system for men because it produces. It produces in goods, it produces in human satisfaction, it produces in the self-respect of the individual, it produces in peace, and it produces in human contentment.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to my colleague from Michigan.

Mr. JONKMAN. The gentleman has said that this \$600,000,000 or one-twelfth—it does not make any difference.

Mr. JAVITS. One four-hundredth.

Mr. JONKMAN. Of course, this \$600,000,000 is not the only contribution we made this year.

Mr. JAVITS. There is no question about that, sir, but that is what we are discussing here, and that is what it was said would bleed us white.

Mr. COLE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Missouri.

Mr. COLE of Missouri. The gentleman has said that the national income in Austria and Italy is one-twelfth per person of what it is in the United States and that the national income in France is one-fourth per person of what it is in the United States. I would like to call the gentleman's attention to the fact that the peoples of those countries are working only about one-twelfth and one-fourth as hard as we Americans are working. In France they are working only 5 days a week. They take 2 days off each week and also observe many national holidays by not working.

Mr. JAVITS. As far as I know, sir, we are, too, working only 5 days a week and taking days off for national holidays. May I ask the gentleman, before he makes such serious charges against the people of western Europe, whether he was over there himself and saw whether they worked, and would it not be a good idea that the gentleman see for himself before he gets up on the floor and says that people are starving because they are not working?

Mr. COLE of Missouri. The reports I get—and they are from reliable sources such as the press and Members of the House who have been over there—are to the effect that they are working 5 days a week, 5 hours a day, in France, and 5 days a week, 5½ hours a day, in Britain.

Mr. JAVITS. May I explain to the gentleman, if he had been in France he would know that the reason they are working short hours is that they have no coal with which to make their power plants go so that they could work longer hours, and the British themselves say that the French are doing an eminently better job than they are themselves, and British coal production is now going up.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. LYLE].

Mr. LYLE. Mr. Chairman, I made no visit to Europe last summer. A trip I did make a very few years ago, however, permits me some license and pardonable interest in this matter. There can be no justifiable fear that the President's request for legislation to give interim aid to France, Italy, and Austria will not be granted. The apprehension, the justifiable apprehension, lies in the manner of the legislation's passage; the danger and uselessness of "cold" dollars, without the warmth and enthusiasm of our true American spirit for help to those who are in need, the offer of dollars without the strength of our moral and economic stability.

As sorely as dollars may be needed, they cannot save the world, nor can they, alone, inspire those seeking human dignity in the present atmosphere of western Europe. The dollars we send must express our faith in human dignity and our contempt for tyranny and totalitarianism and our love and respect for ideals, freedom, and democracy.

Any approach but the idealistic is, in my judgment, unrealistic and in disregard for the lowness and depravity to which human beings can be driven. Well-fed, prosperous people without respect for right, justice, or human dignity are a threat to civilization no less than the hungry people without ideals. Have we forgotten Nazi Germany?

Surely there must live in the hearts of millions of people, not Americans, a desire for peace, for well-ordered lives, based upon principles in which all of us can find a common ground. To them we must send with each dollar our faith, our enthusiasm, and our respect.

America, Americans today, have the greatest opportunity ever afforded the people of western civilization to contribute to a peaceful, stable, free world. Our rich and abundant inheritance can either crumble and wither away in this present world crisis or it can nurture the spirit of freedom in all lands and fan the flame and light of justice everywhere. It must, I believe, either be used productively or it will be wrongfully consumed.

This measure will pass; the aid will be granted. Let us, then, gentlemen, allay all apprehension and send with our dollars, not contempt or mumbled apologies, but warmth, faith, and friendship.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. JENKINS], who was chairman of one of the subcommittees of the select committee which made a study in Europe of European aid, and who as a member of the Committee on Ways and Means will have much to tell us of the result of his studies.

(Mr. JENKINS of Ohio asked and was given permission to revise and extend his remarks.)

Mr. JENKINS of Ohio. Mr. Chairman, I appreciate the glowing introduction my good friend from Ohio has given me. I promise you I shall not transgress by speaking over the time limit,

and I hope I will not say anything that will raise an issue as to what the food conditions are in Europe. There is a sharp difference of opinion among some of those who have recently returned from Europe.

I think that up to this time these debates have been everything that might be expected. Some brilliant speeches have been made. All the speeches have been very sincere. Sincerity is real eloquence in itself.

This is a very important subject. It is an easy subject to understand, in a way, because it deals with human beings. It deals with the personal wants of human beings, and things of that sort. It shall not be my purpose to take any of your time to discuss the matter of food except to say that I am happy in the thought that the conditions in Europe as to food are not nearly as bad as many people say they are. There are many poor people in Europe. Their standard of living is much lower than our standard. There are a few basic facts that argue conclusively that the conditions of Europe will be much worse in 2 or 3 months than now. First, we must consider that western Europe has not been able to furnish itself a full supply of food for years. Second, western Europe suffered a great drought in 1947, and the 1947 crop will soon be consumed.

I should like to discuss with you two propositions that are, I think, very important. One of these is the terrible results of weak governments and weak currencies, and the other is the insidious advance of communism. I think today, if I had it in my power to do only one thing for Europe, I would rebuild, restrengthen, and rehabilitate the currencies of those crumbling nations. It is really pitiful when you stop to think that not a single country in western Europe today has a stable currency.

Money to most individuals is not only very desirable, but it is absolutely necessary. A man must have money to get to and from his work. He must have it in order to live. A collapse of our money would be a terrible calamity. So it is with any country. No nation can be strong if its currency is discredited. It is the nation's lifeblood. Without a stable currency no country can prosper. Now the question is what can we do with reference to helping the countries of Europe to build a stable currency?

There is another bill in the hopper that is coming along just as soon as we dispose of this bill; it is the Herter bill prepared by Mr. HERTER and recommended by the Herter committee. The Committee on Foreign Affairs is going to give immediate consideration to the Herter bill, I understand. The purpose of the Herter bill is to take to these European people the maximum of benefits that this money will furnish not only in food but in an effort to stabilize their currencies.

For instance, Italy today has a credit of 31,000,000 British pounds sterling. She cannot move it because sterling does not move. Under the Herter bill we propose to set up a commission of eight men, to be appointed by the President, four of one political party and four of another. I do hope the President rises

above politics and appoints good men to these positions, men who will be able to understand currencies and the intricacies of currencies and their relationship to foreign trade. I think that under the Herter bill such a committee could take up this matter of Italy's 31,000,000 pounds and probably arrange some plan whereby Italy could use this money now when she is in dire need. Such an exchange might possibly be made as to be for the mutual benefit of Great Britain and Italy. The same thing might be done for France, whose currency has been terribly debauched. If we can rebuild these financial systems we will aid these countries to stand on their own feet and fight their way back to prosperity.

I am hoping for a great deal with reference to the Herter bill. Its purpose is to administer the foreign aid in such a way as to enable all these European countries to put forth all their own potential strength, both financial and economic.

I would like to talk to you just a minute about another matter. The governments in Europe, as you all know, are terribly weak and fragile, especially in those countries where they must have these coalition governments and where they must have these compromise governments. In Italy, for instance, the first thing I did when I went there was to talk with the heads of the Government. I found them to be cordial and very anxious to do their best for their country. Then I went out to talk to the people. The common people in all the countries in Europe that I visited want a strong government. They do not care who is at the head of it. They want a government that has dignity and power. Well, what kind of government do they have in Italy today? They have a compromise government. The Prime Minister of Italy is a fine, honorable gentleman. The Secretary of State of Foreign Affairs is a fine gentleman. I talked with both of them on a number of occasions. But these two gentlemen, in order to form a coalition government, were compelled to do what? They were compelled to take into their organization a third man, a man who now is President of the Parliament of Italy. He is a very suave individual. But he is a Communist. I saw on the lapel of his coat a big red button. After I talked with him a little while I found out that he was a very suave gentleman. These Communists have everything. They have suavity when they need suavity, and they have a butcher knife when they need a butcher knife. They have what they need. So I asked him, "What did you do before you were elected to this high position?" He said, "Well, to be frank with you, for the last 18 years of my life, before I came to this place, I had been in prison." I am not sure where he was imprisoned. But he had suavity, and he was then presiding over the Parliament which presently had before it the great responsibility of writing a new constitution for Italy. This constitution will be voted on by the people of Italy in a few months.

Now, how can these people, these other two gentlemen who are so strong

against communism—how can they function and how can that government function when this man, the President of the Parliament, is an out-and-out confirmed and graduate Communist?

De Gasperi, the Prime Minister of Italy, is putting up a magnificent fight against communism. So are most of the other officials of that government so far as they can go. If I had the power to do it today I would give these men every possible encouragement. If I could I would like to give them the military power to carry out every order that they would want to make to preserve order. We have been too easy with these lawless Communists. The governments of Europe must be encouraged to defend themselves against these paid professional gangsters that go from country to country fomenting strikes and disorder.

Let us consider France. The new Prime Minister there, Mr. Schuman, is doing a magnificent job. His country is on the verge of revolution there today largely because their currency is unstable and his Government has been unstable and the Communists have been gaining in power. How can we best help him and his people? We cannot do it by talking here in Congress. We must act. It is fine that we can distribute food through the Red Cross, and through any other agency that will do it. Nobody can truthfully discount the work and the effort of these volunteer agencies. But after all this splendid work is done we will have to do that year after year unless we can establish some strong governments in these countries.

I hope the Herter committee, this new organization, will give special attention to this matter of rehabilitating the countries, because if we do not do that, then what can we expect? I do not know that we are going to have a war with Russia immediately. It does not seem to me that Russia is ready for a war. But I tell you that Russian communism is persistent. I would like to ask you this question: How does it come that we Americans, with the finest government in the world, and with the finest philosophy of government in the world; America, with the most humanitarian people—how does it come that we cannot permeate Russia with our philosophy of government and get behind the iron curtain, while Russia can permeate the government and the governmental philosophy of every other nation? There is a tenacity in communism that it does not deserve. Russia can place her satellites right in the office of our Secretary of State, right in the chief offices of our cities, and in all the small towns in the United States. What virility that philosophy might have. When you contrast it with our philosophy you must conclude that we are right. They must be wrong. Their philosophy cannot be right. A philosophy that will permit them to go down into one city in southern Europe and take out 4,000 people, just steal 4,000 people and take them away where nobody knows where they are, and only 400 of them ever come back, where they can go out and take a doctor returning from visiting a patient and steal him out and nobody knows what became of him, is

hard to understand. There is a persistency in their philosophy and a persistency in action that is pretty hard to comprehend and understand.

Here we are the greatest Nation in the world. Of course, we do not try to permeate other countries. We do not try to go behind the iron curtain with our philosophy. We try to do the right thing and hope that good results will come from the power of right over wrong. But the situation in Europe is desperate when we contemplate that millions of people are being terrorized by a much smaller number of wicked, murderous men.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. JENKINS] has expired.

Mr. BLOOM. Mr. Chairman, the gentleman's argument is very good, so I take pleasure in yielding him five additional minutes.

Mr. JENKINS of Ohio. I thank the gentleman very much.

Those of you who wonder what Russia is going to do, I would like to give you a short story of an incident that happened almost in our presence. It is an incident that happened at Trieste. Trieste, as you know, is now under the control of the United Nations. It is a big city of about 380,000 people. The Trieste free state is a territory that runs about 40 miles along the Adriatic Sea and about 10 miles back. It is now under the Government of the United Nations. The United States had 5,000 soldiers stationed there and the British have 5,000 soldiers, and Yugoslavia is just behind it with 240,000 and maybe 400,000 soldiers. On September 15 Trieste celebrated what they called "Ratification Day." They had a big celebration. Italy had ratified the treaty and that was why they celebrated Ratification Day. We knew of this proposed celebration. We thought there might be some trouble there, so we made it a point to be there at that time, on the 15th of September. What did we see? As the evening shades came on, the mobs commenced to form; people commenced to march. Occasionally there was a gun shot. There were parades of all kinds; red flags, Italian flags, and all kinds of flags unfurled around there. So after a while we went to dinner.

I want to tell you something that happened at that dinner and subsequently that made me wonderfully proud of my own country. A man came in to the dining room and tapped an American official on the shoulder and asked him to absent himself. This man came back a little later and said to me, "I have to go on the line." He was going to be the toastmaster at this little dinner we were having. He designated another officer to officiate for him. There were some British soldiers there. Somebody came in and touched a British soldier on the shoulder and he went out. That was a little before 8 o'clock. They went out on the line. What took place on the line? The next day I had a chance to talk to the British general who was the commanding officer there, commanding our 5,000 troops and his 5,000 troops. He told me what took place. At 8 o'clock that night a soldier came to the American lines and got permission to see the

general. He laid down to the general a written instrument. I have a copy of it, translated into English. It said, in effect, "We would like to come through the lines tonight with 2,000 soldiers into Trieste. Furthermore, if we cannot come with your sanction, we are going to come anyway at midnight." That was the substance of this message. So the British general told me, in effect, "I tried to reason with him. Of course, he was only just a messenger. He came from Moscow and Belgrade. I tried to reason with him but I could not do that. Finally, I told him, 'You go back and tell your superiors, first, that you are wrong; you have no right to come in. There has been no order of any kind issued that gives you this right, and no change in any law that gives you that right. Second, I want you to tell them that if they attempt to come through, they will have to take the responsibility of starting the third world war. Tell them that will be their responsibility; and, third, don't forget to tell them that when they come, they will not go through.'"

So what did he do? He immediately got in touch with his staff, and our general got in touch with his staff immediately and communicated with Washington, and Washington sent back the instruction to stand, and also sent a protest to Belgrade and to Moscow where it ought to go, from where the message came. The British did the same thing.

About 10:30 that night these messages had all been sent up. What took place from 10 o'clock till midnight all along that American and British line? What do you suppose took place? Anxiously they waited until 12 o'clock. Twelve o'clock came. What happened? Here came the Yugoslav soldiers, thousands of them with their horse-drawn artillery and their full equipment. They came up to an American post, commanded by a lieutenant from New York City. They presented themselves with their horse-drawn artillery all ready to force their way in.

What did the American lieutenant say to them? "You shall not pass!" This is a sentence that will go down in the history of the American Army to add luster to its great record of courage and achievement. And, Mr. Chairman, they did not pass; they turned around and, like a coward in any cowardly maneuver, they marched back down the hill with all their threatening equipment.

Now, Mr. Chairman, if they had attempted to pass, what would have been the result? What would have been the result if they had tried to pass? They probably would have killed a lot of our soldiers, and many of them would have been killed, and we would have been in a third world war. I think that those who believe that Russia is not yet ready for war can get strength for their new point from this incident. There is little doubt that with their superior force they could have come through, but their retreat indicates that they are not ready for another war. There is little doubt that these Yugoslav soldiers wanted to come into Trieste because they had already prearranged a great strike. I believe that our Army had practically anticipated their purpose.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman from Ohio two additional minutes.

Mr. JENKINS of Ohio. The Communists' headquarters had sent into Trieste a number of its most efficient troublemakers. They had a big strike all arranged for the next day. The big strike was carried out the next day with much confusion and disorder. If they had gotten their army into Trieste these 2,000 soldiers no doubt would have taken over the banks and they would have taken over all the public buildings. They would have said that because of the confusion it was wise for them to take over the city. They would have taken charge of Trieste and after that they would have said: "Trieste belongs to us." But they did not do it, they did not come in. All of which is a great compliment to the courage of our soldiers and the righteousness of our cause.

Then, too, we went down in Greece. We were up in the mountains where the guerrillas were carrying on their cowardly terrorism. From all indications Communists do not want to come in and take over Greece. They want rather to terrorize the people. Let me give you an instance of what I mean. Our party saw a young girl about 15 years of age who had been approached by a few of these guerrillas who asked her where her brother was. Her brother had joined the army or had in some way associated himself against the guerrillas, but she did not want to give away his whereabouts. She said: "I do not know where he is." And then what do you suppose they did to this little girl? It is a rather delicate thing to talk about, but I think I will tell you anyway. They cut off one of her breasts and went away. Such cruelty could not be practiced by none but beasts. Why did they do this cruel act? To terrorize the people, to scare them off of their farms into the cities where today thousands of them are hidden down there in the cities, and we are feeding them, we are taking care of them—great crowds of them. And I saw a number of incidents there that made me very proud of our own country. I went into several of the camps, and in one of the camps I said: "I see you have some new babies in here." I was told: "Yes, we do, we have been here 11 months and some babies have come."

I asked: "How many people have died since you have been here?" And the answer was that not a single person had died in any of the camps that I visited that have been supervised by Americans.

I was talking with one fellow in one of the large crowds trying to find out what he did when he got bugs and lice on him and in his hair. He could not understand me and I could not understand him, but finally by making signs he got the drift of what I was trying to say to him. He shouted gleefully, "We got DDT, we got DDT." He understood me and I understood him. I thought that certainly that was distinctively American, and I was proud of it. Mr. Chairman, I am proud to say that I saw nothing in Europe that made me ashamed of my country. Our country became great

by doing big things. We must proceed with honor and courage.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BLOOM. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Chairman, in the words of Gen. Lucius D. Clay, commander in chief of our occupation forces, "America is at the crossroads." Let me assert that we are in the most critical and most serious conditions in the history of this Nation. If there was ever a time in our history when we needed leadership and when we needed statesmen, that time is now. We need thinkers and not hollers, which recalls the occasion when two men went to a political gathering and after haranguing for a couple of hours, one said to the other, "Now what do you think?" Whereupon, the other replied, "Think, hell, I did not come here to think, I came here to holler."

As a prelude to my remarks on the legislation now before us, I trust that in the consideration of this measure the Members of the House will not forget our obligations and responsibilities to our home people who need aid and who need assistance. In my State of Florida in recent months we have suffered millions and millions of dollars of damage by reason of hurricanes and floods. The life savings of many of our people in this area have been wiped out. There have also been floods and disasters in the Mississippi and Missouri Valleys and fires in the State of Maine. As a result of these catastrophes vast areas have been devastated and much suffering has been experienced. The peoples of these areas are entitled to relief and it is a proper place for Federal intervention and Federal aid—assistance and relief should certainly take precedence in these areas to any foreign country for relief from misery and suffering.

Our American citizens who have suffered from these disasters over which they had no control should be our first consideration in the distribution of relief funds. We should deal honestly with our own people before we deal generously with foreigners. While we believe in foreign missions, home missions is our first consideration.

Believing in this philosophy, I did, on the first day of this session, introduce House Joint Resolution 257 providing for an appropriation of \$5,000,000 for the relief and rehabilitation of the victims of the flood and hurricanes which occurred in the State of Florida during September and October 1947, and as a result of which President Truman proclaimed a state of emergency.

My first allegiance, therefore, is for domestic relief, reconstruction, and rehabilitation which includes not only my State but the great State of Maine and the areas in the Mississippi and Missouri Valleys. Such aid will restore our people to a condition of stability where they can again become taxpayers and producers.

I would like to read into the RECORD a letter received this morning from Mr. W. C. Shepperd, of Boynton Beach, Fla.,

who is 77 years of age and whose wife is 75 years, reading as follows:

The hurricane winds destroyed my three acres of orange and grapefruit trees, which was the only source of income left to me.

We are looking to our own Government to do something for its people who need aid as a result of something over which we had no control. It seems to me that this is as essential as aiding those in need in other countries, we who are taxpayers, though we are fully in accord with this being done.

Now, Mr. Chairman, let me address myself to the consideration of this measure now before us which is to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries. This is not a partisan matter; it is not a political problem but it is an economical problem. A problem which vitally affects the welfare of this Nation, not only today but tomorrow. It is also a measure looking toward bringing us out of a chaotic and confused condition back to the road of peace. It is not a relief nor is it a purely humanitarian measure. It is an enlightened self-interest on the part of this country, and it is a measure that will possibly create a condition that will give our country an opportunity to save itself in the long run and to create conditions that will make possible the maintenance of free governments in western Europe, and certainly we have a deep and abiding personal interest in preserving and maintaining free governments in Europe. It is an appropriation of dollars now instead of bullets later—in short, a national security measure.

I had the opportunity, as a member of the Interstate and Foreign Commerce Committee, of going over to Europe this summer. I visited Austria, France, Italy, and other European countries and observed economic conditions as well as the political conditions of these countries. We observed that Russia was not only not cooperating with our country, France, and Britain, but was obstructing and blocking every move looking toward stabilization, rehabilitation, and a return to peace. Russia was exerting every means at her command to continue a state of confusion, instability, and chaos. Russia's policy seems to be "if we can keep them in a state of confusion we, the Russians, can overrun Europe." I observed that communism was fast permeating some of these European countries.

I came back to this country convinced that there is only one of three policies that our country can adopt in dealing with our present economic condition and possibly getting back on the road to peace. I went all over my district within the past 60 days and talked and discussed these three proposals and I had the finest response from my people that I ever had from any speech that I have made. The three courses are as follows:

We can withdraw our forces from European soil and we can withdraw all aid, saying to the nations of Europe: "We have already sacrificed 350,000 of the manhood of our country, we have already given you over \$300,000,000,000,

we have depleted our national resources to a sum you cannot calculate, and we have suffered losses in the way of wounded and incapacitated men around 750,000. We say to you we are going back to America and we are going to attend to our internal affairs and let you Europeans go communistic or do anything else you want to do. It does not make any difference to us."

Can we afford to do that? Can we withdraw? After the sacrifice this country has made, can we withdraw into our shell as we did in the last war and say: "Go your way. We are going home and attend to our own business." Should we do this, it is my belief, Russia would overrun Europe in less than 30 days' time. Do you want to pursue that course? I do not think you do.

The other course is this: We can issue an ultimatum to Russia, and say, "Get out of central and western Europe." And we can back that up by force, and with the atomic bomb, if necessary. It would cost not millions but billions for another war and civilization would be destroyed. But who wants war? There is not a Member in this House today who wants war.

Let me read you some statistics on what wars cost. Let us go into this matter a little further and examine the casualty figures for the first and second wars.

In World War I the total casualties for all belligerents amounted to eight and one-half million who were killed or who died. More than 21,000,000 were wounded and nearly 4,000,000 were taken prisoner or were missing. Of the United States troops, 126,000 were killed or died, 234,000 were wounded, and 4,500 were listed as prisoners or missing. The toll for the Second World War was even more staggering. Forty-five million members of the military or civilian populations were either killed, wounded, or among the missing. The total casualties, including dead, wounded, and missing, for the United States reached 1,135,054 as of June 30, 1946. Florida contributed 3,500 of this number. Certainly that was a high price to pay for such an unstable peace as we have been able to achieve thus far.

In addition to the loss in lives, there is the not inconsiderable burden of the financial cost. Involved in a computation of the total cost of a war are not only the strictly military expenditures but also those factors which are known as the continuing costs. These include such items as pensions, care for veterans, and interest on war debts, which continue for many years after hostilities have ceased. For instance, the last pensioner of the War of 1812 has just been removed from the pension rolls during the last year or two. The Spanish-American War cost us \$582,000,000 in military expenditures, but has cost us more than two and one-half billion dollars in continuing costs. Up until June 30, 1945, World War I had cost the United States \$74,000,000,000, of which only \$31,000,000,000 could be classed as military expenditures. In 1945 we paid out \$312,000,000, in continuing costs of the First World War, and the

figure is still rising each year. World War II costs have already reached nearly \$400,000,000,000. It is estimated that by June 30, 1948, the continuing costs will have exceeded the military cost, and the total cost is expected to reach \$700,000,000,000 by 1972. You can see where a large part of every dollar you pay in taxes must go for many years to come. In citing some of the figures dealing with the cost of war, I am not implying in any way that we should have remained on the side lines. On the contrary, it was absolutely essential that we participate in order that our own country might continue to be free. But I do want to point out that the cost of war is extremely high and that it is a cost which we can afford only for the purpose of preserving our democracy and our national existence.

Now, we do not want war. If aid to Europe, and to these countries we are now considering, will prevent another war, if that will keep down the threat of war, do you not know that it is to your interest and do you not know that it is to the national interest for this House to consider favorably this legislation?

Now, here is the last course. The last course is that we can give economic aid or assistance to European nations. You can call it the Marshall plan, you can call it the Kennedy plan, you can call it any other plan you want to, but some kind of aid seems to be the only road we can travel at this time, and it is up to you. You have either got to withdraw your forces from Europe and tell them good-bye or you have to come in with a foreign policy to be prepared for war, and, as the gentleman from Missouri [Mr. SHORT] said in the House the other day, it looks like we are going to have to do it. George Washington said that the best way for peace is to be prepared. We have got to do it, irrespective of what method we pursue. We have got to be prepared for national defense.

Those are the three courses, and those are the only three open to this country. Now, if any man has any other course that he would pursue, I would like to hear him. Those are the three courses as I see it: Withdrawal, declare war, or go ahead and give economic aid. Now, all of us are against spending the taxpayers' money. Everyone in this House is against it, but sometimes you get into a position where a policy may be the best one you can pursue, even if you dislike it. That is our situation today. It is up to this House whether in this serious time politics shall be thrown in the basket. Do not vote for or against this measure because it might be popular back home; vote for it according to your conscience. Let your conscience be your guide. Vote for it because it looks as if this is the only hope of salvation if what we hear of the conditions that exist in Europe is true.

If I were the gentleman from Missouri [Mr. SHORT], I would quote you some scripture. I would say:

There is that scattereth, and yet increaseth.

That is a fine text for a sermon, and I would like to hear Dewey preach on it.

It might look as if we were scattering the dollars all over Europe, yet when the sum total of the result is added up you will see that we have increased in stature, we have increased in power, and we have increased in the opinion and the minds of the European nations who today are looking for leadership to the United States, the greatest Nation on the face of the earth. We are enjoying today the greatest period of prosperity we have ever enjoyed, with from two hundred to two hundred and twenty billions of income and with the taxes coming into the coffers of this Nation amounting to from forty to forty-five billions. Yet some of us are taking the dollar, silver, to place on the glass so we can see only ourselves.

It is time for us to think seriously; it is time for us to do a little praying, yea, much praying, as Benjamin Franklin suggested in the Constitutional Convention. These are serious times. The responsibility for the solution of the problem of whether or not we shall give assistance to the European countries who are in dire need is upon you. The passage of this bill may mean the difference between chaos and order; it may mean the difference between democracy and communism; it may mean the difference between freedom of choice and totalitarianism. The sum that we vote here may mean the difference between war and peace. It is worth taking the chance of providing aid at this time, recognizing, as I said, that we are not minimizing our obligations and our responsibilities to the home people who are in need.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. MASON].

(Mr. MASON asked and was given permission to revise and extend his remarks.)

THE WHYS AND WHEREFORES OF THE MARSHALL PLAN

Mr. MASON. Mr. Chairman, the mess in Europe today is largely of our own making. It stems from the appeasement policy of the "indispensable man" who headed this Nation for thirteen long years and directed our foreign relations during that time. As evidence in support of this statement I offer the following facts that have now become history.

President Roosevelt made a very costly mistake when he sided with Stalin against Churchill in deciding the strategy for the invasion of Europe. Churchill pleaded for the invasion of the Continent through "its soft underbelly," marching up through the Balkans instead of through France. Stalin wanted the invasion made through France so that the Russian armies could overrun the eastern part of Germany and the Balkan countries. President Roosevelt agreed to Stalin's proposal and thus gave Stalin his opportunity to overrun and control the whole of eastern Europe.

Following up this mistake President Roosevelt made another very serious and costly mistake when he agreed with Stalin and Churchill to divide Germany into four zones of occupation, each zone to be governed or controlled by one of four victorious nations, thus dividing the German economy into four different segments. When later he accepted the Mor-

genthau plan for postwar Germany—a plan to make Germany into a pastoral nation, "a nation of potato growers"—the German people's postwar condition was made impossible. To pay for these mistakes we have spent during the past 2 years \$500,000,000 to keep Germany from starving. The burden will get heavier when Britain pulls out of Germany, as it is reported she intends to do. Because of the mistakes made by our leaders in trying to appease Stalin we now have to support our defeated enemy. As Lewis H. Brown, president of Johns-Manville Corp., said in his excellent report on the German situation:

The decision of President Roosevelt to stop the forward push of the western Allied armies until the Russian armies from the east could take eastern Germany and reach Berlin was one of the most fateful mistakes of the war, and it may well have repercussions in the pages of history yet to be written.

Eastern Germany, now under Russian control, is the bread basket of Germany. With this in Russian hands, how can western Germany, the industrial Ruhr, feed itself? Because of this mistake of Roosevelt's, Stalin now holds the bread basket of Germany and we supply the bread line of Germany. In destroying the German industrial system we destroyed the whole economy of Europe.

Mr. Chairman, we made another mistake when we subsidized and underwrote the Socialist program to nationalize British industry. It has not worked. Great Britain is worse off today financially, economically, and socially than she was at the close of the war. She is more ready today to embrace communism than ever before. In fact, she has already taken the initial step under her labor government.

We made a further mistake when we drafted and ratified the Italian treaty—a treaty that places Italy at the mercy of her Communist neighbor, Yugoslavia, whose dictator, Tito, is a Charley McCarthy for Stalin. Under this treaty we strip Italy of her military strength and force her to pay to Russia and Yugoslavia a war indemnity of \$225,000,000—which we will have to pay since Italy is unable to do so.

Another very grievous mistake was made when Stalin's armies had their backs to the wall, when Moscow was in danger of capture, when Stalingrad was surrounded and being demolished, and President Roosevelt did not require definite assurances from Russia as to her postwar policies before he agreed to bolster up the Russian defense with \$11,000,000,000 worth of lend-lease war materials, without which Russia could not have turned the tide of war. Why Roosevelt did not require assurances as to postwar policies at that time poses an interesting question. Was it from lack of foresight or was it because of the influence of Communists and Communist sympathizers that held high and influential positions in his administration? But, whatever the reason, the failure to demand assurances at that time as insurance against inimical actions later on was an oversight that has been a costly one.

As a result of these mistakes we have thrown away in two short years almost

every advantage America won in the war, trying unsuccessfully to appease Stalin. These mistakes have already cost us more than twenty billions of dollars since hostilities ceased in Europe, and it is estimated the Marshall plan will cost us at least \$25,000,000,000 more.

Mr. Chairman, in order to get a clear picture of the mess we have made in Europe, we must understand the following facts concerning the economic life of Europe.

The industrial heart of Germany for many years before the war was the hub of European industrial activity. Around this "hub" the economic life of all Europe revolved. Under the Morgenthau plan we destroyed the "industrial heart" of Germany, so there is no longer any hub around which European industrial and economic life can revolve. As a result Europe is flat on her back—industrially, economically, financially, and politically. Because the European nations are in such a prostrate condition, Stalin now has a golden opportunity to communize the whole of Europe. He planned it that way and our leaders were foolish enough, shortsighted enough, to agree to his plans.

We now propose to correct with the Marshall plan, if possible, the mistakes we made when we adopted the Morgenthau plan and divided the German economy into four segments. The Marshall plan, if adopted, will provide during the next 5 years some \$25,000,000,000 worth of needed materials, such as coal, steel, machinery, railroad equipment, trucks, factory equipment, food—materials that are in short supply here—to put the European nations back upon their feet so that they may once again support themselves. The hope is that by doing this we will prevent them from falling victims to the Communist octopus.

The Marshall plan, if adopted, will also mean that the American taxpayer will continue to pay the present high wartime taxes and perhaps have them increased. However, the greatest impact of the Marshall plan will be felt by us in present scarce goods becoming more scarce and present high prices going higher and higher. With the adoption of the Marshall plan we Americans must continue to pay for the mistakes made by our leaders.

Mr. Chairman, as a further evidence of the mistakes we have made in Europe, I offer the following facts concerning the situation in both England and France today.

Before the war Great Britain mined 40 percent more coal than she needed so she exported this surplus coal to other countries and exchanged it for needed food supplies. Today under Great Britain's Labor Government the output of the coal mines of Great Britain is 40 percent less than her own needs, so she has to buy this extra coal from us with the dollars we hand over to her. The British coal miner works 5 days per week and 5½ hours per day, making a workweek of 27½ hours. He refuses to work longer hours. The American coal miner works 40 hours per week. The British coal miner produces an average of 1 ton of coal per day. The American

coal miner produces an average of 5 to 6 tons of coal per day. Should the American miner be taxed to help support the British miner when the British miner refuses to work more than 27½ hours per week? There is plenty of coal in England and in Europe if the miners there will only dig it.

France is short of bread. We are told this shortage is the result of bad weather conditions last spring and a partial crop failure. However, that is not the only reason for the shortage of bread in France today. The French farmer knew last fall that the fixed government price for wheat was so low that it would not pay him to plant his usual acreage in wheat. So he let a sizable portion of his wheat acreage—about 1,000,000 acres—go into grass, and the wheat that he did plant and harvest he refused to sell on the market at the government controlled price, preferring to feed it to livestock which he can sell on the black market.

Not only is the French farmer cutting down on the production of badly needed bread grains, but the French factory worker is also cutting down on the production of badly needed manufactured goods. The French factory worker, following Communist leadership, refuses to work more than 5½ hours a day and 5 days per week. By refusing to work longer hours the factory worker in France is holding down the production of badly needed manufactured articles, thus creating shortages that they expect us to supply.

There are only two ways of speeding up production—the Russian way and the American way. The Russian way is to use force; the American way is to provide proper incentives to stimulate personal initiative. Neither England nor France apply force, as yet, but the Socialist government of each has removed personal incentive and destroyed personal initiative. They are, therefore, in desperate straits and are calling for aid in the form of gifts and unsecured loans. Should we help people who will not help themselves? Can the United States support the world in the style to which it would like to get accustomed?

Mr. Chairman, a picture of our blunders in Europe would not be complete without a discussion of our present attitude toward Spain, an attitude inspired and generated by the Communist sympathizers that have been lodged in the State Department for the past 12 years. This infiltration of Communists in the State Department, some of them occupying policy-making positions, was pointed out 8 years ago by Martin Dies of the House Committee on Un-American Activities, but nothing was done about it then because the New Deal was closely tied up with the Communists in what might be called an unholy alliance. As a result of this Communist influence in the State Department, our present attitude toward Spain is about as follows:

Our State Department says:

Satisfactory political and economic relations are not possible as long as the Franco regime remains in power. No loans or credits by the United States are being considered for Spain.

To justify this attitude toward Spain, State Department officials claim our attitude toward the Franco government results from the fact that "Italian and German aggressors assisted the Franco regime in its rise to power."

Have we forgotten that Stalin took an active part in the Spanish Civil War, 1936-39, that he recruited several thousand American youths on American soil, secured fraudulent passports for them, called them the Abraham Lincoln Brigade, and sent them to fight in Spain, contrary to the laws of the United States? Have we forgotten that President Roosevelt persuaded Franco to remain neutral when we planned the invasion of Africa, giving Franco the assurance that "Spain has nothing to fear from the United Nations"?

What have we got against Franco that does not go double for Stalin? We do not have to admire the dictatorship in Spain, but we must recognize the fact that Franco has not done any harm to other nations. The Stalin dictatorship in Russia, on the other hand, has taken advantage of the confusion and chaos resulting from the war to vastly extend its power to other nations and to force subservience upon them.

Competent authorities agree that the fall of Franco would lead to the seizing of Spain by the Communists. A Communist Spain would go far to assure a Communist France and a Communist Italy. Is that what our State Department wants? Is that in line with President Truman's announced policy of blocking communism's further expansion in Europe? Why hand out billions in Europe to block communism on the one hand and encourage the spread of communism on the other? President Truman and his State Department had better get together.

Now, Mr. Chairman, keeping our mistakes in mind and facing realistically the situation in Europe that has resulted from those mistakes—what does the Marshall plan offer?

First. There can be no industrial recovery in Europe unless a change is made in our attitude toward, and our treatment of, Germany. The Marshall plan makes no provision for such a change.

Second. Socialist controls in both England and France take away all incentive from the workers of those nations to produce at capacity, and those Socialist controls also place shackles upon business and industry. This must be changed before economic recovery can be attained, but the Marshall plan makes no provision for changing that situation, for supplying individual incentive, nor for removing the shackles from business or industry. Under socialism in both England and France workers get less for their work, production is reduced in both quantity and quality, and the cost to the consumer has soared higher and higher.

What the Marshall plan offers, therefore, is not relief for the distressed, not succor for the hungry, nor shelter for the ill-housed and ill-clothed, but rather a modernization of European industry, accompanied by social and economic rev-

olution. Do we want to take part in that program at the expense of the American taxpayer?

Mr. Chairman, I believe the average American is a charitable person. I believe he is perfectly willing to feed the hungry, clothe the naked, and provide shelter for the homeless—always provided, of course, that the need can be shown, that the needy have done all in their power to take care of their own needs, and that we can extend the aid without ruin to ourselves. This is not true in the present instance. Therefore I propose that in the place of the Marshall plan we do the following:

First. Give Europe such emergency aid as is urgently needed.

Second. Encourage free enterprise in Europe, thereby enabling men who are willing to work out their own salvation to do so.

Third. Unshackle that part of the German economy that is not under Russian control so that the German people can again reestablish themselves on a sound economic basis.

Fourth. Encourage private loans to European industrialists on a sound business basis, requiring proper collateral. This I have been assured can be done, and as evidence of same we have some \$20,000,000,000 worth of European investments or holdings in the United States that could be used as collateral.

Fifth. See to it that when emergency relief is given to Europe it shall go direct to the needy, and shall not go as all relief heretofore provided has gone; namely, to the governments of Europe to be sold by them at black-market prices to their people who are able to pay those prices. The money thus received for the goods has been placed in the government coffers to maintain it in power and to pay the salaries of the millions of government employees that the Socialist regime deems necessary. The American people have not been told and therefore they do not know that practically all relief to Europe furnished by us so far, including UNRRA relief, has been disposed of in this manner and very little of it has actually been used to feed the hungry and relieve the distressed. We must see to it that American emergency relief shall go direct to the needy as a gift.

Mr. Chairman, that is the American way of doing things. That is the way Hoover and the American Red Cross handled relief after the First World War. That is the way we can help those who want to help themselves, and are willing to do their utmost to help themselves. But that is not what is proposed under the Marshall plan. Not one of these things is included as a part of the Marshall plan. Can we not extend aid to Europe in the American way, in a businesslike way, in a way that will promote private initiative, stimulate production, and make the recipients of that aid self-supporting and independent? Do we have to support and subsidize governments that persist in carrying on experiments in social welfare, governments that promise their people more pay and less work, that offer a something-for-

nothing program? Why waste our substance to encourage such unsound economic doctrines? Why bleed ourselves white to furnish lifeblood to a patient who persists in following a course that continually saps his strength? That is just what the Marshall plan proposes to do, and I for one shall vote against it.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Michigan [Mr. JONKMAN], a member of the Committee on Foreign Affairs.

Mr. BLOOM. Mr. Chairman, may I at this time also yield to the gentleman from Michigan five additional minutes. I shall be glad to yield the gentleman further time if he desires it.

Mr. JONKMAN. Mr. Chairman, this interim aid bill, presented to the House, represents a very commendable job on the part of the Foreign Affairs Committee, considering the conditions under which it had to work, except as to the amount authorized.

The committee has spent long hours in hearings, in executive sessions, as well as research aside from this time, in providing the *modus operandi* for further relief. I do not believe it could be substantially improved upon. Nevertheless, strange to say, the committee at no time considered the Presidential message under which the legislation was supposed to be framed. In other words, we had the cart before the horse. It must be remembered that the chairman of the Foreign Relations Committee of another body, as well as the chairman of the Foreign Affairs Committee of the House, at the President's request, had promised to call a meeting of those two committees on November 10 to consider legislation for interim aid.

I understand that the President had agreed with the leadership to consult with them about the calling of a special session. I am further under the impression that the leadership called it a breach of good faith on the part of the President when he summarily and arbitrarily called the special session for November 17 without consulting the leaders.

Whether that was strategy on the part of the administration I shall leave for the Members to judge, but the result was that both committees began their hearings on November 10. By November 14 the Foreign Relations Committee of another body apparently had concluded its hearings. On the same day the House Foreign Affairs Committee had called and heard all the witnesses from the administration on the pending measure and they had been excused. This was 4 days before the President delivered his message on interim aid, price control and the proposed police state to the Congress on November 17.

As a practical matter, therefore, there was no opportunity for our committee to examine administration officials on the President's message on November 17. While the impact of interim aid, therefore, on our economy was considered in committee, its relation to the need for a police state was, as I said, not discussed.

On the other hand, the President had given no intimation up to the time of his message that he would discuss price control, rationing, and so forth. In fact,

at his press conference on October 16 he had classed all forms of price control and rationing as essentially police-state methods. Therefore, all the committee had before it along this line was the statement issued by the President on his meeting with congressional leaders on October 23, his official call for the convening of the Congress on the same date, and his radio address to the American people on October 24.

At this time he must have had in mind his proposed program for the police state. Yet he did not in this radio address tell the Congress or the American people anything of his proposals for a police state.

I repeat, therefore, that if to some Members it seems strange that the Presidential message in response to which this legislation should have been based was never discussed, this is due to the strategy or program of the administration.

Last spring, about the time the House was considering the residual relief bill of \$350,000,000, I paraphrased an old saying with the words, "Oh, what a tangled web we weave when first we practice to relieve." The further we get into this relief business, the more violently do I feel the truth of that statement.

In 1944, at the time of the first UNRRA bill, there was a very serious attempt to keep away from reconstruction. I remember how the Committee on Foreign Affairs struggled with such provisions as "rehabilitation shall be co-terminous with relief." In other words, the most painstaking care was used to confine the undertaking to human relief and to guard against our undertaking the reconstruction of the European economy. Now we are on the threshold of an effort in which we abandon the hunger, shelter, clothing relief, and have switched over, not only to the reconstruction of European economy, but the economy of the whole world.

In this interim relief bill, which is the prelude to the long-term Marshall reconstruction plan—for, Mr. Chairman, it is just that, regardless of what we call it—we have abandoned the consideration of the destitute individual. We are now considering legislation to authorize funds for stabilizing foreign governments and national economies. We are providing coal, cotton, and petroleum for manufacturing purposes to keep the economies of the recipient countries going until the long-range Marshall plan is adopted.

Now let me say first of all that at present I have no objection to such objectives. De Gasperi in Italy and Schuman in France are conducting a valiant fight for preservation of free governments, and right at this moment it seems that they have a fighting chance. Austria, under the quadra-partite occupation burden, is entitled to the same consideration, all this not only from a humanitarian standpoint and for European recovery, but also as a matter of enlightened self-interest.

On the other hand, I have always contended that in this whole relief undertaking we should be governed by the rule of reason, with due regard for the means at our disposal.

It was under this conviction that last spring, when the \$350,000,000 residual re-

lief bill was up for consideration, I offered amendments cutting that sum to \$200,000,000, and the relief period to December 31, 1947, instead of June 30, 1948. The House, in its wisdom, adopted the first amendment, which as we know, was later nullified by another body. The latter amendment was not adopted.

At the time these amendments were offered the uncontradicted testimony of President Truman, of Herbert Hoover, and various officials from the State Department was that relief would be needed only through the next crop period, which was to the end of October of this year. My amendment was further based on the fact that the budget contained only \$100,000,000 for this residual relief, and that no evidence had been advanced to warrant any larger amount, so that \$200,000,000, twice the amount they had asked for in the budget, should be ample.

I said then, I quote:

In upping the amount (from \$100,000,000 to \$350,000,000), the administration had admitted that this amount was partly based on judgment and partly grabbed out of the air. The evidence, of course, is overwhelming that the extension of the term of relief for 6 months to June 30, 1948, was also grabbed out of the air.

I went on to say:

These two changes have all the earmarks of changing residual relief into continuous and permanent relief by the bureaucratic boondogglers.

Now, how nearly was I right at that time? The Congress has been furnished a report on this residual relief bill as of October 31, 1947, which was up to that time, under its provisions, we had shipped to the recipients, including shipping charges, \$128,462,061. In other words, had the Congress stuck to the amended bill for \$200,000,000, they would still have had, at the end of that crop period, \$71,000,000 undisposed of. As it is, the administration had at the end of October, \$204,000,000 available.

It is this prodigality, and these scoop-shovel methods with the taxpayers' money that I feel should have closer scrutiny than they have had in the past.

The looseness of our whole effort is further accentuated when we consider that after passing this bill, whether you call it interim aid or by any other name, there will be funds for spending under three different bills.

On May 21 last, when we were discussing the residual relief bill for \$350,000,000, I called the attention of the House to the President's UNRRA report for the 1st of January 1947, which showed an undisposed amount as of that day of \$1,377,170,736.

Without going into some other details to which I called attention at that time, I want to say that the President's report for UNRRA, as of March 31, 1947, just last March, which also was withheld until the date of the President's message, some 8 months later. On that date there was still available under UNRRA \$1,088,352,819. In other words, while Congress was in the throes of passing a residual UNRRA relief bill of \$350,000,000. UNRRA still had on hand \$1,088,000,000 which is being spent at the rate of about \$70,000,000 a month. At that

rate they still have enough left for 15 months, from March 31, 1947.

In reporting on UNRRA the President said he would make his June 30 report. It is now nearly 5 months since June 30, and the committee should have had the benefit of that report long before this time. Why is it being withheld? I am frank to say I have not had time to study what is being done with UNRRA money, or where it is being distributed, but I did at least take time to check on the progress of expenditures.

Then, of course, on July 31 last, the residual relief bill began to operate, with appropriations of \$332,000,000, and, as I have said before, on October 31, 1947, there were \$204,000,000 available under that bill, running at the same time.

Mr. BLOOM. Mr. Chairman, will the gentleman yield at that point for a question?

Mr. JONKMAN. I yield.

Mr. BLOOM. When the gentleman is talking about UNRRA is he talking about the international organization or does he mean that we have that much balance to the credit of the United States?

Mr. JONKMAN. The gentleman knows I do not mean that. But there is \$1,000,000,000 there that should be spent for relief. I want to know something about it. I will answer the gentleman's question.

Mr. BLOOM. All right. May I ask another question? We had nothing to do with the amount of money that is in the international organization, although we may have contributed a certain percentage of it.

Mr. JONKMAN. I realize that, but I want to say to the gentleman there is \$2,700,000,000 of the taxpayers' money in that fund. I want to know where it is going.

Mr. BLOOM. I think I can tell the gentleman. I think the gentleman should be fair and differentiate between the amount of money contributed by the United States Government and the amount of money that is in the international fund.

Mr. JONKMAN. I realize that there are two different funds; but the point I am making is that the relief money is still there in the international fund and the United States fund. Where is it being used?

Mr. BLOOM. May I say—I do not want to interrupt the gentleman, but I may say that I do not think the gentleman differentiates between the amount of money that is contributed and what has already been paid for.

Mr. JONKMAN. I want to say to the gentleman that I am not so much interested in what is obligated or allocated, as I am interested in what gets to hungry mouths. That is when I become interested. You can obligate this within 2 days after the bill is passed, but you will not have any of the food in Europe. It is shipments that count.

Mr. BLOOM. We will under this bill.

Mr. JONKMAN. I want to say in all fairness that I understand the new Administrator, Mr. Richard Allen, is doing a much better job than has been done. Nevertheless, I want to know how much money is really needed.

Mr. ROBSION. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield to the gentleman from Kentucky.

Mr. ROBSION. I wish the gentleman, right at this point, would state if he knows, and I am sure he knows, what part of this billion dollars or whatever the sum may be, was contributed by the United States?

Mr. JONKMAN. 78 percent; that is \$780,000,000, roughly.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. CHURCH. I wonder if the gentleman would get a little more time from the gentleman from New York to say why the President does not make the report on UNRRA as required and which should have been made last June? I think that is of importance.

Mr. JONKMAN. I think I will cover that in a general way in just a moment.

Mr. CHURCH. I wondered if the gentleman from New York would answer it.

Mr. RANKIN. Mr. Chairman, will the gentleman yield for a question?

Mr. JONKMAN. I yield.

Mr. RANKIN. Talking about communism in Europe, I noticed an Associated Press article on the front page of the Washington Post this morning showing that the Communists, or some un-Christian elements, are strong enough in New York to forbid the singing of Christmas carols in 23 Brooklyn schools and to prohibit even Christmas decorations. I am just wondering while we are fighting communism abroad if we had not better concentrate at home and clean our own house first.

Mr. JONKMAN. I thank the gentleman for his contribution.

Now, assuming that we pass this interim-aid bill before the end of the month, there will be another \$500,000,000 or more overlapping the other two, and available at the same time, none of which is related to the others.

I shall not speak of appropriations for the army of occupation in Germany and Austria, or the other billions of postwar relief, but in passing I want to mention that we established the World Bank and the stabilization fund in the hopes of eliminating continued responsibility on the American people alone, as contemplated by this bill and under the so-called Marshall plan.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JONKMAN. Mr. Chairman, this week newspapers said in streamlines, "World Bank loans to await Marshall plan."

The point I want to make is that there is no way for a Member of Congress to find out where we stand on relief funds or relief needs as related to UNRRA, the residual \$350,000,000 relief bill, or the proposed interim-aid bill. Nor does anybody seem to pay much attention to the amounts available under past legislation.

Nevertheless, it is vitally necessary to consider and know these amounts before we can intelligently make a new author-

ization. Now some Members may ask, Why do you not give us an analysis of the March report on post-UNRRA relief aid? The difficulty here is, as I informed the House in 1945 during consideration of the second UNRRA appropriation, and again last May, the bookkeeping is so confused that not even an expert accountant can make such an analysis. While I can read a balance statement, I am not an accountant. But even if I were, it probably would not avail, for as I looked at these reports this week, I read such headlines in the newspapers as "No one knows if the United States had surplus or deficit in 1947, auditor says." And, "Books so badly kept, data not available, ex-GAO official testifies." I came to the same conclusion as to UNRRA in 1945 and this spring, and so stated to the House.

Now, coming down to the present bill the next question is, How did the administration arrive at the amount of \$597,000,000 originally provided in the bill?

This, as has been explained time and gain, is done on the balance-of-payment basis. However, the balance-of-payment theory is no basis whatsoever for calculating food and other human-need scarcities. It is principally a difference between imports and exports, or the excess of imports over exports. For instance, in the case of France, her imports and dollar requirements amount to \$816,000,000, while her exports and dollars available amount to \$488,000,000. So it is said her shortage or needs are \$328,000,000.

Italy's dollar requirements and imports are \$386,000,000, while her dollar resources and exports are \$159,000,000, from which it is deducted that her need is \$227,000,000.

In the same way Austria is rated to need \$42,000,000, making a total of \$597,000,000. However, this includes approximately \$184,000,000 for coal, mostly for manufacturing purposes, as well as \$35,000,000 for petroleum, and \$38,000,000 for cotton, also for manufacturing purposes, and undoubtedly many luxury items. This becomes purely guesswork.

In view of all the foregoing considerations, I offered an amendment in the committee to reduce the authorization to \$300,000,000. This amendment was based in part on the general considerations I have just stated and further on specific items which not only speak for themselves, but also lend emphasis to these foregoing considerations.

For instance, there was reliable information that the State Department had underestimated Italy's grain crop by 1,000,000 metric tons. This would make 37,000,000 bushels, and at \$3 a bushel it would come to \$111,000,000. This consideration is further fortified by the fact that much less grain will be available for Italy than had been estimated by the State Department in the amount of at least \$74,000,000. And, as suggested by the Herter committee, it would be most unwise to promise Italy grain which we do not have.

In addition to this, Italy's olive crop was found to be \$13,000,000 higher than estimated by the State Department.

On the basis of French production as against our availability, the estimate

showed that at least \$17,000,000 should be deducted, and, then, in addition to this the State Department considered French payments to Belgium and Brazil on commercial account in the sum of \$20,000,000, which should not be recognized as relief items and disallowed.

Roughly, the items I have enumerated amount to \$418,000,000, and if we cut \$300,000,000, it would still leave \$118,000,000 of these amounts for heat fuel, straight relief, and duplications.

Congress will be in session practically continuously until the middle of next year. If these \$300,000,000 are actually needed, I think the administration should be asked to come again to Congress with a composite picture or balance sheet as to the amount still available under UNRRA, the residual relief bill, as well as the present interim-aid bill.

The situation and program is far too important to be met with rush legislation, disposed of under the haphazard facts that have been furnished to the Congress at the present time.

At the proper time I hope to offer an amendment reducing the present authorization in accordance with the foregoing remarks.

Mr. BLOOM. Mr. Chairman, I yield myself 2 minutes just to answer one or two things that the gentleman mentioned in his remarks. The gentleman, evidently, has not been informed of the meeting at the White House which was called by the President with reference to this legislation and the idea of the bill that we have before us. There were leaders of both parties, Democrats and Republicans, present. The President at the first meeting stated the object of the meeting and the amount of money that would be necessary to relieve the situation in Europe as regards Italy and France. At the first meeting the President also stated to the leaders of both parties that it might become necessary to call a special session of Congress. At the second meeting Senator Taft and all the other leaders of both Houses were present, and the President stated that he found it necessary to call a special session of the Congress on a certain date. Now, that information was given to the leaders before the President gave it out to the press; in fact, if I remember correctly, it was the Republican leader that gave it out to the press before the President did, so I think it is in error to state that the President did not notify the leaders at that time to come to Washington with reference to this special session.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield to the gentleman from Michigan.

Mr. JONKMAN. While I agree that at one of those meetings, on October 23, the President mentioned high prices and relief, did he at that time say anything about rationing or about price control?

Mr. BLOOM. That I do not know. I do not remember. I cannot answer. He may not have.

Mr. JONKMAN. For that reason I stated to the House positively that he did not.

Mr. BLOOM. Well, the gentleman may be right. I do not want to answer

that. But, I do want to say specifically that the President did call attention at both meetings to the fact that there may be a special session, and before the President gave out the information he called a meeting of the leaders and stated that it would be necessary to call a special session, and there was some debate between the majority leader and myself as to what the date should be.

Mr. JONKMAN. I do not think I have any quarrel with the gentleman on that.

Mr. BLOOM. No.

Mr. JONKMAN. But I do say that 4 days before the President's message to the House the testimony had all been heard, and shortly after that General Marshall went to Europe and there was no further testimony available on the message of November 17.

Mr. BLOOM. The gentleman may be right.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TEAGUE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TEAGUE. Mr. Chairman, I am supporting this legislation on one basis, and that is the national defense of this country. It is certainly true that there are hungry people in Europe, but I did not see the widespread starvation that many have reported, and also there are hungry people in this great country of ours. The world is dividing into two groups, and for our own good we must maintain every outpost possible in Europe. Every man who has had military experience knows that you must maintain outposts and listening posts. At the present time, we do not know what is happening inside Russia, Albania, Yugoslavia, and many other countries, but we do know what is happening inside France, Italy, Austria, Germany, Greece, Turkey, and all those countries friendly to us.

I do not believe you can buy people away from communism, but the economy of a country can sink so low that it is impossible for the government to resist. I am convinced that if we do not help France, Italy, and Austria that Russia will take over those governments just as she has in some other countries.

At one time I thought it possible that we could get along with Russia, but after seeing the cruel, beastly actions which Russia is supporting in Greece, through Albania, Yugoslavia, and Bulgaria, I am convinced that there is no honor or honesty in the Russian Government. The most bitter feeling against communism which I saw was among the Greek peasants, farmers, and small villages in northern Greece. They know, from the killing of their people, the burning of their homes, the stealing of their food, and the forcing of their sons to become traitors to Greece that communism is a terrible disease.

In closing, Mr. Chairman, it is my belief that our programs abroad must be administered in a hard-boiled, business-like way. I found a number of instances

during my trip in Europe where American generosity was being mistaken for weakness.

Mr. BLOOM. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. GOSSETT].

Mr. GOSSETT. Mr. Chairman, I want to address myself briefly to paragraph 3, section 5, of this bill, with which I am in hearty accord. I might entitle these few observations "Selling America Abroad." I have been interested in the reports brought back by all the gentlemen speaking on the subject to the effect that America's motives and America's charity are generally misrepresented and misunderstood by the countries to which relief has been given.

It seems to me we have done a very bad job of selling America abroad heretofore. In connection with subsequent relief, it seems to me we ought to give particular attention to the publicity, the advertising, and the propaganda, if you want to call it that, used in foreign lands. Instead of leaving this program of selling America abroad to Hollywood or to some of the intellectuals in the State Department, we ought to turn it over to some hard-headed, practical American businessmen and let them sell this program or explain it just as you sell refrigerators or automobiles or radios or anything else.

The thing I have in mind is this: We can buy advertising abroad, thereby furnishing those folks dollars which they in turn can spend for American goods. We ought to take full-page advertisements in all the papers of countries to whom relief is given or loans made. For instance, if we are going to unload a half-dozen ships of wheat in France, we should take full-page advertisements in French newspapers, use billboards, if they have them, and take time over French radios. We should tell them in language that they can understand just what America has done, is doing, and will do, and why.

The gentleman from Florida [Mr. ROGERS] made a very fine talk here about some of the sacrifices we made in the war. If I were to write a billboard in Europe, just by way of suggestion, I would do it this way:

What has America done? World War I, 250,000 casualties, \$50,000,000,000 spent. World War II, \$360,000,000,000, 1,000,000 casualties. What has America asked and received? Not one cent of reparations, not one foot of territory. What has America spent in your country since the war?

Put it down in plain black and white.

What does America want? Peace and friendship.

We might as well educate these folks a little bit on what America has done. In private charity it is indelicate and it is unbecoming of one to advertise what he has done, what he has contributed to the church or the Red Cross or the Community Chest or anything else; but in this matter of international good will the exact reverse is true. We ought to tell the story of American generosity.

It burns me up to hear people talk of American imperialism or dollar diplomacy or mercenary capitalism. We have been and are the most unselfish, the most magnanimous, the most philan-

thropic Nation on the face of the earth. If we are spending billions abroad, why can we not tell that story to the most ignorant man in the countries in which we are operating, and tell it in such a way that he cannot fail to understand it?

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield to the gentleman from Georgia.

Mr. COX. The gentleman is eminently correct in the observations he now makes, because as a good-will measure this bill will pay no dividends unless the story is told, for the humanitarian aspects of the bill are lost in the fact that the grant is made to governments rather than to the nationals of governments. It is going to be difficult for a coal miner in the Ruhr who purchases at a price three or four times their value, the goods that we advance to appreciate that it is a gift the American people are making to him. So I repeat, the gentleman is correct in saying that people of common sense and of sound judgment should be put in charge of this informational program. When I was abroad I found that the Voice of America sounded like the explosion of a popgun, whereas the Russian program was booming like a cannon 24 hours out of the day. Our informational program is not adequately financed.

Mr. GOSSETT. I thank the gentleman for his contribution.

I noted in yesterday's press a story which said that the Voice of America had been broadcasting to the countries of Europe that there was a run on Russian banks. If that story were true, it was bad for the Voice of America to be propagandizing the fact. If it was not true, then it is bad also. The thing that worries me is, as the gentleman has said, that the Voice of America has been very inept and in many instances I feel it has done the cause of American good will more harm than good. The most important thing we have to sell, which I think we admit is the big objective in back of this thing, is the principle of democracy to the people and to unsell them on communism. If we fail in that then we have poured our money down a rat hole.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield.

Mr. HAYS. It does not nullify the unselfish character of the gift to put a label on it. I agree with what the gentleman says. I am going to put a little present on the Christmas tree for my grandson and I will say, "This is from your grandfather." The bill serves humanitarian ends as well as our national security and the ones to be benefited should know that it comes out of the beneficence of America. As the gentleman has so well stated, all we ask in return is peace and friendship.

Mr. GOSSETT. That is exactly the point I am trying to make. In buying advertising we give them dollars, and we tell them what the American program is. While a great many of our colleagues have traveled abroad, and I think it is well that they did, and while they are able to tell us what the Europeans are thinking, I spent my time in traveling throughout America this sum-

mer and not abroad. I know what Americans are thinking. They are willing to make any sacrifice that is necessary to preserve what we call the American way of life and American democracy, but they are not willing to waste money. They want the people to appreciate what they have done for them. They want the people of Europe whom they are now feeding to know that they are being fed out of the goodness of American hearts. If this program is not properly sold abroad, they are going to be rightfully resentful of our failure to do so.

Mr. Chairman, I yield back the balance of my time.

Mr. JONKMAN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BUCK].

Mr. BUCK. Mr. Chairman, no less an authority than the chairman of the Committee on Foreign Affairs has stated that the amount of \$590,000,000 authorized by this bill "was pulled out of thin air." Less nebulous will be the impact of this expenditure upon the economy of our own country and upon the cost of living in the United States. This expenditure will definitely increase the cost of living to every American family.

While I regard Chairman EATON's "thin air" admission as a damning indictment of the bill before us, page 7 of the report does purport to indicate the make-up of the original \$597,000,000 figure. The State Department informs us that that figure represents the anticipated 4-month adverse balance of trade for these three countries, presumably based on past experience. Obviously, the United States exercised little or no control over the manner in which France and Italy purchased goods in the base period. Some of the purchases were doubtless wise but we have received information that some of the purchases were unwise. Some of them were made to prop weak governments. Yet it is on the basis of those purchases, wise and unwise, that the total of our contribution has been calculated.

Having arrived at the hoped for total by way of the balance-of-trade method, the State Department has then apparently taken pencil in hand and compiled a list of commodities to be furnished whose total cost, surprisingly enough, exactly equals the total of the adverse trade balances.

I wish to discuss in some detail certain of the items included in that list.

This past summer, at my own expense, I spent 6 weeks riding in my own car some 5,500 miles along the highways and byways of France. I lived in village inns, luxury hotels, and all the gradation in between. I was routed neither by French nor American brass. I selected my itinerary and was accompanied by my own interpreter. I did not talk to a single French official, but I did talk to hundreds of ordinary people, store keepers, farmers, mechanics, waiters, laborers, industrialists, white-collar workers. They constituted a fair cross-section of the people who make up the French Republic. What I say to you today about conditions in France is based upon what I learned from these people and what I saw with my own eyes.

We are asked to supply wheat for the 4-month period to the extent of \$111,000,000. Why is there a wheat shortage in France? Weather is partly responsible, but the effect of the drought has been grossly exaggerated. Primarily, the cause of the wheat shortage in France is the unrealistic ceiling price placed on wheat by the French Government. That ceiling was unattractive to the French peasant. He planted other crops on which he could make greater profit. Now, because of bad judgment on the part of the French Government, we are asked to give \$111,000,000 worth of wheat in 4 months. The official price of wheat in France, as per a statement of the Herter committee, is still far short of the black market price—the real price. Thus the French Government still discourages wheat production in France. They look to us to make good their shortcoming. And we seem to be in process of doing so. And as long as we do so, wheat production in France will not increase. We merely take on a permanent obligation to supply France with \$24,000,000 worth of wheat per month, with no termination date in sight.

Now, let us examine milk products, fats, and oils. For these the 4-month amount is \$23,000,000. Why should France be short of these commodities when as per a recent statement by the President of France there are more head of livestock in France today than there were prior to the start of World War II. For the answer to this question we must look both at France herself and at a bit of French history.

France is roughly 50 percent urban, 50 percent rural. In urban areas food is short. In rural areas food is relatively plentiful. What is the cause of the break-down in trade between country and city?

Before World War I French peasants constituted one of the world's greatest markets for high-grade bonds. That was when such bonds were readily and instantly convertible into gold francs the equivalent of 20 cents United States currency. By the end of World War I francs had not only lost their gold convertibility, but had sunk to a value of 5 cents United States. Seventy-five percent of the peasant's savings had evaporated. Came World War II and the franc dropped to less than 1 cent. The peasant lost 80 percent of what he had left. Today he knows that the official exchange rate is 117 francs to the dollar, while the black-market rate is 300 to the dollar. The peasant has been burned badly. He does not want unstable paper francs in exchange for his produce. He wants things. The government and the cities offer him only francs. Hence he does not sell. Hence the cities lack food. The government has taken no adequate measures to meet the situation. But we are asked in this bill to contribute \$23,000,000 of milk products, fats, and oils which the French peasant will not sell to his own countrymen. We are asked to be more generous to the French than the French are to themselves.

Petroleum products is another \$20,000,000 item. Faced with a severe petroleum shortage ourselves, we are asked to

give petroleum to a country which still allots gasoline and oil to its citizens for pleasure driving.

Then there is an item of \$38,000,000 for cotton. Cotton is a raw material. Raw materials are wealth producing. Should we give commodities which by their nature should be handled as self-liquidating banking loans?

Another item is fertilizer—\$9,000,000 of fertilizer as a gift. Here is a commodity the French peasant wants and needs. He will readily trade meat and milk and cheese and farm produce generally for fertilizer. Here is a means of getting food to the cities. And as food does move from French farms to French cities—the less food France need seek from overseas.

When President Truman told this Congress that food in France is near the vanishing point he was badly misinformed. That statement just is not so. The fact is that food supplies there are not properly distributed.

But as long as the United States continues its blind, heedless giving, no French Government will take the politically unpopular measures necessary to the solution of France's interior problems. Reliance on rich Uncle Sam is a far easier course.

Mr. Chairman, I favor some emergency aid as provided in this bill. I favor the bill's provision for China. But I believe the amount specified for emergency aid to Europe should be reduced at least 25 percent. Only through such reduction will there be incentive to these countries to put their own houses in order. Let us not regard figures pulled from the air as sacrosanct. Let us give a bit of thought to the welfare of these United States of America as well as to the welfare of our friends overseas.

The Lord helps those who help themselves. This bill proposes that we outdo the Lord.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. BUFFETT. The gentleman is one of the most patient and conscientious listeners in the House; I think everyone will agree to that. Has the gentleman heard any testimony to indicate that any steps are now being taken or contemplated by the French Government to solve this reluctance of the French farmers to deliver their food to the cities?

Mr. BUCK. I have heard nothing.

Mr. HALE. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I shall be glad to yield to my colleague from Maine.

Mr. HALE. On page 7 of the report I note that we contemplate giving \$5,000,000 to Italy for "pulses." That word is not in my vocabulary. Can the gentleman explain it?

Mr. BUCK. I would rather have some agriculturalist explain it. I believe, however, pulses are a form of product in the nature of peas or beans. I do not know the exact definition; I am sorry.

Mr. RANKIN. I think probably it is a Brooklyn product.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JARMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, I had not intended to have anything to say in general debate on this legislation. I have listened to the debate thus far with interest and profit. There have been so many fine speeches made, so many viewpoints expressed, which are wholesome and good in the consideration of important legislation as we now have before the Committee; however, in view of some of the things I have heard, some of the expressions that have been made, I am constrained to express my views and to impose upon your time for a few minutes.

We have heard a great many expressions about the bill, that it should not pass or should be amended, or that we should be careful about taking further steps of this kind because of errors of the past. I can well understand the apprehension of some people in a matter of this kind. I have no quarrel with that apprehension. We must, however, face this issue realistically and practically as I am sure this Congress will.

I agree with the viewpoint that some of the programs in the past have been badly administered. Certainly errors have been made. There might have been an error made at Yalta, there might have been an error made at Potsdam; yes, we were in war then trying to bring it to a successful conclusion as speedily as possible. Mr. Chairman, there might have been an error made in our various relief programs. Hindsight is always better than foresight. We may not be tough enough in dealing with Communists here at home. We cannot be too vigilant and alert in that respect. They ought not to be allowed here in this country. But because of all of these reasons that might be advanced, it seems to me that we should not say the future holds nothing for us. Because there might have been a mistake made somewhere should we say that the whole thing ought to go overboard, forget about it and turn it over to destiny at will? Or shall I say Communist surely.

I should like to refer to what the gentleman from Ohio [Mr. JENKINS] said a few moments ago in expressing my own views on this legislation. He explained to the committee the incident that occurred in Trieste in September. I happened to be in Trieste with a committee shortly after that. With eight other Members of this Congress I heard our officers and the General Staff in Trieste explain that situation as the gentleman from Ohio [Mr. JENKINS] gave it to you a few moments ago. It is a critical area in Europe. That was a trying experience for our officers and fine men over there. That was an incident that could have easily been the starting of another great and destructive war.

To me, because of that and because of the situation that exists in other places in Europe, is the more reason for the adoption of this program and the steps that we should take toward combatting the menace than anything I know of that has been advanced.

Anything I say about this may be repetition, but sometimes I think it is good for us to repeat some of these things that mean so much to us and mean so much to the future of our country.

We can start in Sweden, draw a line through Europe on down to Turkey, and that is not an imaginary line. It is a line where the forces have been divided and there they stand facing the world today. In Berlin we have some 5,000 officers and men in the heart of the Russian zone, where you cannot get from our zone, the United States zone, to Berlin except by one air corridor, by one highway, by one railroad. In Vienna, Austria, the same condition exists. We have a handful of men there today holding the line in their fox hole, so to speak. And as we consider that line dividing two great philosophies that exist in the world today, are we to say, because there have been mistakes in the past, that we are going to let the old groping world go on into darker dungeons?

On this side of the line in western Europe we are trying to give an opportunity to countries that have been devastated by war and to say to those people: "Under the principles of democracy we want to give you a chance to rehabilitate your government, rehabilitate your economy, and have the kind of government you choose to have in a great, free world, if at all possible."

While there is infiltration, of course, and while there exists today the attitude of the Russian Government in trying to submerge the interests of the people in the western part of Europe, we are saying with our meager, little force in Europe, "Thou shalt not pass," and at the same time these people will have the opportunity, if you please, to establish a government that is stabilized. Yes; France has gone through a terrible period. Many countries have. I have no brief for the inequities that reign or have reigned in them. I have no brief for the mistakes that have reigned in them. But I do know that those people who have gone through the horrors of a terrible war, who have had their countries trodden over by the war lords, and occupied for years and years, are laboring under a condition today that makes it very difficult for them to stand up under such a terrible experience. Yes; they are living under that condition.

Someone said to me, "Why do they not go to work?" I agree that they should go to work; some of them are trying to work; some of them are not. Someone said, "Let them go to work. Here it is 2 years since the war and they have not done anything for themselves." I remember my people talking about the horrors that existed after the Civil War in the South. I remember hearing my people tell about how they suffered, and how long it was before they could begin rehabilitating themselves and orienting themselves in order that they could do something for themselves. You cannot do it overnight. But while they are having their opportunity, are we going to say that "We are going to leave you to the Russian aggression, Communist aggression, and let all the chaos that reigned under the Communist regime take over"? Do you not know where that will take us?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. JARMAN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HARRIS. I believe in humanitarian efforts. I believe in trying to do the Christian thing. I believe in good will, and certainly for what aid we extend to any people there should be appreciation. There should be some manifestation on their part that they are grateful. But I believe another thing, with western Europe groping in darkness between the two greatest philosophies and powers in the world that we have got to do something, or else we know what is going to happen. We have got to give them an opportunity to build themselves or else Russia and the Communists are going to take over just like they did in Rumania, Hungary, and in the other countries in eastern Europe. That, to me, is the basic reason why we should do something for these people, giving them an opportunity, Mr. Chairman, to come out of all of the chaos that has reigned there for a good many years.

To me national defense, the security of our Nation, the future welfare of our country and people, are the basic reasons we should provide this aid and relief. I want to avoid another catastrophe where we might have to vote to send our boys to another devastating war.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to my distinguished friend from Mississippi.

Mr. RANKIN. It was stated here on yesterday that the countries to which we are preparing to send this money do not owe anything. Why should they not extend their own credits instead of asking us to assume the whole burden?

Mr. HARRIS. I heard the gentleman ask the question. I am in thorough accord with his views with this exception: They have no economy, consequently they have no credit that they might get anywhere. You can walk out on the streets of Paris, or Rome, or the other cities in western Europe and get money exchanged there at the rate of about 3 to 1, and as high as 12 to 1, of their official exchange.

Mr. RANKIN. If we keep expanding our currency through the Federal Reserve System we will be in the same predicament.

Mr. HARRIS. That is another great problem, which we are not considering here today. It is very important, I assure the gentleman.

Mr. RANKIN. It looks to me as if we are reaching a long way to rake the other fellow's chestnuts out of the fire when he is making no effort to help himself.

Mr. HARRIS. I disagree with the gentleman that they are making no effort to help themselves. Some of them are not, to be sure. Some of them are doing all they can. Given an opportunity to work, many of those people will work.

In my opinion, from the experience I had in my brief visit over there, they do not want the Communists to take over. The largest single party in France and in Italy, as the gentleman knows, is the Communist Party. It is only by reason of a coalition of the other parties that the Communist Party today has not taken over those nations.

Mr. RANKIN. As far as the Italians are concerned, they are divided into two

groups, the Communists and the Fascists. They have never had a republican form of government; they have never had democracy in Italy. They are divided today between the Communists and the Fascists. That is true, is it not?

Mr. HARRIS. I would not say that is true at all.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Connecticut.

Mr. LODGE. May I say to the gentleman from Mississippi that he is misinformed. There are socialist parties and socialist democratic parties. There is no Fascist Party in Italy. I will be delighted to give the gentleman the facts on that if he would like to have them.

Mr. HARRIS. Insofar as I was able to ascertain, throughout all western Europe or anywhere today there is no Fascist Party that might have any force except perhaps in Spain.

Mr. LODGE. The party of Premier de Gasperi is the Catholic Center Democratic Party. I am afraid the gentleman from Mississippi is misinformed.

Mr. RANKIN. I have had a great deal of misinformation poured into my ears here for the last few days.

Mr. HARRIS. That is what makes this a wholesome debate, in order to try to clear up these misunderstandings and correct misinformation.

Mr. RANKIN. Everybody knows that in Italy they were divided between the Fascists who followed Mussolini and fought us, and the Communists, who hate us and who are now threatening to take over.

Mr. HARRIS. Where the Fascist Party in Italy reigned during that time, the Communists are trying to take over now. They are the same dangerous vipers that threaten the peace of the world. They are the same snake in the grass. That is the compelling reason for this legislation.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

Mr. JONKMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. SADLAK].

Mr. SADLAK. Mr. Chairman, since the opening of this special session, I have listened attentively to the reports of our colleagues relating their personal observations of conditions and circumstances attending events which were witnessed by them during recent visits and surveys abroad. Some of these speeches have been short, others lengthy; some have been sketchy, others detailed. I have listened, read, and studied their and other available reports in my sincere desire to obtain adequate facts prior to our consideration of the bill that would be submitted during this session. This was the means by which I could be informed about the problem, as reliably as possible, since I had spent the so-called recess within the State of Connecticut answering so very many inquiries at an office maintained for the purpose and attending meetings, conferences, and discussions with individuals and organizations about the problems confronting them. I

traveled nearly 7,000 miles within the small but great Constitution State during the recess.

Yesterday and today we have heard additional explanations, first-hand reports during this general debate on H. R. 4604, the bill we awaited, designed to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries. These speeches have been directed more specifically to the conditions, the people, the governments of Austria, China, France, and Italy because they are referred to as the recipient countries under this particular legislation.

A plea to us for assistance is nothing new. It differs from the earlier requests in the grouping of the countries to be helped. The people in each of these four countries are desperately in need of food and are not far removed from starvation. So many of our colleagues have so reported and insisted. Thus, it is a great humanitarian problem. In addition, they have further reported and insist that there is another formidable nemesis which must be contended with, and that is the Red shadow looming larger and larger across democracy's few remaining strongholds.

If the basis for the incentive to work is food, and it has been so stressed by many, then, by overcoming undernutrition by providing the necessary food, we shall start these countries on the road to more production for their own use and commence their return to a self-supporting status enabling the restoration of economic stability. Simultaneously, we shall minimize the threat to western civilization and preserve its priceless freedoms.

Mr. Chairman, though I shall go along with this bill on the basis I have just outlined, I must insist, however, that the administering of this aid be undertaken with painstaking thoroughness. I demand that the underfed and the undernourished receive this bounty relating to food; that the other essentially relief commodities be distributed and used applying proven production methods; that the appropriated funds be very closely observed to insure wise spending; that new administrative machinery be provided to take over this and previous gifts arranging it that everything sent from the United States in the form of aid, each morsel of food sing out the word "America"; that each package spell out "freedom," every cent and dollar spent serve to remind that it came from the land of ingenuity and incentive; from the one country where democracy truly operates and gives evidence of its work for the world at large to see.

(Mr. SADLAK asked and was given permission to revise and extend his remarks.)

Mr. SADLAK. Mr. Chairman, I ask unanimous consent that my colleague the gentleman from Connecticut [Mr. MILLER] be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

[Mr. MILLER of Connecticut addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. JONKMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. STEFAN].

CHRISTMAS, 1947

Mr. STEFAN. Mr. Chairman, Americans everywhere are looking forward to Christmas. I am certain that the anniversary of the birth of our Lord in 1947 will be observed in this country with a different spirit than that of any other Christmas in the history of mankind. The nearest approach to Christmastide 1947 was that first Christmas nearly 2,000 years ago in Bethlehem's manger.

A Nebraska-born poet aptly described our present situation in the form of a poetic conversation between his small daughter and himself:

CHRISTMAS, 1947

What is Christmas?
Just a day
To talk of gifts,
To laugh and play?
I'd never deny
That Christmas is giving.
But Christmas is loving
And Christmas is living.

What is Christmas?
Just a tree,
Books and toys for
Sister and me?
Christmas is that
And more than that far.
Christmas is Mother
And God and a Star.

What is Christmas?
Just a bell
Which, ringing, holds
Us in its spell?
That is not Christmas.
Christmas is still,
Poor shepherds kneeling
High on a cold hill.

What is Christmas?
Just a word
That few will hear;
Forget, when heard?
Christmas is love.
Upon that fair morn
Our world looked at Heaven,
Our Saviour was born.

What the poet meant—and what I mean in my words now—is that our Christmas of 1947 brings us abruptly to a fork in the road of our destiny as a republic. If we turn to the left, we are certain to find ourselves in the bottomless swamps of a form of government never intended for the people of this free nation. If we continue, onward and upward, on our present road, we will come with equal certainty upon those fertile hills that are our birthright. This Christmastide fundamentals are involved in every decision: peace or war? courage or cowardice? plenty or poverty? victory or defeat?

This special session of the Eightieth Congress has been called presumably to determine whether or not this country should draw upon its resources to feed, clothe, and shelter the peoples of western Europe through so-called stopgap aid. It is the solemn duty and responsibility of every Member of Congress to weigh carefully all of the available evidence—both pro and con—before cementing his decision with his vote. To

this end, in order to investigate, accumulate, and sift this evidence, the Speaker appointed a committee last July. That committee studied conditions in western Europe at first-hand. That committee has made known its findings. President Truman appointed numerous committees to make similar studies. He appointed the so-called Citizens Food Committee—the Luckman committee; the Economic Advisory Committee—the Nourse committee; the Krug committee; and the Harriman committee. All of these committees have conducted research, deliberated, and made known their findings.

There are not enough minutes in an hour, not enough hours in the day, for each Member of Congress to read each report of each of these committees as thoroughly as they should be read before arriving at a definite stand. If communism is on the march in western Europe, it will have attained its objectives by the time each of us have read and digested the Krug report. If the people of western Europe are hungry now, they will have starved before the last of us can turn the final pages of the Harriman report.

In this crisis, we cannot rely on our own powers. We can rely upon the experience and observations of other Members, knowing all the while that they—like us—can only absorb a small degree of the whole truth as individuals. We are witnessing an awe-inspiring spectacle in this House, that of Members drawing together like the drivers of the prairie schooners of a beleaguered wagon-train in pioneer days, fighting side by side to save each other's lives and to protect their loved ones. Yes; we trust each other. We must trust each other in this our common hour of decision. But, as did those pioneers of another age, we must place our trust higher than the integrity of our associates, beyond their wisdom and knowledge. As the Eightieth Congress moves toward Christmas 1947, we have no alternative save to place our absolute dependence upon God. He and He alone is our hope, our salvation.

God dwells within each one of us. Let us search within ourselves for His message. Let us read the reports of committees composed of men—if time remains to read them. But, let us not forget that the Word of God speaks out in clarion tones from the pages of the Bible, His Book.

But, what does the Bible say of aid to the people of western Europe?

Turn to the third chapter of the second Epistle of Paul the Apostle to the Thessalonians and you will find one of the answers in the sixth, the tenth, the eleventh, and the twelfth verses:

Now we command you, brethren, in the name of our Lord Jesus Christ, that ye withdraw yourselves from every brother that walketh disorderly, and not after the tradition which he received of us. * * *

For even when we were with you, this we commanded you, that if any would not work, neither should he eat.

For we hear that there are some which walk among you disorderly, working not at all, but are busybodies.

Now them that are such we command and exhort by our Lord Jesus Christ, that with quietness they work, and eat their own bread.

This and other passages in the Bible can well be reckoned rocks of refuge in the stormy sea of present-day thinking. I am proud to use the Bible as my chief guide to reach the conclusions I must reach in regard to the aid which this country has been called upon to render to the cold, hungry, and ill people in western Europe.

Through the Bible and because of the Bible I have won through to those basic decisions on the subject of immediate aid to Europe on which I intend to build my future words and deeds.

To my mind, these are the basic decisions:

First. The hungry of Europe must be fed during this winter, by our help; the homeless of Europe must be housed during the coming winter, by our help; the cold of Europe must be given fuel this winter, by our help; and the sick of Europe must be supplied with medicine during this winter, by our help.

Second. The necessities of life must be brought to the needy of Europe through methods of distribution which will not swell the coffers of the black market nor of any foreign government charged with such distribution. To this end, not only the executive branch of the United States Government, but the legislative branch as well, will have to scrupulously keep watch over this distribution.

Third. Definite checks and limitations must be placed on what goods are sent abroad. If the sending of food from America to Europe spreads hunger in America, that type of export must be stopped. The whole world dreams of sharing our prosperity. Not one country in the world would volunteer to share our poverty. We can lead only as long as we are strong. Should we sacrifice our world leadership, there is only one man who will assume that leadership—Stalin. All of us know that a weak America means no America at all.

Fourth. The truth must be told. Those who receive must be kept aware of the country of their benefactors. I should like to see the insignia of this Nation on every crate of foodstuffs, on each bottle of medicine and on every bag of coal. If it is the destiny of this Nation to be the fountainhead of life to other nations, it is just that the people of the receiving nations know that they are getting their lives from Americans who look up to and revere a Republic governed by a Constitution based on liberty. Even as the truth should be told to foreign nationals, it should also be told to Americans. The American people are sacrificing to give this food, this medicine, this fuel to Europe's needy. The American people—and Congress—deserve to know something far better than half-truths from the State Department. Whomsoever is entrusted with the administration of this aid cannot escape making a full and fair accounting of their administration to the real source of it.

Fifth. The stopgap aid must be applied to immediate needs. We must not deceive the Europeans by making them think that, when the present perils have been passed, they can neglect their production and rely on Americans to

continue to produce for them. This country has given billions in lend-lease. This lend-lease did not hold back the iron curtain. This country has given billions to Britain. This has not halted the spread of state socialism. The stop-gap aid cannot be considered a lasting barrier to communism. It is what it is intended to be: a means to keep people alive who would starve without it; to keep people clothed, warmed, and well who would be cold and sick without it.

Yes. Christmas 1947 is more like the first Christmas at Bethlehem than any other in all time. Men, women, and children are thinking the early, the elemental thoughts. In the United Nations, in Congress, in millions of American homes, people are banding together against evil. Their trust is in the living God. And through this strong, abiding faith I am confident that God's peace, toward which we have struggled so long, will surely be attained.

(Mr. STEFAN asked and was given permission to revise and extend his remarks.)

Mr. JONKMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. LEFEVRE].

Mr. LEFEVRE. Mr. Chairman, nothing was quite so distasteful to me than to read in yesterday's New York Herald Tribune—the paper I have long cherished and have read regularly—a short editorial criticizing Members of the House for not immediately passing the interim-aid bill for foreign relief. I believe that every minute granted the membership on this legislation is justified. Certainly the Members who did not visit these foreign countries the past summer are entitled to hear from those who did, and, so far, the information given by Members who saw conditions first-hand warrants the few hours of discussion allowed. I believe the House bill will be an improvement on the Senate bill when finally passed, and the Members are justified in facing the complete picture, as it involves much. I do not believe I have ever seen the membership quite so confused on any former bill. There probably is not a man in the House who would refuse food and fuel to those who are hungry and cold. Likewise, I doubt whether there are many who would cherish the criticism that his vote might hinder and delay our Government's efforts to stop the spread of communism. I think the great majority of our constituents would approve of aid to help those in real need. But there has been so much criticism in the past of the methods of distribution that I, for one, want to be able to feel that any relief we give goes to those it was intended for.

If the relief purchased by the taxpayers of America, through the passage of this bill, goes to further the cause of communism, and also goes to those nations already dominated by the Russian leaders, we would be justified in holding up this legislation until we are assured of honest distribution. We cannot laugh off the fact that our responsibilities here are great. It is impossible to determine to what extent the entire foreign-aid program will go. The President himself

is bound to be concerned because he knows the domestic demand is presently beyond the supply in many cases. This is why he is asking for a return of price controls and rationing. The housewives in my part of the country have too good a memory and abhor the thought of returning to rationing, coupons, and black markets.

We can remember those little grayish-covered books filled with various colored stamps, issued by an organization called the OPA. We all can remember, too, that if we could not get what we desired at the ceiling prices, it could be purchased at twice the market price in the black market. Then we can also recall that in October of 1946 President Truman announced that he was removing rationing except on sugar and the little stamps were a thing of the past. Strange enough, almost at once, meat suddenly appeared where it had not existed before. Other foods became plentiful and the black market floated out of the window. Since then our country has enjoyed great prosperity. Our earnings have been big. We have been living better than ever before and have bid up and up for the things we have wanted. Besides, our Government has been buying untold quantities of foodstuffs for shipment overseas. We can grow and produce only just so much. We cannot feed and clothe everybody without creating a scarcity. Higher prices are bound to follow. It does not take much stretching of the imagination to notice how the housewives will react to those little gray books again, how the racketeers would cheer their return, and how the working people would accept a ceiling on their wages. This is a moment when our country has the opportunity to prove the efficiency of a free economy as opposed to communism.

For the benefit of the editorial writer of the article referred to in the New York Herald Tribune, it is not a question of paring down the bill which the Senate passed overwhelmingly. From what I have heard of the methods used to arrive at the figure involved in this aid program, a few million dollars more or less means little. It is a question of whether or not we care to protect the gigantic investment of \$350,000,000,000 and the lives of the thousands of our boys that were expended to defeat Hitler and save the world against totalitarianism, or to relinquish our position of international leadership and possibly face a third world war, which would make this initial request look like mere chicken feed.

Mr. Truman may have us "over a barrel," as some writers refer to the situation, but Mr. Truman has some explanations to make to the American people. How can he or his State Department explain the \$16,000,000 that has gone to Russia during the year 1947, under lend-lease, when these shipments were to have ended a year ago this month? The American people are not dumb and the barrel may make a reverse roll. I plan to support this bill if certain strengthening amendments are approved. I intend to go the whole way and agree fully with the aid for China, too. I have that much faith in my colleague the gentleman from Minnesota, Dr. Judd, and I can well un-

derstand the necessity for having two fronts for the Russians to worry about. We have a tremendous problem and we must have the full support of the American people.

Mr. JONKMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I have had an opportunity to carefully read the report of the 16 nations of western Europe, the Harriman report, the report of the Presidential advisers, and the so-called Krug report, as well as the President's message to the Congress, which was delivered only a few days ago. The countries of the world less fortunately situated than our country basically need material goods, manufactured goods, and foodstuffs. It so happens they want dollars to use as payment to get the goods, which I have mentioned, from the United States because they are in such short supply in other parts of the world. It is not so much a question of other countries taking their local currency which they have and buying goods as it is a fact that these goods are not available in the countries where their local currencies are located. The goods that are in stock are over here, and two groups are contesting in the open market pit of this country for those goods, namely, the people of the United States and the people of other countries, to whom we furnish dollars as tokens to put them in a position to come into this open market and bid against us.

If these other countries have insufficient goods to give to us for dollars in exchange for the goods they would ship to us, and that is the situation as evidenced by the unfavorable balance of trade against those countries and in our favor, which has been argued here in debate for the last 2 or 3 days, the people who are promoting this Marshall plan and this short-term relief plan and the long-term relief plan come to the Congress and to the people of the country and argue that we should provide the dollars to those other countries with which to pay for the goods to be shipped from the United States. That is the basis of the argument presented here, because the argument is continually made that poverty causes the spread of communism. I take no stock in that philosophy because we have had poverty-stricken people here in the United States ever since the Government was formed. We will continue to have them. I have in mind the colored people of the South, who have always been poverty-stricken, but we never had communism in that section of the country until organized Communists went there and promoted that philosophy. It did not come out of the poverty-stricken homes. That is not what spreads communism. But we argue here that we should eliminate the poverty of European countries in order to prevent the spread of communism. That means to say that we should send the necessary physical goods to Europe to save the people and to remove poverty so that communism will not spread. In that argument we are going to fail, because you do not have the dollars in this country to

send there to be backed up by goods from this country in response to the call from those dollars. That is a fundamental economic fact which we are up against. We have advanced these dollars to Britain and to other countries to enable them to buy goods from us. The world outside of Britain has been paying to the United States through the immediate delivery of goods shipped to us no more than about one-third of the supplies which have been exported by us. We face a basic question. It cannot be separated from this bill or from this debate.

From our own viewpoint, are the needs of other countries for the two-thirds exports not offset by foreign imports to us from those countries, and our own long-run interests in satisfying them, so great that this country, the United States, ought to provide the necessary means of financing them? That is the basic question we face. I think the United States has already gone too far. We have gone so far in our bungling and mismanagement of this whole question, in my opinion, that we are now so rapidly destroying the buying power of the past accumulated savings and the current wages of our own people that we rapidly move toward the precipitation of an economic revolution here in the United States. I think we have oversubscribed. I think we have undertaken too much. I do not believe we can deliver our present commitments. I am satisfied in my own mind that sometime within the next 24 months we will have reached a point beyond which we cannot go. I have great respect for the feelings of our people if you please, even more than I have for the feelings of the people of other countries. We cannot continue the present program because it will destroy us economically. It will wipe out our capital structures, both individual and corporate. We face another great economic wash-out simply because of the economic bungling and emotionalism which enters into this whole picture, wherein so many of our people believe there is no bottom to our economic meal barrel. As pointed out by a former Member of the Senate who was on one of these committees to which I have referred, the United States is not an unlimited cornucopia. There is an end to the economic burden to which we can subscribe and under which we can deliver. I think economically and financially we are reaching that end, and with all the emotionalism removed from my mind with respect to this picture, I am not in a position to support this bill. I think we have carelessly handled and badly mismanaged the dollars we have already taken from the American taxpayers and bond buyers in connection with these so-called grants-in-aid programs that we have approved.

There is no way I can conscientiously stand before the people of my district and defend my position if I help continue this program. There is a too great scarcity of goods in the United States. We should repeal the 40-hour week. We should enable goods to be produced more and more in this country, without increasing the wage rate per hour on that increased production, and we should do it by moving the minimum weekly hour

up to at least 50 hours per week, and get back into the production of goods, first for our own people, in order to maintain the buying power of our own currency, and then if we have goods that we can still ship to the other parts of the world on a grant-in-aid basis let those goods go, but not to the extent of destroying the buying power of our own people.

These price advances which we now witness and which are so highly destructive of our own people cannot be cured by any kind of Government control which can be designed by anybody on the face of the earth today. I shall continue to oppose the reinstatement of those controls as political sop to our people who are not so well informed on these questions as some of us should be, by reason of the chance we have had to study them. So I do not want to be a party to further crucifying our own people economically and misleading them through the slogan which cries out that it is our responsibility to feed the hungry people of the world.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. BUFFETT. The gentleman is making a very forceful speech on this situation. I wonder if he recalls that William McC. Martin, Chairman of the Export-Import Bank, testified before the Banking and Currency Committee early this spring. When asked about this dangerous financial situation at home he was asked whether or not this foreign lending had approached the point of alarm, and his answer was given in these words:

In terms of lending, I think we are in the danger zone now.

If that be correct, certainly this House is asking for trouble, asking for the kind of panic that will upset the world if they continue to pass such bills as this.

Mr. CRAWFORD. We are moving just as fast toward the coming crash in this country as we can possibly move in this day and age. For evidence of that I cite you to the war now breaking out between the Secretary of the Treasury of the United States, the Chairman of the Board of Governors of the Federal Reserve System, and the private bankers of this country who have pushed their business loans of the Federal Reserve banks alone up to the fantastic sum of something over fourteen billions. The Federal Reserve Board has just estimated the Nation's banks have over \$41,000,000,000 out on loan as of October 29 last. There are plenty of danger signals if we want to heed them. Not another dime should be presently loaned to industry for any purpose than for the production of consumers' goods. All loans for the financing of additional inventories on an advancing price level should be immediately discontinued. The inflationary aspects and effects of such loans are now too highly destructive for further expansion. The hour for correction is long overdue.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

AMERICA FIRST

Mr. HOFFMAN. Mr. Chairman, well do I remember the flood of name calling, the smearing, the vilification, and the false charges of sedition and disloyalty which were loosened upon those of us who opposed the foreign policy which involved us in World War II.

Fully do I realize that the warmongers and the war profiteers, the internationalists, those who have little faith in America, her Constitution and her people, will again turn on their well-oiled, their well-financed campaign of vilification against all who oppose any part of a policy which many of us sincerely believe will destroy America.

It seems to be old-fashioned, out of date, and a relic of the horse-and-buggy days to believe in one's country and to first act in the interests of one's homeland.

For myself, in opposing this legislation, in casting my vote against it, I am but following the advice of the Father of my Country and of a present-day outstanding and powerful supporter of a bipartisan foreign policy. If that seems inconsistent, listen.

It was on September 19, 1796, that George Washington, putting aside all political ambition, throwing away the reins of power which might well have remained in his hands until his death, among other things, inquired of his fellow countrymen, and I quote:

Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalry, interest, humor, or caprice?

Of that message and of that advice, on February 27, 1939, the outstanding advocate of this proposed legislation, among other things, said:

Ah, Mr. President, this address may be 150 years old but, like the law of gravity, it is as constant in its wisdom and accuracy today as it was the day it was uttered.

Mr. President, if that message had been penned last night, its words could not fail upon our ears with more significant and pertinent application at this moment. True, we do live in a foreshortened world in which, compared with Washington's day, time, and space, are relatively annihilated. But I still thank God for two insulating oceans; and even though they be foreshortened, they are still our supreme benediction if they be wisely and prudently used.

The oratorical ability, the statesman-like presence, the sincerity and the patriotism of the individual just quoted cannot be and is not questioned. His judgment which leads him to support this legislation cannot, however, be followed by me.

His conversion to the present bipartisan policy, in view of his former utterances, is baffling.

On the same February day in 1939, he made these further statements:

Mr. President, in my view, the question of national defense is inevitably geared to the question of foreign policy.

If we have a rendezvous with destiny, this surely is our supreme assignment.

But it is accurately said that at the moment we confront a condition, not a theory. As realists, we must take the world as it is and not as we would wish it to be. This undoubtedly calls upon us to review our defense resources, and, however, reluctantly, to make them adequate. * * *

But, Mr. President, adequate for what? That is the controlling question. Its answer must preclude all other answers to all other questions. * * *

Adequate for what? Adequate to implement national defense in the traditional American sense of minding our own business? To that, I can uncompromisingly answer, "Yes." * * *

Adequate for what? To help police the world under theories of collective security? Again, "No."

The same eminent gentleman also told us that we should never take a first step unless we were prepared to take the final one.

In my humble judgment, and it is based upon what has happened to us in the last 30 years, the policy which we are today following means, in the end, a third world war, and to that policy I cannot, I will not, subscribe.

Let us, however sincere and patriotic they may be, raise our voices against the opinions of any who seem to think that the resources of America are unlimited; that upon us has fallen the duty of supporting the rest of the world; of furthering the selfish plans and schemes of greedy, avaricious individuals and groups, whose only objective seems to be the creation of a one world, of an international organization, of a united nations; of some sort of an organization, whatever be its form, which calls for the hauling down of the Stars and Stripes, the running up of a rag, which, whatever be its form or color, will be the symbol of a surrender of at least a part of our sovereignty, of our right to declare war, to make peace, a transfer to the international organization of the power to conscript the youth of our land to fight when, where, and for what purpose that international organization may think advisable.

Those who, in years gone by, opposed that sort of an organization were in derision labeled "American Firsters," and they were charged with a lack of patriotism, with being disloyal to their country.

Let those from the cities, those who are the representatives of various groups which place the interests of the people of their own race, of those who accept their form of religion, above the welfare of America, continue to call me an isolationist, an American Firster.

My reply is, I glory in the charge that the interest of my country is ever first in my mind, ever the guide for my actions, and, to those who do not like this country of ours and its institutions, I wish them either a happy journey to the land where, it is said, the fires never cease to burn and the smell of brimstone is ever in the air, that is, if they wish to migrate, or, if they prefer, to the land of their choice.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes.

Mr. COX. I am certain no one would question the understanding and the loyalty of my distinguished friend. He referred to Mr. Churchill, and if he would permit me I would like to make the observation that among the tragic blunders that we have committed, have we not sided with Stalin too often and against Churchill? I think Mr. Churchill understood and understands the Russians very much better than we, and that the position against which we traveled so often represented the sounder view.

Mr. HOFFMAN. Mr. Chairman, I admire the gentleman from Georgia. I have the highest respect for his ability and his intelligence. No one questions his patriotism or his loyalty—his Americanism.

I agree that we built up Stalin, Russia, and communism. It was a mistake. As for the gentleman from Georgia and your servant, we just have a difference of opinion about the better way in which we each can serve our own country.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. JARMAN. I yield the gentleman five additional minutes.

Mr. HOFFMAN. I thank the gentleman.

Permit a further quotation from the distinguished statesman just quoted who, in October of 1939, said:

I must think solely of the welfare of our own America. I believe that welfare is inseparably linked to immunity to any foreign war which does not come to us. America first is now a literal necessity.

Once more and as late as May of 1943, we were advised by him:

America must be realistically world-minded in its external vision, but America also must never forget that its first duty is to 130,000,000 Americans and to the enlightened welfare of its own homeland.

Not content with that patriotic utterance, on the same day, for good measure, he added:

Mr. Churchill has made it plain in his candid moments that he will look out for Britain, and I honor him for it. Mr. Stalin has made it plain that Moscow comes first with him. So far as I am concerned, Mr. President, America is worth an equivalent fidelity, her sovereignty, her Constitution, her people and her destiny, and it will not much longer be considered treason to say so.

As previously stated, no one questions the gentleman's ability, his sincerity or his patriotism, but again I question his judgment in accepting a bipartisan foreign policy which to date has only brought us more and more trouble, involved us deeper and deeper in the mire which if followed eventually will destroy our sovereignty, make us a member of an international organization.

This proposed legislation is part and parcel of a policy which to date has brought about a flow of billions upon billions of American dollars, millions upon millions of tons of American goods, and millions upon millions of young Americans to foreign soil.

Money and supplies which were needed here at home and young men and women, the very foundation of our future welfare, have been exported to almost every country in the world.

And what are the returns?

In return for our dollars, we have been given competition in foreign and domestic trade, the result of which was to hike the price of every necessity upon which our people depend for their American standard of living. There has been given to us in return for the abundance we sent abroad a scarcity here at home.

Because we sent farm machinery, farmers have been handicapped; because we sent goods, our people have gone without; because we sent dollars, we have inflation and a national debt greater than that of any other country.

"I heard the drums a'beating." "I heard the fifes a'shrillin'," and "I saw the flag a'wavin'." I saw the parents, the wives and the loved ones, with tears in their eyes, bidding their boys good-bye.

I heard the songs and the shouts of approval loosened by the internationalists and the one-worlders when our boys marched away; and, only a few days ago, I read of the ships sailing through the Golden Gate and into the harbor at New York. And what was on them? Some flag-draped boxes. And what was in the flag-draped boxes? A few old bones, a handful or two of dust. Those fine, physically perfect young Americans—who might have been the husbands of our girls, the fathers of a future generation—they marched away and, to fill the void they left, back came a box—a symbol of a supreme sacrifice made in vain; a grim harvest from the seed the internationalists had sown.

I want no more of it. I want no more trips through the hospitals of America, where there are hundreds of thousands of young men who, but for the war, would have been glorying in their manhood, the husbands of American girls, the fathers of American children—but who now, some in darkness, some unknowing of what is transpiring in the world, and others maimed and disfigured, are no longer a part of our world; still alive but dead.

Yet more of all that will be our lot, if we follow through on the path our feet have entered.

The support for this proposed legislation rests upon false assumptions. The first one is that there is so much merit in communism and the people of other lands are so ignorant that if propaganda or force can impose it upon them they will accept it, like it, and it will make them prosperous and happy.

I cannot subscribe to that doctrine. I believe that communism, which denies existence of a God, asserts that religion is a fraud, will destroy the freedom, the initiative, the productivity of every nation which adopts it. I believe that the people of other lands have enough good sense and determination to, in the end, select the things that are good for them. A large dose of communism will be its own cure.

I see no reason why we, who have always advocated the doctrine that every people should be free to choose their own political philosophy, should become an aggressor nation and say to Greece, France, Italy, or any other country: "You shall not have communism for your political faith."

Nor do I believe that we should say to England: "You shall not adopt and follow socialism."

Claiming for ourselves and the Western Hemisphere the right of self-determination, the right to select our own form of political and economic philosophy, we should not be so inconsistent as to say to all others: "You must follow our lead, accept our ideas."

It is but a short step from that policy which leads us to impose our political and economic philosophy on others to the one which would involve us in an attempt to determine the form of religion which other peoples must accept.

That that which is good, which is sound, will come through in spite of the most severe persecution is evidenced by the failure to suppress Christianity when its advocates were thrown to the wild beasts.

That it is futile to attempt to suppress a religion, to impose one form upon a people, was demonstrated by the failure of the Crusades.

Though we know not why it is, it is certainly true that thought cannot be changed nor directed by force. So I reach the conclusion that all of our efforts to, by force or purchase, change the thinking of those who would embrace communism are futile.

By example we have demonstrated to millions that our form of government is best. Proof? Do not people from all other countries want to come to the United States of America? Why? That they may find and enjoy freedom, prosperity, and happiness.

Another false assumption is that if Russia and communism overrun western Europe and reach the eastern shores of the Atlantic, like a tidal wave they will sweep across the Atlantic and engulf us.

O ye of little faith, why is it that you have so little confidence in our own form of government, the ability, the courage, and the endurance of our own people that you think—if you do think—that we cannot, by arming ourselves, by preparing a national defense, meet and turn back any foreign aggressor or aggressors.

Every nation in the world acknowledges our strength, but we here at home have no confidence in it.

Have not two world wars demonstrated beyond argument that we are, as Churchill said on Thanksgiving Day not so long ago, the most powerful Nation in all the world?

All too long have those who have been selling America short followed their policy of making us afraid. Afraid first of a national economic disaster, giving us the remedy of taking from those who had and distributing to those who had not. Making us afraid that the Kaiser, were it not for the protection given us by the British Navy, would cross the Atlantic and lay waste our cities, conquer our land.

Yet it was this Nation of ours, which some endeavored to make us believe was so weak, so decrepit, so helpless that our very existence depended upon the protection given us by the British Empire, which determined the victorious outcome of both wars. Where is the British

Navy of today? Today we are the protector, not the protected.

The truth is that it was our young men, and women, our men and women in the factories, in the mines, in the mills and in the fields who, in those days, saved the British Empire.

Then again, and more recently, we were frightened into believing that, unless we stopped Hitler, England would be destroyed, we and all our institutions be at his mercy, the blackness of the Dark Ages engulf us.

So we joined, as the gentleman from Georgia [Mr. Cox] said yesterday, with Stalin and communism.

Our might was the deciding factor which destroyed the German armies. Our generosity, our munitions of war, put Stalin and Russia and communism where they are today. We built up a monster and now we pretend to be afraid of that which we created.

We built up Russia, Stalin, and communism and, if worst comes to worst, we can tear them down.

We proceed upon the assumption, false as it is, that the air is a one-way medium and that through it Stalin and his forces—and only his forces—can send modern destructive forces.

Some folks get but half a thought. They talk endlessly about the atomic bombs which our enemy can hurl at us. They do not seem to realize that bombs could at the same time be traveling the other way.

DOLLARS TO END COMMUNISM

Throughout the consideration of this measure, in the other body and in this, an attempt has been made to frighten us by the argument that, if the appropriation of dollars is not authorized, a tidal wave of communism will overrun Europe and finally engulf the Americas.

Why fight communism by our dollars and our resources three thousand and more miles from home while we legalize the Communist Party here in America?

Why fight communism in China, in France, and Italy, or anywhere else, while here the administration for the last 15 years has not only tolerated Communists in high places, but in spite of repeated protests, encouraged them to hold responsible positions in the Federal Government?

Only within the last few months has communism become unpopular in America. Well do I remember the days when there were Communists aplenty in the organization administering the National Labor Relations Act. Here and there, where their influence might do the most to harm our Government, they were scattered throughout official Washington.

Only a few short years ago, when that courageous, determined legislator from Texas, Martin Dies, was fighting with all his heart and strength and soul to expose the Communists, he was bitterly vilified and smeared. Yes; the First Lady of the Land, when on one occasion Communists were called before the Dies committee, marched with them to the committee room and, by her presence, gave them her moral support.

We have little to fear from Communists abroad. We have much to fear

from them here, operating as they are in our own country, in our own Government.

If the Communists and communism threaten our national existence, instead of impoverishing ourselves, bleeding ourselves white, raising the cost of everything our people need to maintain their standard of living by appropriating money to be used abroad, let us sweep them out of the National Capital; let us make illegal their party; let us be consistent—not cuddle up to them here in Washington; pay them fancy salaries so that they may disseminate their propaganda and spend our money, exhaust our resources to fight them 3,000 miles away. Let us clean the vermin out of our own home first.

The policy, of which this legislation is a part, will impoverish America, will strip us of our ability to adequately prepare for national defense. It will lower our standard of living. It will destroy our individual freedom. It will make us a Nation of slaves, ever working for the support of a people who refuse to work to help themselves. It will make us, as a Nation, weak and vulnerable, unable to defeat the very forces which we now say we wish to destroy.

But you ask, Would I let the hungry starve, the naked go unclothed, without shelter? My answer is "No." I would have America, as always, be charitable. I would have her extend relief, food, clothing, and other necessities of life through private charitable organizations in which there would be less chance of waste, corruption, profiteering.

I would keep every penny, every ounce of supplies, away from the control of the politicians; put it in the hands of the Red Cross and of the religious organizations.

I would limit that relief to those who are in need. I would limit that relief to our ability to give without destroying ourselves. I would limit it to those who are hungry and cold and in need of shelter. I would divorce charity from all political considerations.

For a program of that kind, for an appropriation for that purpose, I will vote.

I would not, under any circumstances, join in a one-world organization, where a part of our sovereignty must be surrendered.

I will not be a "me tooer," a rubber stamp for so-called bipartisan foreign policy which is no less than a policy of the internationalists, the profiteers, and the warmakers.

My patriotism does not require me to surrender my opposition to a policy which, logically followed, means continuous war and the drafting of our youth to serve under an international military staff dominated by the power politicians and the militarists of the world.

My decisions must on this, as on all other proposed legislation, be determined by what I think is for the best interests of my country and her people. My vote will be cast against the present bill.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. LODGE].

Mr. JARMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut.

Mr. LODGE. Mr. Chairman, I favor this legislation because I also am thinking first of America. I agree with the gentleman from Georgia and the gentleman from Michigan that it is just a question of how we all feel we can serve America best.

I am inclined to think that although we cannot justify this measure solely on the ground of relief we are doing ourselves an injustice when we deprive it completely of its humane considerations. We are a generous people, and our generous sentiments prompt us to do something for those who are afflicted, for those who are starving, and for those who are suffering. Furthermore, economic rehabilitation of these countries will be beneficial to all except those who seek to enslave the world.

However, in the brief time allotted to me I should like to address myself to the strategical aspects of this problem because I agree with my distinguished colleague on the committee who spoke yesterday, the gentleman from California [Mr. JACKSON], that this program can be justified entirely and rationalized exclusively on the basis of American national security.

We do not have one world politically but we have one world strategically, and we had better think on that basis, as we did during the war, or we are going to have a very dangerous time of it. In the field of strategy we are willing to use a very much curtailed cultural and information program to combat Russian propaganda, and we have been willing to use economic aid to combat the conditions created by the war and aggravated by Soviet agitation. In wartime we are willing to use flame throwers and atom bombs and we would have used poison gas if our enemies had used it. But we seem to have decided that we have no other weapon in fighting this cold war. We talk about a cold war but we do not act as if there were a war on.

I have suggested that there are three stages in this Soviet onslaught. The first is the effort to capture these governments by constitutional means; the second is internal force; and the third is war.

As I have said, I personally do not believe that war is imminent. The reasons for that belief are many, but there are two which stand out: First, I believe that the Russian Government thinks that it can capture these countries without war.

Secondly, I do not believe that they want a world war. But I do think that the questions that will be decided within the next 2 or 3 years are whether there will be another great war and, if there is, whether we will be in it. I think that the next 4 or 5 months are extremely critical.

I believe in this bill, but I do not believe that we can be absolutely sure that it will succeed as a war measure, which is the way the gentleman from New York [Mr. COUDERT] referred to it. He asked the question: Either this is a war measure or it is a relief measure. I would rather say it is a strategical measure,

with relief characteristics, and it may very well fall short of the mark. Therefore, I think that we should reassess the nature of the threat to which we are exposed and reexamine the means which we have to meet that threat.

Accordingly I have a concrete suggestion to make with respect to the Italian situation, which, at this time, is the most critical in western Europe. I believe that our troops, the withdrawal of which has been postponed from December 3 to December 15, should remain beyond December 15, and I believe that they should be increased in such numbers as are required to enable us to fulfill our international obligation. My reasons for this recommendation are as follows:

First, in the surrender treaty which we made with Italy on September 8, which was the eve of the Salerno landing, we agreed to guarantee the essential nationhood of Italy. If we betray Italy as we betrayed Poland, I leave it to you to decide where that leaves us as the greatest Nation on earth. We must maintain a posture which will allow us to live up to our obligations to guarantee the essential nationhood of Italy.

Secondly, we have a peace settlement which involves Trieste particularly. We must be in a position to assure that that peace settlement is carried out.

Thirdly, we have lines of communication and lines of supply to Trieste and to Austria. We must guarantee those lines of supply.

Fourthly, the very lives of our troops in Trieste and Austria and their families will be forfeited and will be at stake if we do not take steps to protect them.

A diplomat said to me during the trip I made with the Smith-Mundt committee, the fact that one side to a treaty violates it does not necessarily mean that we have the right to consider the treaty at an end. I have not gone into the technical legalities of international law in this connection. I believe that the letter killeth and the spirit giveth life. As a lawyer I realize that there are some breaches of contract which are de minimis, some breaches which do not absolve the other contracting parties. I do not believe that these breaches by the Soviet Union are in that category. In any event I think it is about time that we found reasons why we can do things in the national interest instead of looking around for reasons why we cannot. I would like to call your attention to the fact that the Soviet Union has violated, not only the United Nations Charter, the Potsdam agreement, and the Yalta agreement, but the satellite peace treaties which were ratified by the other body earlier this year. They have breached the Italian peace treaty in several ways. The present disruptions and strikes in Italy were, we know, ordered by the Belgrade Cominform on instructions from the Kremlin.

In Bulgaria the breach is even more obvious. One of the reasons advanced for the ratification of the satellite treaties before the Senate Foreign Relations Committee earlier this year was that the Russians would have to withdraw their troops from Bulgaria. They did not have to withdraw them from Hungary or from Rumania, because they had a right

to keep an indeterminate number of troops there to guard their lines of communication with Austria. But they are bound to withdraw them from Bulgaria by December 15. It is estimated that the Russians have four divisions in Bulgaria. They have not begun their withdrawal. It is the opinion of our highest military experts that were they to begin now they could not withdraw by December 15. Furthermore, if they did withdraw, they would withdraw in the Russian manner. They simply take off their uniforms and put on civilian clothes. Over and beyond that, the Kremlin through its gauleiter Dmitrov has Bulgaria in its iron grip.

Can we justify the withdrawal of our troops from Italy when the Russians are not withdrawing from Bulgaria?

There have been other breaches of these peace treaties—the legalized murder of Petkoff, and the imprisonment of Maniu were not in the spirit of the preamble of those peace treaties. We know that those are violations. We know that the recent happenings in Hungary are not in the spirit of the treaty. We know that Nagy and Suloh and Pfeiffer had to leave the country. So there are very good reasons, in the realm of international law, why we should take this step.

Furthermore, if we do not, we run the risk that the Vatican, which is a vitally anti-Communist force and the spiritual comfort of millions, may become the prisoner of the Communists.

And last, and I think this is very vital, if we can put an end to these disturbances—and I may as well tell you here that the day it was announced that the withdrawal of our troops had been postponed, the disruptions in Italy diminished very appreciably—if we can sow a little political calm in Italy, we will be relieving the American taxpayer of a tremendous load. I do not have the exact figures of the cost of the strikes in Italy. I am informed that the cost of the strikes in France so far is three months' production. I say that we have a duty also in that connection to prevent higher prices, to curtail inflation, and to diminish the load on the American taxpayer by diminishing the economic needs of those countries.

First things first. First we have to dispose of these political disturbances, this civil strife, in order to rehabilitate those countries. That is the reason for this civil strife, to make it as expensive for us as possible. The Soviet Union knows that it is our desire to have a peaceful world, living in economic stability. Why should they oppose this thing? Why should they make the declaration which they made in Warsaw? Why should they declare war on the Marshall plan? Why should they not want peace and prosperity in Europe? We must not delude ourselves.

I think it might be helpful if we could revise our thinking a little in connection with these strategic problems. The word "isolation" has become a rather unattractive word in most circles in America, and since the war the word "intervention" seems also to have become unpopular. I submit, Mr. Chairman, that it is impossible to be an anti-isolationist and an anti-interventionist

at the same time. I do not believe it can be done. I believe that to the extent we are anti-isolationists, to that extent we are interventionists. To the extent that we assume the role of leadership in the world, a role which has been thrust into our hands, to the extent that we discharge our responsibilities, to that extent we are intervening. The point is, for what purpose do we intervene? We intervene not to impose our will on others, but to save others from domination. We intervene in the cause of freedom. We intervene in the cause of peace. We know that. No amount of Soviet distortions and lies, no quantity of Communist sophistries can change that fact. I believe, therefore, that we should recognize these things. Economic aid is, in a sense, a form of intervention. The conditions which we quite rightly attach to this aid are a form of intervention. An information program is a form of intervention. Almost any form of contact constitutes a sort of intervention. I repeat: The question is, for what purpose do we intervene? We had better help the police in these countries or they will become police states and then our investments will have been sacrificed. And so in answer to the question propounded by the distinguished gentleman from New York [Mr. COWDERY], whose remarks I listened to with great interest, I would say that purely as a strategical measure this legislation is necessary. It may not be adequate to meet the challenge and therefore American troops should remain in Italy. Of course, it should be made clear that when, as, and if the Government of the Soviet Union is prepared to live up to her signature on these treaties we shall proceed with the implementation of our part of the agreement. It seems to me that there is no surer path to national disaster and war than for us to continue to feel bound by treaties and agreements by which the Soviet Union does not feel bound.

There is a second superstition which I think we might well get rid of and that is the idea that our choice is between war on the one hand and economic aid and an information service on the other. This is not our only choice as I attempted to point out in my remarks on the floor of this Chamber the other day. We have the means of safeguarding our interests, of safeguarding the peace, of protecting our national security, of protecting the essential nationhood of Italy as we promised, of safeguarding their freedom, integrity, and independence; and we are justified in so doing for the reasons which I have given.

Third, I think we have a tendency to feel that there is a sharp dividing line between war and peace. We talk about a cold war but we do not really quite believe it. The Russians do not fall into that error. They recognize that these disagreements are all part of the stream of human conflict, and they act on that basis. I think we must recognize that there is no sharp dividing line between war and peace. In fact, wars very often, as we have learned in the past, are not even declared. This legislation does not involve us in a conflict. We are already

involved. There is no reason why we should handcuff ourselves by the notion that because we are at peace we cannot act in defense of the very principles for which thousands of men gave their lives in World War II. I think also that we might very well ponder on the obligations imposed upon us of salvaging some of the things for which World War II was fought.

And so I believe that it would be good if we should revise our thinking along those lines and realize that we are faced with some relentless realities which no amount of theorizing can do away with.

In connection with the information program, I should like to say to those who have stated that the Italian people or the French people do not know where this aid comes from, that I hope that those who feel that way will vote for a large appropriation for USIS in order that we may obtain enough funds to tell the Italians, the French, and other people where this aid does come from. It seems to me somewhat inconsistent to complain that the sources of the aid is unknown and then prevent the effective publicizing of that aid by hamstringing the information program.

Mr. Chairman, I believe we have to think of this whole matter in terms of constructive alternatives. We have to think of the consequences if we do not do this thing. We have to think of the drain on our resources and the load on the American taxpayer if we are compelled, through inaction now, to turn our country into an armed camp. We have to think of our national security. We have to think of what would happen to the national security if Italy were to collapse.

We have to remember that the whole of the north of Italy is organized by the Communists, but that communism as a popular ideology has not spread. We in a sense have precipitated this second stage, that is the resort by the Soviets to internal force, by the general effectiveness of our aid. It is because of the effectiveness of our aid that Soviet Russia had to abandon the attempt to grab these governments by purely constitutional means. This resort to internal force is dangerous, but it is also a confession of weakness. I was in the French Chamber in Paris at the time Mr. Duclos made his attack on the United States. A more violent and vicious attack Mr. Goebbels never made. It was in effect a declaration: We have abandoned the attempt to capture this government, the French Government, by constitutional means. Now we are going to fight it out in the streets.

That was the night they had the first riots in France. Now, of course, if north Italy goes, Italy cannot hold on, and I believe that the collapse of Italy would unloose a chain reaction which would engulf Greece, Turkey, the vital Arabian oil fields, the Middle East, and probably north Africa. That theme has been developed here already and I cannot go into details. There can be no doubt that if Italy were to succumb to the Red infection, America is seriously threatened.

I think we should also make up our minds that the chances are that this ef-

fort which we are going to make will not be entirely painless.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. LODGE. Mr. Chairman, as I stated, I do not believe this effort will be entirely painless, although I am informed that, as far as this particular legislation is concerned, since the purchases have already been made, and this information was apparently withheld at the time, it will not have a material effect on present prices. However, of course, other purchasing will go on.

We have to recognize that this is not going to be painless, that this is going to involve a certain amount of discomfort, a certain amount of sacrifice, and I think we have to measure that burden against what would happen if we did not do it. A world contracted by science must be united by freedom if peace is to prevail. We must make sacrifices for freedom. We must not be so bashful about preserving freedom in these power vacuums, because if we do not, the Soviet Union will fill them with oppression.

Mr. Chairman, this threat is much more a question of brute force than of an ideology. I think it is urgent that we recognize that. When we were in Bulgaria I was told a story about a Bulgarian girl, age 22 or 23. This story was told to me by one of our military people. The source, therefore, is quite reliable. This Bulgarian girl worked as a secretary for one of our American officers. Her only crime was that she worked for an American and that she worked well. One day she disappeared. Well, they looked for her high and low, and they could not find her anywhere. Six months later her mother received a large package. She unwrapped it and in it was a coffin. In that coffin, when she opened it, she found her daughter. Her daughter had been tortured to death. Her eyes had been gouged out, her nose had been cut off, her breasts had been cut off, her ears had been cut off. She had been defiled and mutilated beyond description. This is brute force, Mr. Chairman, and the sooner we recognize that unpleasant fact the better. There were 50 fresh graves next to that of Petkov's.

Mr. Chairman, we are up against a kind of a Genghis Khan with modern weapons. We have to be very realistic about our psychology in reference to this thing. I believe we can rationalize this bill entirely in terms of national security. Our national security is an essential pillar of the peace. The die is cast. Our failure to grasp this opportunity will be commensurate with the magnitude thereof. We know what we have to do. Therefore I say, Mr. Chairman, let us summon all the stern resolve, all the balanced judgment and spiritual fervor of which we are capable and do it. We must give a vigorous demonstration that freedom is not a stuffy plutocrat, materialistic and self-indulgent. Freedom is a vital, vigorous, vigilant, insurgent revolutionary force. Let us prove it and let us prove it now.

Mr. BLOOM. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. SASSCER].

Mr. SASSCER. Mr. Chairman, I fully realize that after the full and intelligent discussion of this pending measure anything that might be said now would be to a great degree repetitious. However, as I had the privilege of spending some 50 days as a member of the subcommittee of the Committee on Armed Services in Europe, the Middle East, and Africa, first under the chairmanship of that very able statesman from Illinois [Mr. DIRKSEN], and later when he paused in Europe for more extensive study, under the chairmanship of the able and personable gentleman from Missouri [Mr. SHORT], I might leave with you one or two brief observations that I made.

I think any of us who visited American hospitals, seeing wounded of greater and lesser degree, representing possibly a million young Americans, and visiting well-kept cemeteries in Europe, representing 100,000 or more of the flower of our country who gave their lives in the recent conflict, realize and feel to a great degree that the obligation of America both in this pending bill and the Marshall plan that is to follow, is limited to two phases. First, that natural desire on the part of any decent people to aid and alleviate hunger and distress in an emergency and, second, to do what is best for the United States of America and its peace.

In the brief minutes which I asked for it is impossible to review conditions as we saw them. Both Republicans and Democrats alike who made a study at close range were unanimous in the feeling that there is definite need to alleviate the want and despair in the metropolitan sections of Europe, which from present indications will apparently assume proportions of starvation during this coming winter.

I think there is also a general agreement in the feeling that if America does nothing those tottering nations will fall to communism in a matter of months, engulfing and driving along with them the Middle East, with its resources so vital to the American economy and to American protection, and swinging on and drawing in the Far East, leaving America with the products of its soil and the goods of its factories backlogged, with an unfriendly philosophy on each side, and thrown into the depression that must follow.

The gentleman from Connecticut a moment ago made some reference to the Voice of America. As important as food is in the twofold approach to this problem, one of immediate aid and one of stabilizing, projecting and carrying forth the objectives of the United Nations, you must have facts with food, and the facts as far as America's role and objectives are concerned are as scarce, if not more so, than the food in these stricken countries. Wherever we went, whether it was talking to our civilian officials, military intelligence, or the Americans exploring for oil in the Middle East, the universal request was, "We need more information as to what

America is doing and what work she has to do in order to combat the constant flow of antagonistic propaganda rolling over the radios and rolling off the presses in all these countries."

When we think of going in with aid, not to take over the government of these countries; not to manage their economy; nor to actually administer the aid which would be completely impracticable, because of the sensitive sovereignty of nations, the Russian propaganda, and the necessity for innumerable clerks, we realize that we must stand by and demand complete publicity so that we may see that our aid is projected and used for the purposes for which it is given, in order that we may help those nations themselves to become self-sustaining economic units, prepared to take their own places in the community of nations in the United Nations for the future preservation of society and decency. I have no illusions as to the success of this program. Anyone who is realistic knows that these countries are torn by from 5 to 15 or 20 parties. They fight, not as we fight, but practically carry on civil strife in their political campaigns. We know that their black market is rampant, that there is a maldistribution of food and unstable currency. May I parenthetically say here to the credit of the leaders of the parties in America, to our two great parties, Democratic and Republican, although they fight in elections as they do, that when the hour of national crisis arises, the petty politics that we see in Europe are brushed aside, and both parties rise united in the national interest.

The one alternative is to go in with some aid, with the hope that they may rehabilitate themselves, as has been expressed here. It might work. I trust and pray that it will. We hope it will. When we balance on the other side the terrific penalties to America, to our people and our institutions if free governments throughout the world succumb to communism and we stand alone, and balance that against the chance of expending the equivalent of the cost of 3 or 4 months of additional war in the recent conflict, I share the feeling of many of my colleagues who went to Europe, that the chance is well worth taking, and taking wholeheartedly and sincerely. If the self-help or cooperation necessary for the success of this recovery plan is not forthcoming, then rather than drag America down with them we can leave them to their own destinies, rather than drag America down with them.

Mr. BLOOM. Mr. Chairman, I yield 15 minutes to the gentlewoman from California, Mrs. HELEN GAHAGAN DOUGLAS.

Mrs. DOUGLAS. Mr. Chairman, this program is not a relief program—it is not a war program—so to label the Marshall plan or the interim-aid program before us is to grossly underrate ourselves and to lose sight of our goal.

Peace is what we seek. Peace is what we must have. This is the challenge that confronts us—the building of an abiding peace—free from fear and want for ourselves and the people of the world.

The recovery program for Europe outlined in the Marshall plan is a tough-minded, dynamic program for peace. A program that has behind it the good will, the generosity, and the brotherhood of freemen.

Not to recognize this is to deny what we are.

We cannot sell democracy with guns. We cannot convert to the democratic way of life by abandoning it.

Our \$17,000,000,000 profits after taxes do not necessarily commend our way of life to others.

It is the quality of our heart and mind that will win for us the heart and mind of Europe and the world.

Why are we so sensitive to propaganda that seeks to discredit our motives? I say that this propaganda is fashioned deliberately to divert us from our goal. For those who fashion the propaganda know full well that our works speak louder than any propaganda machine that they can build.

I supported the Voice of America. I shall support it again. But do you really think that any written or spoken word can make the men and women of western Europe believe that our efforts to save them from economic and political collapse are against their best good?

The Marshall plan proposes that we make sacrifices for the sake of order and freedom and stability. That is the democratic way. A great Communist nation has sought to block this plan.

This can hardly recommend the brotherliness of communism to those who face the reality of hunger, cold, and political chaos this winter.

Our democratic society is built on a respect for the individual and an understanding of his needs.

It is this respect and understanding that we export today.

Even if there were no threat of communism, the misery and despair of 270,000,000 people would not leave us indifferent.

Europe is faced with cold and hunger this winter unless we come to her rescue.

France, Italy, and Austria are confronted with immediate economic collapse.

The program we have before us is stop-gap aid. It is an option on the 4-year recovery plan for Europe.

The interim-aid program is a life line to keep France, Italy, and Austria afloat until we have had time to think through and discuss fully the Marshall plan for Europe.

There is no sense going to a fire after the house has burned down.

We cannot permit France and Italy to collapse with the resultant spread of communism, while we are talking about the Marshall plan, if we are to help restore western Europe as one of the great pillars of our civilized world.

Let us not forget that western Europe accounted for nearly one-half of the world's trade before the war. They owned nearly two-thirds of the world's shipping. Their industrial production in terms of basic commodities of coal, steel, and chemicals was before the war

slightly greater than that of the United States.

Six years of war left them devastated and bankrupt, and physically exhausted.

We recognized this at the war's end and we came to their aid with the final shipments of lend-lease—UNRRA—the loan to Great Britain—the loans of the Export-Import Bank. We hoped and believed this would be enough.

Production has been restored 70 to 90 percent of prewar capacity. The recovery of Europe has been miraculous. Without our help this recovery would not have been possible. But it was not enough.

It is not easy to repair the damage done during six long years devoted to the destruction of men and cities. Bridges, railroads, factories, and ships are gone. Left are the weary, the maimed, and the orphaned—worn-out land, obsolete machines, and desperation.

Things went very well after the war. Recovery in Europe was more rapid than after World War I. Then things went wrong. Hidden injuries began to slow up Europe's recovery. Europe was like a man, Mr. Clayton said, who has been injured in the bombing of his home, and at first does not know how badly he is hurt. He runs about, pulling others out of the wreckage, binding up his outward wounds, reassuring the children, cleaning up the rubble. And then, a couple of hours later, he staggers toward collapse from delayed shock.

We could see and understand the physical injury but, as Mr. Clayton points out, it was more difficult to realize the hidden wounds of the long conflict. Observers underestimated the damage to the nervous and circulatory system of the European economy.

For a very long time because of the density of her population Europe has not been self-sustaining in the matter of food and clothing. She has had to export manufactured goods in order to import what she needs to live.

She has not been able to catch up with herself. Western Europe finds herself today unable to export and receive enough dollars to buy both the food and the raw materials she needs to prevent economic, political, and social collapse.

The war was not easy to win. The peace is not easy to win. The war cost us men, materials, and money. The peace has already cost us money and goods. We now see that it will cost more before it is won.

And money and goods alone are not enough. We must stop building a psychosis of fear. We must have faith—faith in the future—and faith in the ability of men to build.

We are playing for big stakes—a free Europe, a democratic world, and peace.

I know that my district which needs housing and increased security benefits as desperately as any district in this country, is willing to make this sacrifice if the Marshall plan secures for them the thing they must have above everything else—a peaceful, democratic world.

No one can guarantee success but we know for certain what will happen if we fail to act.

I, for one, believe that if the Marshall plan is adequately financed and competently administered it will succeed.

If we cut it down to a size that we feel will be politically attractive, we had better not undertake it at all. We cannot dress up this task that is before us. We have got a hard road to pull before we see the sun rise over the horizon.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. BLOOM. Mr. Chairman, I also yield 5 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION. Mr. Chairman, the Governments of Austria, France, Italy, and China have requested our Government to provide aid until March 31, 1948, in the way of wheat, other foods, petroleum, coal, and fertilizer, amounting to \$590,000,000. It was urged by the President and his administration that Congress must act promptly. It is another administration emergency. The administration knew about this alleged emergency in early June 1947 as the administration went out and bought great quantities of wheat, other foods, petroleum, and fertilizer, beginning on or about the 12th of June, but, this whole matter was kept a secret without information to the Congress or the American people, until late in October.

Mr. Chairman, I have followed closely the debate on this important bill and appreciate the information I have received, but it is evident that the information that has been presented to the House is quite meager indeed in consideration of the importance of this subject.

Let me say at the outset that I represent a district in the hill country of Kentucky. Kentuckians have always been noted for their hospitality and generosity. If there is any part of Kentucky that possesses those fine qualities to a higher degree than the other parts, it is the people of the hill country. I also represent a genuine American district. There is not one known Communist in my entire district. If there is any man or woman in that great district, covering 17 counties, in sympathy with communism, he or she has kept it very quiet. We have no use for communism.

Following World War I, many of us were opposed to recognition of Russia because her Government was controlled by the Communists with all their viciousness and totalitarian policies and acts and we applauded President Wilson when he refused to recognize the Russian Government. Presidents Harding, Coolidge, and Hoover likewise refused to recognize this Government. These Communists believed, and still believe, in the overthrow of all governments by force and violence who do not accept communism. It was a great disappointment to many Americans when President Roosevelt extended full recognition to the Russian Government and gave them aid and comfort in many ways and in course of time, there were hundreds of thousands of Communists or fellow travelers in our own country. The American people began to realize the danger, and communism and fellow travelers became unpopular in this country, and it was only a few months ago that President Truman and others

in his administration began to denounce Communists and fellow travelers, but we still have many of them holding important positions in our Government and they have penetrated churches, schools, farm and labor organizations, as well as other groups. I have never failed to vote for measures that would protect our country from communism.

Naturally, I am anxious to help needy people. I think I have as much of the milk of human kindness in my heart as the average Member of this House or the average citizen.

FIVE-POINT PROGRAM

If this \$590,000,000 proposal was the only bill of this character we would be called upon to consider in the remainder of the Eightieth Congress, it would not present so many difficulties, but in my opinion there will be at least four other proposals we will be called on to vote for before July 1948. The bill before us merely provides aid for France, Italy, Austria, and China up to March 31, 1948. But, mark my word, before March 31, 1948, there will be a new demand from these four countries for additional relief, and it is admitted that many other countries before that date will ask for aid, and in the end there may be as many as 12 to 15 countries making requests that we provide food, and so forth, to at least 800,000,000 people. We may expect at least 8 or 10 more countries in western Europe besides France, Italy, and Austria to seek relief.

This bill carries the very meager sum of \$60,000,000 for China with perhaps more than 450,000,000 population. A strong demand will be made for a great increase in this amount in the near future. India, Korea, Palestine, the Philippine Islands, and quite a number of other Asiatic countries, requesting billions of dollars, will make demands. The President of the Philippine Islands stated at a conference of the officials of the Asiatic countries recently that there were more than a billion needy people in 12 Asiatic countries whose needs were more pressing than the people in Austria, Italy, and France. In fact, literally hundreds of thousands of people are starving to death in those countries. It can be seen at once that there can be no limit in the way of nations or the number of people who will be pressing their claims for their needy as vigorously as the claims of the people of the four countries embraced in this bill.

In proposal No. 3 the Army and other officials of our Government will call for an additional \$600,000,000 to furnish food, clothing, and so forth, for the needy people of the so-called occupied countries. The fourth proposal will be the so-called Marshall plan, which will require the American people to contribute through our Government somewhere between seventeen and twenty-four billion dollars to rehabilitate the countries of Europe over a period of 4 or 5 years.

When we once become hooked up in the way of relief for these 20 or more nations, it will run into billions of dollars annually and there is no way that we can break off from giving this relief without offending each and every nation that has been granted relief. The

officials of our own Government have led these 2,000,000,000 or more people on the earth to believe that there is no limit to the wealth in the way of money, food, and other supplies of the people of the United States. We were very generous during World War II. We did grant relief amounting to \$66,000,000,000 to more than 50 nations. All of this was free. Some of them agreed to pay but none of them will pay. This administration has already canceled the debts of those who received billions of dollars in relief. None of these debts nor the lend-lease accounts will ever be paid.

We have been very generous with many nations of the earth since the war closed. In fact, we have given to them in the way of food, clothing, machinery, and other supplies and equipment, and also in the way of credits, a sum amounting to more than \$24,000,000,000, which will never be paid. There are about 140,000,000 American people. If we divide the enormous sums we gave during the war and since the war among the 140,000,000 American people, that would mean \$642.85 for every man, woman, and child in the Nation, or more than \$2,500 on an average for each of the 40,000,000 families in the United States.

THE MOST GENEROUS NATION IN ALL HISTORY

One of our good colleagues from Arkansas stated that there was too much talk about dollars in this bill—that we needed more of sympathy and understanding—more of the human touch in order to secure response from the recipients of our bounty. He must certainly know that we spent \$350,000,000,000 to help these nations win the war. More than 15,000,000 men and women left their homes and offered their services and their lives for our country. More than 350,000 gave their lives and a million or more others were broken by disease or wounds. We have already granted more than a million of these defenders pensions for service-connected disabilities. We gave a lot of precious blood to the people of these nations. Millions of prayers were said by loyal Americans and a sea of tears were shed, and in addition, we gave to them sixty-six billions during the war and twenty-four billions since the war and if we have not, by all these sacrifices in treasure and in blood, impressed the people of other countries with our great interest in them and our great desire for peace, how in the name of high heaven can we convince them with a few millions.

But, it is urged here today that we must pass this bill providing \$590,000,000 for additional relief for four countries in order to encourage them and to have them to follow our leadership. If they cannot appreciate what we have already done, I wonder if it would help if one would rise from the dead and urge them to forsake communism, war, insurrections, revolutions, and return to peaceful pursuits and put their best efforts forth to produce in industry and in agriculture for themselves instead of casting an unbearable burden upon our country and our people.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. ROBSION. Just for a question.

Mr. STEVENSON. I just wanted to call the gentleman's attention to the testimony of Hon. Robert A. Lovett, Under Secretary of State, before the Committee on Foreign Relations, in which he stated that this interim aid is of course a preface to a longer range program and he repeated it three times before the committee.

Mr. ROBSION. Yes, Under Secretary of State Lovett was at that point referring to the Marshall plan. I pointed out heretofore that there will be other relief proposals made to us by many nations including the four nations covered by this bill.

These claims will run into billions of dollars and it will come from people quite as needy or more so, than the people of Austria, France, and Italy, but during that time, the Marshall plan will be urged upon the Congress but it will only apply to 16 nations of western Europe. We have not been niggardly with Italy, China, France, and Austria heretofore. We have given France approximately \$2,000,000,000 since the war; China altogether, approximately three billion; Italy, nearly two billion; and Austria, one hundred and sixty-seven million.

REAL THREAT TO OUR OWN COUNTRY

We have been stripping our own country of its wheat, corn, oats, rye, meat, our farm equipment, petroleum, coal, and other critical supplies, and beginning with last June, when the Government went out buying grain by the hundreds of millions of bushels, and other food, feed, and supplies of various kinds—prices began to soar in this country. The Government, in some cases, paid at least 40 cents more per bushel than the market price for some of its grain purchases. These soaring prices were the result of the Government's policy. As commodities became more and more scarce prices went up and up, and if we carry out the commitments that have already been made, the increase in our cost of living will continue to soar. The prices are now reaching the point where even persons with good salaries and high wages cannot pay for the real necessities of life. This program has greatly reduced the standard of living in the United States, and the American people justly will hold those responsible for stripping this country of its food, feed, and other supplies and giving them to foreign countries. It could not be justified if we were getting pay for them.

President Truman, last year, asked for \$37,500,000,000 in his budget. For this year he is asking \$40,000,000,000, and I am confident that if these programs go through, the spending of the United States for the fiscal year beginning next July will exceed \$40,000,000,000 by many billions. These tremendous expenditures can only be made in one way and that is by taxes and borrowing money by our Government through the sale of bonds. We already have a debt of \$260,000,000,000. Italy, France, China, and other countries have wiped out their debts through inflation and the generous use of the printing press. Money of the three countries covered by this bill is of very little value and that

is true of practically every other country of the world. They are wanting to get hold of American dollars and American products.

PRESIDENT TRUMAN RESPONSIBLE FOR HIGH COST OF LIVING

These tremendous sums paid out to foreign countries were paid out by the administration of President Roosevelt and President Truman, and it is President Truman and his administration who are backing to the limit these proposals to further strip our country of its wheat, meat, other foods, petroleum, and fertilizer and send them to foreign countries without any return or hope of return in the way of pay. Everyone knows that the heavy exports of American commodities produces this great scarcity for American consumers and that scarcity is the father of inflationary prices. If the prices to our consumers continue to go up, it will not be long until there will be a general demand, especially from persons of low income salaries and wages and the wages of those who toil in industry and agriculture, for an increase in wages and salaries. If these conditions continue, we will have strikes all over this country if the increase in wages and salaries is not met. If we cut down on our exports to foreign countries, prices will remain stable or in some cases may be reduced. This would mean more to the workers and consumers than an increase in wages and salaries.

It is unnecessary in discussing this matter to say that higher prices cause higher wages, or higher wages bring on higher prices. The thing responsible for high prices in our country today is a scarcity of consumer goods and especially food. Now, who is responsible for the fact that we exported 19,000,000 tons last year, and efforts are being made to increase this tonnage during the present year? President Truman and not Congress is responsible. President Truman was granted the authority by Congress when controls went out to limit and control exports. He could at any time have issued an Executive order limiting the control of exports but he did not issue any such order but on the other hand he gave authority for the Government to go out and buy, at excessive prices, grains and other foods for the purpose of exporting and let no one blame the Republican Congress or blame Congress at all for these inflationary prices. Instead of President Truman now proposing to control exports and control scarcity of commodities in this country, he is urging Congress to pass this bill to give him more money to buy more food and other commodities and give them away to foreign countries.

This can only mean one thing, higher prices, and it will increase the threat of uncontrolled inflation in our country. The Democrats contend there are no politics connected with this bill but I observe the Democrats charge the Republicans with the scarcity of commodities and the high cost of living. The Republicans helped to give the President control over exports. He will not use that control but insists on having more and more money to buy commodities and

give them away to foreign countries. This will cause very great distress among millions of Americans and a real threat to the economic stability of our own country.

President Truman took controls off of meat, other foods and commodities before the election last year—1946—and he said less than 2 months ago it would not do to restore controls or allocations.

FOOD AND SUPPLIES SOLD TO NEEDY PEOPLE

I am not in favor of the provision in this bill to use the American taxpayers' money to buy food and supplies and turn them over free to the governments of these countries. Under this bill, when the officials of these governments receive these supplies—for instance, wheat—the government sells the wheat to the millers and the millers sell the flour to the bakers and the bakers sell the bread to the hungry, needy people. Of course, this makes it very difficult for the needy people who do not have money to secure a part of the bread or other supplies. They might secure some but more than likely they will be put under pressure to get it.

This bill provides that this relief shall be distributed to these various nations and under the different relief set-ups we have had in Europe. We know that these set-ups have been failures and much of our supplies have gone into black markets. I could not conscientiously vote for this bill when it provides for distribution of this relief in this way. The average American citizen believes that these relief supplies given away are distributed to the needy people as gifts. Few of them know that we give these supplies to the foreign governments and then they sell them. We are told that 80 percent of these supplies will go to the people who have the money and who can pay for them. If it is a gift to these governments, why do not these foreign governments in turn give this food and supplies to their needy people? It should not go to those who do not need it.

WILL IT BRING PEACE?

Among other purposes set out in the caption of this bill is that it will bring peace to the world and help the United States. President Roosevelt called Congress into session in November 1939 and asked Congress to repeal the Neutrality Act. He stated that would keep us out of war and bring peace and prosperity to our country. The Democrat Congress did repeal certain provisions of that act. It did not keep us out of war and it did not bring peace or real prosperity.

We had the same argument when we were called upon to adopt the lend-lease program. It lasted 7 or 8 years and cost this Nation approximately \$60,000,000,000. It did not keep us out of war or bring prosperity to our country. Following the war, we passed the UNRRA, providing \$2,700,000,000 for needy people in Europe. They said that would bring about peace. It did not, and we have had scores of other measures with the same high-sounding titles as set forth in this bill, and it is admitted that neither one of them accomplished the purposes set forth in the title or in the bill. We spent all of these hundreds of billions of dollars and still we are not at peace, but

this measure states that its purpose is to bring peace to the world and we hear that the Marshall plan is to bring peace to the world. I wonder how long the American people will be deceived. After giving away more than \$24,000,000,000 to these various countries since the war closed, they claim they are in worse shape now than when the war did close.

HAVE THESE COUNTRIES DEALT FAIRLY WITH OUR COUNTRY?

It developed in this debate that Italy had underestimated her grain supply by a million metric tons, or 37,000,000 bushels. Italy's farmers will not sell their grain to the government or to the people of Italy. They want to get hold of American dollars. France has lots of grain but will not let the government or the people of France have it. They feed it to their stock and then put their stock in the black markets and get more pay.

Some of our good friends' hearts bleed for the people of Italy and France, but the American farmers and citizens must put up their tax money to the Government to buy grain to feed the people in Italy and France. Do you not think they should help themselves. If we act wisely we must use good common sense. Do not forget we are sworn servants of the Americans.

WHO WILL DISTRIBUTE THIS RELIEF IN FRANCE?

Under this bill the relief will be turned over to the Government of France. There are 1,200,000 civil employees of the French Government. These 1,200,000 employees have decided to go on strike and the government would be deprived of its civil officers to handle this relief. There are 2,000,000 railroad and other industrial workers on strike. There have been riots and a number of persons were killed and many injured. I wonder how we would get this relief finally to the needy people of France.

While we have been rushed by the administration to get this legislation through and get these hundreds of millions of dollars to buy wheat, other food, petroleum, coal, and other supplies to France, apparently many Frenchmen are not in a hurry and they are not showing much concern or appreciation of what the Congress of the United States is doing. I will not vote to strip this Nation of its supplies and cause great distress among tens of millions of American people under these circumstances.

Mr. BLOOM. Is it not true that the present Schuman government in France has passed legislation stopping these Communist strikes? If they know today or tomorrow or next week that we are going to try to help them do this thing, they will not have these Communist strikes and organized strikes.

Mr. ROBSION. I think it has been well said that a Communist does not always have to have an empty belly to be a Communist. Many of them, according to my way of thinking, have empty heads, but not empty bellies. They are well fed. Just think of these writers out in Hollywood drawing \$100,000 a year, yet they are known as Communists.

Mrs. ST. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. ROBSION. I yield.

Mrs. ST. GEORGE. What do the Communists have that we apparently do not have, if all of these countries in Europe are so bent on going communistic?

Mr. ROBSION. I am just wondering. Russia, their mother, makes them pay for wheat and other food.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman.

Mr. ROBSION. May I say this to my friend, the ranking minority member from New York, who has been here for many years—like myself. I thank him very much.

Mr. BLOOM. I thank the gentleman.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. ROBSION. I yield.

Mr. MARCANTONIO. I simply want to make the observation that the gentleman from New York [Mr. BLOOM] made a very amazing admission. This is the first time that that admission has been made, which is that this money is to be used to crush strikes on the part of the working people who are trying to obtain for themselves a decent living in France and in Italy.

Mr. ROBSION. I am not commenting on the right or wrong of the strikes over there. I do not know all the causes, but I cannot believe that these 1,200,000 people who are on strike are all Communists, or that all the head men are Communists. That is the point I make. If they are Communists, as my distinguished friend the gentleman from New York [Mr. BLOOM] contends, then I wonder if we will not be continuing to pour our money down a rat hole over there, since, in that case, the people cannot be saved. You have heard it said on the floor here in debate that you cannot save any country or any people who are not willing to save themselves.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. ROBSION. I yield.

Mr. BLOOM. I believe the gentleman misunderstands me. I did not say that the 1,200,000 people who are on strike are all Communists. What I am trying to do is to stop the agitators who are Communists in France. The gentleman from New York [Mr. MARCANTONIO] knows that I am right in this one thing. I am trying to stop those agitators from calling the other people who do not want to go on strike, but who have to go on strike. The French Government is now passing legislation to take care of that one thing. I did not say that these 1,200,000 people are all Communists.

Mr. ROBSION. But they are not respecting the legislation or the Government. Furthermore, if they are loyal Frenchmen in such great majority, why do they follow these fellows who are calling them out on strike?

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. ROBSION. I yield.

Mr. NICHOLSON. Are we supposed to pay for strikes in some foreign country?

Mr. ROBSION. I was coming to that. In my own State, and I believe in every State in the Union, the laws do not give relief to strikers or to their families or

pay compensation. Neither will the Federal Government.

Now, I want to pass on to another point. They say they have now discovered that Italy, or the 11,000,000 farmers of Italy, have hidden away somewhere or somehow 1,000,000 metric tons, or 37,000,000 bushels, of wheat. Why? Because they do not like the money over there. Why did not the Italian Government, if it is such a strong government as we have been told it is here, go out and get that wheat? When you pass this bill you can take taxes away from our farmers and you can go out and get the wheat in America, and especially when you put on these controls that are a part of this program that has been advanced by the President, and which some of our friends are supporting here only in part, and then they will run up against a brick wall on allocations and price controls urged by President Truman.

They have plenty of wheat and corn in France. They are feeding it to their hogs and sheep and cattle and then they are putting those hogs and sheep and cattle into the black market. That is what they are doing with it; and they are making whisky out of wheat over there, which we do not do here.

MILLIONS OF NEEDY

While I am deeply concerned about the needy people in other countries of the world, I must first be concerned about the needy people in the United States. We have been generous to a fault to the other people of the world. We have tens of millions of people who are old and needy, who are disabled, who are widows with minor children, who are old-age pensioners with small pensions, who are disabled veterans, who are widows and children of deceased veterans; millions of workers receiving very small pay or salaries, that cannot afford to buy meat at a dollar a pound, butter at 90 cents a pound, eggs at a dollar a dozen, and many other necessities of life. We have millions of veterans without homes or apartments for themselves or their families. We have millions of miles of unimproved roads, inadequate schools, teachers with small pay, irrigation projects that were delayed by the war, flood-control projects that have become a necessity to many communities. My first concern is about these.

I am unwilling to vote additional billions to foreign countries and thereby add to the discomfort and to the distress of tens of millions of American citizens. The people in many of these countries do not seem to appreciate all that we have done and are doing for them. Some of those who have been the objects of our bounty to the extent of billions are blocking the road to peace and to prosperity. At least a third of the income of the American people is going into either direct or concealed taxes. The two bills that we passed last year and which were vetoed by the President would have cut down the cost of living. It would have given 30 percent relief to 30,000,000 people in the lower brackets. It would have cut down the prices of our food and other commodities by taking away a lot of these concealed taxes.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. ROBSON] has expired.

(Mr. ROBSON asked and was granted permission to extend his remarks.)

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman from New Mexico [Mr. FERNANDEZ].

Mr. FERNANDEZ. Mr. Chairman, I ask unanimous consent to speak without adhering strictly to the regular order of business.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. FERNANDEZ. Mr. Chairman, I am for this bill and I shall vote for it. I thoroughly agree with the arguments of those who studied the question of foreign aid on the ground this summer. I have nothing to add to their eloquent arguments. I spent my summer traveling in the West, where we ran into another suffering people, the Navajo Indians, about which we have heard much lately.

I find remarkable and most gratifying the manner in which the people of my State and of the State of Arizona have responded to the urgent need of these good Indian citizens, as shown by the editorials which I shall read into the RECORD. This is not confined to the people of my State—from the Quakers in Philadelphia to the Metropolitan Church in Denver, the Latter-Day Saints Church in Utah, the veterans in California, and other groups elsewhere, generous action has been taken to provide a Friendship Train for the relief of the Navajos, pending action by Congress. I sincerely hope this Congress will, at the special session, appropriate the moneys necessary for immediate relief. Thereafter, adequate measures should be taken for a long-range program that will prevent the repetition of the present intolerable conditions on that or any other reservation. There are other actions which need to be taken along this line, and I have introduced on yesterday a bill (H. R. 4642), making it possible for the Navajo Indians to use some of their tribal funds now tied up in the Treasury. That the Indians themselves would act, if they could, is shown by the action of the recent council meeting in which they voted to divert for relief \$143,000 of a small lumber fund they had accumulated.

The first editorial to which I refer is from the Santa Fe New Mexican of December 1, 1947, and reads as follows:

PRIVATE CITIZENS STEP IN

There is a lesson of Americanism in the drive now under way to gather food and clothing from New Mexico and Arizona residents for relief of the Navajo Indians.

While Government-operated relief agencies hemmed and haggled, private citizens, acting on their own initiative, went to work on a program which will give immediate aid to human beings in need of immediate aid.

That always has been the story in the past. Americans sometimes may be a little slow to action, but they have a never-failing generosity, and when they do go to work to help a neighbor, they do it right.

Private philanthropy has taken quite a beating in recent years. Theorists of the New Deal school have contended—with justice in some ways—that the major burden

of welfare and public health should be a Government responsibility.

But look what happened in the case of the Navajos.

The Indian Service, with primary responsibility for the welfare of the Indians, failed to prevent the crisis on the Navajo Reservation. The State welfare department, with a secondary responsibility, failed to take the quick action required.

Both agencies were arguing about what the other should do, while the Navajos froze and starved. Then private citizens stepped in.

No individual or organization can take any lion's share of credit for the Navajo relief drive. It couldn't be accomplished without the full cooperation of many persons, many organizations, and many communities.

But it is a fine and heartening thing to see a body of Americans join together as they have to do a job they know needs to be done.

Mr. Chairman, that the supply of this charity is far from equal to the demand is shown by another editorial of the same date from the Albuquerque Journal, which reads:

HELP FOR THE NAVAJOS

The plight of the Navajos has become both a national tragedy and disgrace.

Word from Gallup is that the warehouse from which winter relief supplies for the Indians have been distributed is bare. The last truckload has been taken out.

No more requests can be filled until promised shipments of clothing and food and money arrive.

Nine New Mexico cities, including Albuquerque, have joined in a great humanitarian drive to send a truck train of supplies to Gallup for the starving and destitute Indians.

Albuquerque will strive to fill her Friendship Train December 5 and 6—next Friday and Saturday. Boy Scouts will cover the city in the all-out endeavor under sponsorship of the junior chamber of commerce to collect a great quantity of food and clothing.

It is obvious that Albuquerque and New Mexico will do their part in meeting the Navajo crisis.

In the meantime a Congress engages in a "fiddling while Rome burns" insofar as aid for the Indians is concerned. International problems involving aid are debated while the desperate Indian problem at home is given but little attention.

Congressional committees are engaged in various and extensive investigations of this and that. A thorough investigation of an Indian bureau under whose management the Indian problem has become so acute is long past due.

It's time for action.

(Mr. FERNANDEZ asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. KERSTEN].

Mr. KERSTEN of Wisconsin. Mr. Chairman, commencing at a time during the last war our policy with Soviet Russia was one of cooperation. At the termination of the war it was appeasement of Russia. Following that we had a policy which might be termed amazement at Russia; and now our policy towards Russia is developing into resistance to Russia. It is true that we on this side of the House have been, and justifiably so, deeply critical of the efforts of the administration recently properly to resist Russia, properly to resist communism. I believe that all but a very few Members

of this House desire forcibly to resist communism.

Why should we have an effective policy of resistance of Soviet Russia? Simply because Russia destroys human liberty wherever she takes over; because we do not agree with the Communist definition of democracy which includes the dictatorship of the proletariat, the liquidation of political opposition. We oppose it because it includes the philosophy of scientific materialism and because it insists upon militant atheism. We have seen during the past year the implementation of this idea in countries where she has taken over. It is tragic that we did not recognize this long ago.

It has always been a wonder to me how the Russians have been able to call the turns on matters of foreign policy.

When in Germany this past month several factual incidents came to my attention that throw light on some of the Soviet methods and as to how they gauge their foreign policy. I recall learning that there were some English-speaking Germans in Frankfurt and elsewhere who spoke English well who were employed by the Russians to circulate among the average Americans over there, among the average GI's or the average civilian employees, not to circulate with the top officials, not to try to talk with them, but with the average person over there, to find out from the average GI and the average American over in Germany exactly what he was thinking about, exactly how much resistance he would give to further Communist pressure, whether he would be willing to fight for the things that we as Americans hold dear, whether he would fight over there or would actually fight another war.

I have learned also that Russian espionage and Russian agents attempt to gage the temper of the common man not only in Germany but in other countries and also in the United States and as long as they know there is not a determined policy of resistance by the average man toward Russia, by the average American, just so long will they continue their aggression. They do not care particularly what Mr. Marshall says or what the President says. If they feel that the average man is not going to resist Russian aggression, they do not care.

For us to say, "Let communism run its course in Europe," would be to adopt a policy which would permit the triumph of the lower nature of man. It would be a policy of historic fatalism. It certainly would isolate the United States from the world.

What have been the Russian tactics where she has taken over? Take for example Berlin. First, she went into Berlin with her armies; immediately thereafter they sent in their vandals, and after a period of plundering Moscow let it be known that it was concerned about the people of this area. They then sent in their police, who stopped the plundering. Then they took a census to find out the professions and vocations of all the people. Immediately thereafter the leaders are picked up and liquidated. After that the people are more or less dazed from the plundering and without

any leaders. They then organize the Communist propaganda. In Berlin the only real cultural center, known as Das Haus Des Deutsche Kultur, is occupied and used by the Russians. Even some Americans go there for entertainment. There they get Russian music, the Russian ballet, the Russian opera, Russian lectures along the Marxist-Lenin lines. In other words, the Russians are really putting material aid behind their program, not only in Germany but in other parts of Europe. In Paris, France, they have the most expensive newspaper to be procured even without cost. In Italy they have the best-looking newspaper. In Germany they have printed 27,000,000 textbooks for the children of their zone, while we have printed 4,000,000 textbooks for the children in the American zone. Mr. Chairman, the Communists are backing up their effort in Europe with material aid. The question is, Are we going to fail to support the people who are trying to fight it? The people of Germany, France, and Italy do not like communism. They hate communism. But the Communists, with a powerful Russian Army and a powerful economy supporting them, are assisting the small Communist groups in these various countries. Are we, when called upon, going to say: "No, we are not going to be concerned about that situation"? Are we going to let the Russians pour in material aid to the small Communist fronts in these countries?

In Germany where we are trying to educate them for democracy, are we going to be beat by the Russians 7 to 1 with material aid? When you say you cannot stop communism with a gun, communism is being propagated with material aid and guns. Communism, as I have said, is the triumph of the lower nature of man; and the only way that this brute force can be stopped is with material opposition.

I do not see, Mr. Chairman, why we cannot right here and now set up a real committee as is contemplated to be done, so far as any long-range program is concerned. I do not see why that cannot be done now. Why can we not set up a committee now, an independent committee, that is responsible to the House, that will see to it that every bit of material aid that is placed over in Europe is placed there to block Russia and that it will not be dissipated by the governments. Of course, these governments have to be supported. These governments could be supported through the independent committee. We should have control over all of the aid that we give, and the chief criticism in the programs of the past has been that there has been no control, and there has been a great deal of dissipation.

I come from the Middle West, from the city of Milwaukee, Wis., where sometimes people are said to be of the isolationist type. But, Mr. Chairman, the people of my district are willing to fight to stop communism if the aid that they, together with others, give is not dissipated. They certainly do not want to go into any further program, any further tightening of the belt, where any aid of this kind is

dissipated and handled by political factions.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman one additional minute.

Mr. KERSTEN of Wisconsin. The gentleman from Kentucky who preceded me spoke of Members of this House being denounced for voting for foreign aid to stop Russian aggression. I will ask the gentleman who will be denounced if the Soviets take over in Europe completely? I saw the Soviet soldiers in Berlin. I do not want to see them in the rest of Europe. I do not want to see them in the United States, and I do not want to see later in the United States what one now sees in Europe, a broken civilization. I do not want to see our cities destroyed. I do not want to see this Capitol destroyed. I do not want to see ruins on this spot 5 or 10 years from now. To those who say, "Let communism run its course," I answer, its course runs to the heart of this country, and we had better stop it far along the path before it reaches the heart and blood of the people of the United States.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Chairman, I am not one of the Members who toured the far lands during the past year. I traveled 340,000 miles in the 8 years I served on the Committee on Military Affairs, but I devoted last summer and last fall to the First District of Iowa, 12 counties in southeastern Iowa. What I say here will be my version of their viewpoint, with no effort to cover the entire State of Iowa, just the First District.

There has been a distinction made here in the course of the discussion between strategic moves and war. I have been involved in both. I usually associate strategic moves with war, either in war or as a prelude to war. My people so associate them. I will go along in the statement that there is a distinction between strategic moves and war, but the distinction is dangerously slight.

At the outset let me say this: If there is any doubt about my position when I get through with my remarks on this bill, I am against the bill in its present form.

The bill (H. R. 4604) before us today has for its purpose the extension of aid to European countries with special emphasis on France and Italy. During the closing weeks of the congressional recess last October and November, I had occasion to discuss the proposed European aid program with many hundreds of my constituents in the First Iowa District. I carried on my discussions with my constituents on this issue throughout the entire congressional recess starting the last of July, but the interest in this issue increased considerably with the developments that led to the calling of the special session. I had an unusual opportunity to cover my district thoroughly for a period of more than 3 months, and I have asked for this time

to bring before you my observations of the thinking of the people of my district on this issue.

In the first place, the people of the First Iowa District favor very strongly our extension of any assistance we can give to Europe if it is given on a humanitarian basis. Their magnificent response to the Friendship Train movement is ample evidence of their support of humanitarian aid. On the other hand, they are just as vigorously opposed to any move that threatens international conflict, and they are seriously fearful of any strategic factors involved in a program of aid.

For the above reasons, I have been especially attentive to the discussion of this legislation in Congress and by the members of the President's Cabinet. When the President's committee on foreign aid made their report on European recovery and American aid—the Harriman committee report—I was disturbed by the following statement on page 2:

The interest of the United States in Europe, however, cannot be measured simply in economic terms. It is also strategic and political. We all know that we are faced in the world today with two conflicting ideologies. One is a system in which individual rights and liberties are maintained. The opposing system is one where iron discipline by the state ruthlessly stamps out individual liberties and obliterates all opposition.

And again in point 2 in the summary on page 12 of the Harriman report, as follows:

2. The United States has a vital interest—humanitarian, economic, strategic, and political—in helping the participating countries to achieve economic recovery.

Then, early in the debate on the rule yesterday, I was very much impressed with the statement of the gentleman from Minnesota [Mr. Judd] in his reply to the gentleman from Illinois [Mr. Allen] that he does not think this bill could be justified just on a humanitarian basis and, further, that it is justified solely on concern for the national defense of the United States.

During the course of the debate, I listened with great interest to the discussions and observations offered by the gentleman from Minnesota [Mr. August H. Andresen] and the gentleman from Wisconsin [Mr. Smith]. I am particularly interested in the amendments these gentlemen proposed to offer because in my opinion such amendments will go far to take out of the proposed legislation the strategic or war factor. The adoption of such amendments would go far to make this legislation acceptable to the people of my district and to me. Somehow I cannot sink to the level of holding our food supply before the hungry victims of postwar chaos in Europe and even hope to use those hungry victims as pawns in a prewar game of power politics and make of them human buffers between us and Russia. In my opinion, this is the worst possible type of imperialism and war planning. I have always contended that war is degrading and that the greatest threat to a victor nation is the possibility of becoming obsessed with the notion that it has been sent to this earth to rule the world. Many other great nations have marched down

that road to their downfall and their doom.

In my opinion, the strategic factor in the present legislation qualifies this legislation as our second step into World War III. Our first step was the Greek-Turkish loan. I voted in favor of the aid to devastated countries in Europe last spring and then, later, I voted against the Greek-Turkish loan, because that bill definitely set up the Greeks and the Turks as pawns on our chessboard of world power politics. The Greek-Turkish loan was primarily intended for military assistance and was a brazen step to war. We cannot be so naive as to think we can maneuver against Russia in this way without incurring Russia's hatred for generations to come. Furthermore, our military experts, of whom General Marshall is certainly one, should know that such steps to war cannot be taken effectively without full preparation and placement to meet successfully the logistic requirements for war whenever the proper incident transpires. If the present legislation is openly a move against Russia, then let us admit we are engaged in a world armament race and a cold war simultaneously. The question then is, What is the most efficient and effective preparation for our defense?

I witnessed at close range the analogous steps into World War II: the repeal of neutrality, lifting of the arms embargo, shipping arms and ammunition to England after Dunkerque, and lend-lease. I called all of those steps, steps to war, and I opposed them. The arguments of the proponents still ring loudly in my ears. They were, first, steps to avoid war, then steps short of war, then "We will be the arsenal of democracy," then "Your sons will not be sent overseas to fight." We now know that they were steps to war and the Greek-Turkish loan and the bill now before us have the same implication. When will war come? Just whenever Stalin or his successor thinks we have slid back to unpreparedness and impotency sufficiently to enable them to strike startlingly, swiftly, and successfully.

I have always admired General Marshall for his ability as a logician. He demonstrated that ability as one of two distinguished young generals on the western front in World War I. He demonstrated this ability again most effectively in World War II. If the Marshall plan and this interim-aid bill are based upon strategic factors, however, I cannot give General Marshall credit for being a good logician in the cold war now in progress. Our moves for preparedness should be more efficient and more direct and more quiet. As this cold war develops, I suggest more emphasis upon adequate national defense and then I hope we can stop making faces at Russia, stop competing with Russia in name-calling, and return to the sound doctrine of Theodore Roosevelt, "Speak softly but carry a big stick." In my opinion, that policy will cost us infinitely less and it will win for us the respect of those nations that recognize and respect only power.

Furthermore, we must recognize the necessity of learning to live in a world

with other nations having different ideologies. If we cannot learn to live in such a world without meddling with the political and strategic factors in other nations, we have already lost the peace our young men and women fought so gallantly to win.

I opposed going into World War I until Congress declared war. I then went to war the first day men were accepted for the first training camp, and I served 5 years. I opposed going into World War II until Pearl Harbor. I shall oppose taking direct or indirect steps into World War III, but I will join the effort of the Committee on Armed Services as vigorously as I can to build a strong America in this troubled and war-torn world before it is too late.

If the bill (H. R. 4604) is based upon strategic factors and is enacted into law without the Smith or the Andresen amendments, I want to build up our defenses so efficiently and so strongly that Stalin and his successors will not dare to strike us.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. Murray].

(Mr. Murray of Wisconsin asked and was granted permission to revise and extend his remarks in the Appendix of the Record.)

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. Keating].

Mr. KEATING. Mr. Chairman, on Monday I expect to offer three amendments to this legislation. I ask unanimous consent to extend my remarks at this point in the Record in order that Members may be acquainted with those amendments.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. Keating]?

There was no objection.

Mr. KEATING. Mr. Chairman, on humanitarian grounds, and because I have become convinced that it is a strategic necessity in the "cold war" which is now being relentlessly waged against my country, I expect to support this legislation. For the same reasons, I shall vote against crippling amendments designed to render ineffective the extension of our aid. Naturally, sincere men may well differ as to whether a particular amendment is, in fact, crippling in its nature or will serve the useful and desirable purpose of actually strengthening the measure and helping it in practice to do more effectively what those of us who favor temporary aid are trying to accomplish.

In my judgment, and I say it with the utmost deference and respect for the chairman and members of the Committee on Foreign Affairs who have labored so sincerely and diligently in this matter, this bill can be improved. For that reason I shall support some of the amendments which I understand are to be offered.

I have submitted to the committee for their consideration over the week end three amendments which I propose to offer on Monday when the bill is read. In order that the membership may be acquainted in advance with these sug-

gestions and have an opportunity to consider their merit, or otherwise, I set them forth below.

The first proposal is to add a new subsection to the list of covenants or undertakings which any recipient country must make before any commodities or credits are made available to it. This would read as follows:

(k) to release from custody and repatriate, within 6 months hereafter, all foreign nationals heretofore captured and held as prisoners of war and to furnish, within 30 days hereafter, a schedule indicating the dates on which fixed numbers will be so released. Nothing herein contained shall require a commitment or undertaking to release any person held for trial or after conviction for any offense committed against the laws of the country where held, since his capture as a prisoner of war.

The purpose of this amendment is quite clear. As I said in remarks last week, the beneficiary nations under any foreign-aid program, should employ self-help, not serf help.

Some two and one-half million prisoners of war are still held as slave laborers by our erstwhile allies. True, 73 percent of this number are prisoners of the Soviet Union, which has proved unusually difficult to convince on many subjects. That still leaves, however, some 800,000 who are the slaves of our other allies. How many are held by the beneficiary countries embraced in this measure before us, I am unable to say.

It is my firm conviction, however, that these prisoners should be released forthwith; first, because it is fundamentally and morally wrong to hold these men in bondage two and a half years after the end of the war; and, secondly, because it is economically unsound.

Why do I say economically unsound? Because we are now expending our resources, our energies, and a substantial amount of our military and civilian manpower in assisting former enemy countries to get on their feet and get off our backs. As a part of that process they need to utilize their own manpower. There is no doubt in the world that the most effective use of this over-all supply of labor will result from insisting that each country use its own nationals to rebuild its own economy. All one needs to do is to compare, thank God, in mind only the effort which an American workman would put, indeed, has put, into the building up of this great country, the country he loves, with the effort which he would be inclined to expend under the whiplash of a conqueror, as a captive of a foreign power.

To be specific, a German workman will contribute more diligent, faithful, and effective effort to the rebuilding of the world in his native land than while wearing the dungarees of a French prisoner of war.

The second and third amendments which I propose to offer should be considered together. On page 9, line 3, after the recital that the act is not to imply a specific obligation to give aid to any foreign country, nor guarantee the availability of any specific commodities, I propose to add the following words: nor shall aid continue under this act unless the recipient country immediately requests

the Government of the United States to furnish it (through the Secretary of the Treasury) the identity of each of its nationals (including individuals, partnerships, corporations, and associations) holding assets in the United States, together with the character, location, and value, if determinable, of such assets.

Then as complementary to that provision, in section 14, after the first sentence thereof, which recites that the President is to transmit a quarterly report to the Congress on the operations under the act, I suggest the following sentence:

Included in this report to the Congress shall be a listing of the identity of each national of the recipient countries (meaning thereby individuals, corporations, partnerships, and associations), known to have property or assets in the United States, together with the character, location, and value, if determinable, of such property or assets.

Rumors are rife in this country that foreign nationals, including citizens of the countries involved in this relief measure, have extensive assets in this country running into millions—indeed billions—of dollars. I am without knowledge regarding the facts. This Congress, so far as I know, is without knowledge. We ought to know. The purpose of these two amendments is to require the recipient country to ask our Government for this information, to require our Government to furnish it, and to force the President to reveal those facts to the Congress of the United States and hence to the people of this Nation.

Whether further legislation will be required to force a disclosure by New York City banks and other financial and industrial institutions of the holdings of these foreign nationals remains to be seen. The first step, it seems to me, is to make a matter of public record whatever is now known on this subject.

The first obligation to help France, Italy, Austria, or China lies with the nationals of those respective countries. The American people, by large majority, have always been ready to meet a humanitarian call to relieve hunger and suffering—indeed, if there is even a reasonable prospect of success to combat with the weapons of food and other necessities the forces of godless communism. But before we ask the toilers of our Nation to dip down in their pay envelopes and sacrifice further for this purpose, we should assure ourselves that the people—yes; all the people—of the countries we are helping have their shoulders to the wheel.

If our Nation were faced with financial crisis, such as has enveloped the countries which we now seek to aid, we would all expect, before we sought help on the outside, to pledge our own assets to the limit to meet the needs of our country. By the same token, our people have every right to demand that the suppliants for our assistance take every reasonable step to insure that their nationals have done the same.

If it should develop, perchance, that the citizens of one or more of the recipient powers have in the United States moneys or properties many times the value of the aid proposed to be extended, we should insist that that country or this Nation, or the two acting jointly, take

appropriate measures to see that those assets are pledged as security to any advances which we may now or hereafter make.

Anything short of such precautionary measures seems to me something less than our full duty to our own people, which, after all, is our solemn obligation of first priority.

I commend these suggestions to the earnest study and consideration of my colleagues.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. LEWIS].

(Mr. LEWIS asked and was granted permission to revise and extend his remarks.)

Mr. LEWIS. Mr. Chairman, it is with considerable reluctance that I rise to speak on this bill because my views with respect to at least that portion of the bill providing aid for China are contrary to the views of the Committee on Foreign Affairs for whose members I have the greatest respect, and also because they may be interpreted as in opposition to my good friend, the gentleman from Minnesota, Dr. Judd, for whom I have the warmest feelings of admiration.

I speak only because I have recently made some first-hand observations of my own in that country in the course of a round-the-world trip on a steamship which left San Francisco on September 12 and arrived in Shanghai on September 29. I also feel that the membership of the House, Mr. Chairman, should have the views of many Americans whom I interviewed while there who have resided for many years in China and who are acquainted with its people and their manners, customs, and traditions and with the present Government of China and its personnel.

I was in and around the port of Shanghai for a period of only 3 days, but, in that time, I had the fullest opportunity, as a Member of the Congress of the United States, to see and to talk with many people. I was welcomed at the dock by a representative of the Chinese Foreign Office as well as by our own consular officers in Shanghai. I had the opportunity of meeting prominent and well-educated Chinese and of visiting briefly in some of their homes, as well as meeting many Americans, some of whom had lived most of their lives in China, and I thus had the opportunity to form some opinions of the Chinese people and of the functioning of the present government in China.

At the outset, I should say that I went to China on this first visit with the warmest feelings of friendship, respect, and sympathy for the Chinese people and all that they have endured through many years of war, suffering, and privation, and the opinions I am about to express forced themselves reluctantly upon my mind and became sincere convictions of mine only after I had verified them not only in China but also at other places in the Orient and from passengers aboard our ship, and in further conversation with people of different nationalities who had had years of experience and life in China.

My conclusions with respect to China are, briefly, that any money which we

appropriate in this bill, or in any subsequent bill in the foreseeable future, for the present Government of China might just as well be thrown in the fire, because it will, in all probability, never reach either the Chinese people who need our assistance or be used by governmental authorities in combating communism; but in all probability, will be eventually deposited with Chase National Bank of New York or the National City Bank of that city, or perhaps some other American financial institution, to the credit of some member or members of the present governmental regime in China. If our appropriation in this bill for China takes the form of goods manufactured for the Chinese Army, the result will probably be the same, as it will probably be handled through the black market which flourishes, so I am told, in every Chinese city. This shocking situation is the result of an ancient Chinese custom which sanctions, or at least tolerates, the taking by those through whose hands Government moneys pass of a "squeeze" or a portion of the same as compensation for the transmission of such money to officials further down the line of the government hierarchy. A shining exception to this government corruption is the mayor of Shanghai, Mr. K. C. Wu, who has the confidence of everyone but whose hands are tied by the Central Government.

I do not want it understood, however, that I am charging Chiang Kai-shek with misappropriation of government funds; because I never heard him so charged during all my stay in China. The most that anyone would have to say about him was that those under him are guilty of the practices that I have just mentioned and that it was exceedingly strange that the Generalissimo did not realize that fact and remedy such conditions.

China is in the midst of a terrific runaway inflation which, it seems to me, can only end in chaos. The week that I was in China one American dollar would purchase 48,000 Chinese dollars. By the time I arrived in Manila, about a week later, it was reported there that one American dollar would purchase 80,000 Chinese dollars. And the last that I heard was, while we were in India, one American dollar would purchase something over 100,000 Chinese dollars. Prices of everything in China, with such a currency, are exorbitant in the extreme. For instance, I paid \$5,000 for a Shanghai newspaper, and Mrs. Lewis purchased two linen handkerchiefs at a cost of \$200,000 in Chinese money.

The waste of American and other funds appropriated through UNRRA and handled through the Chinese counterpart of UNRRA, which the Chinese Government insisted on setting up and which they called CINRA, is fantastic beyond belief. But that is another story which I shall, at a proper time, bring to the attention of Congress.

After leaving Shanghai, our next port of call in China was Hongkong, and there, in that British Crown Colony where peace and order prevailed, I received further confirmation of the opin-

ions that I have just voiced. It is for these reasons that I shall support an amendment which I understand is to be offered to remove the provision for aid to China from this bill, notwithstanding the fact that I still have a deep respect for the Chinese people and a deep and abiding sympathy with them in all their sufferings and travail. It seems to me that in all this matter of aid to nations in Europe and Asia we should keep constantly in mind that America must, at all costs, remain economically strong and militarily powerful and that the resources of the Nation should not be frittered away in useless so-called aid to foreign lands, however much we may sympathize with the plight of their people and however much we should like to help them. If it should be determined that we are to give aid to China, the amount proposed by this bill, \$60,000,000, is totally inadequate and would not be a drop in the bucket as compared with the amounts that we should provide to give effect to the purposes of this bill.

THE SITUATION IN CHINA

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. Judd].

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JUDD. Mr. Chairman, I had intended to use this time for a general discussion of my reasons for supporting this bill, but in view of the remarks just made by my good friend from Ohio on the situation in China, I must first make some comments on his charges. Even if they were all true, and most of them are, they are only a part of the truth, and the less important part, from the standpoint of the interests of this country. The gentleman has been in Shanghai and has seen the results of 8 years of war and occupation, the terrible inflation, and all the rest. But I think we have to consider also the causes of the conditions he saw, and in terms of what other countries would have been like if they had gone through the terrible experiences that China has suffered in the last few years.

In the first place, he mentioned the bad situation he found in Shanghai. I am sure he remembers that the Chinese never had control of Shanghai until after VJ-day. For more than 100 years it had been controlled by foreign nations, British, French, Japanese, Russians, and others, the last foreign concessions were given up by official treaty only in January 1943, but of course, at that time the Japanese armies were in control by occupation. The Chinese Government never had a chance to get control of Shanghai until after VJ-day, until the late fall of 1945. Thus they have had only 2 years to deal with one of the most complex situations that ever existed anywhere. People from all parts of the world had come to Shanghai, including a lot of riffraff, because under the system of concessions and extraterritoriality, a man could commit a crime in Britain or on one side of the street in Shanghai, in British territory, and go across the street into French territory where

neither the British nor the Chinese authorities could touch him; or a Chinese criminal could commit a crime in the Chinese part of the city and go to the British concession and the Chinese police could not touch him. For decades criminals from all over the world had congregated in Shanghai. It seems to me it would be asking a miracle to expect the Chinese to set up good government in such a situation in 2 years.

After 8 years as a refugee government, the war ended rather suddenly and the Chinese were called upon to set up a dozen or so provincial governments to move into and take over on short notice the areas liberated from the Japanese. Could anyone reasonably expect all those provincial and county and municipal governments to be able to give good, efficient, noncorrupt administration?

Some of you are from the Southern States, and you recall vividly what some of the governments were like which the North sent down into the cities and States of the South. After 10 years most of those governments were still unspeakably corrupt. But, I do not believe that anybody would suggest that people ought to have withdrawn support from the Government of the United States, with its Capital in Washington, just because it made a mess of the governments in those Southern States when it re-occupied them after the end of the war.

I am not in the least denying what exists in China or attempting to belittle its seriousness. I am trying to analyze it in terms of its causes, so we can know how best to deal with it.

The next question is the alleged danger that any money authorized in this bill is likely to get into the bank accounts of individual Chinese, perhaps in foreign banks like the National City Bank, and will not be used for the purposes for which it is appropriated. If the gentleman will read the bill he will discover that we have written into it, in sections 3 and 5, very careful safeguards and limitations to prevent that very thing. Not a dollar of this money will go to the Chinese Government or any official in it. I, myself, proposed the amendments to this effect in the present bill and in the Greece-Turkey aid bill. The bill allows the President to allocate funds to Government agencies acting as purchasing agents in this country, or to establish in this country credits available to the recipient countries but under the control of the President. We did that so that no actual money would get into the hands of any foreign countries or agents. Twenty million dollars a month can be spent only for certain types of commodities. The two types that the Chinese want or need more than anything else just now are cotton and fuel oil. Why do they need cotton and fuel? Because the Communists are skillfully trying to break down the economy of China, the same as they are trying to break down the economy of Greece and France and Italy and every other country, including our own. They recognize that the one commodity that holds the Chinese economy together more than any other is cotton and its products.

The Chinese do not all have to eat wheat, they do not all have to eat rice, or millet, or kaoliang, but they do all have to wear cotton garments. So the Communists waited until this year's cotton harvests were in, then they struck in a period of about 2 weeks in October, and they cut practically every railroad or highway or waterway by which the cotton could move from the cotton-growing areas into the textile mills of Shanghai, Tsingtao, and Tientsin, the three big areas with cotton mills. The managers of those mills had properly allowed their inventories to run down in anticipation of the new crop, then all of a sudden the new crop could not get in. Unless China can get military supplies to enable her forces to reopen those highways, or can get cotton from some other part of the world, probably the United States, within 2 months, the textile mills will have to close down. That will throw perhaps 600,000 or 700,000 organized workers, Communist infiltrated, onto the streets in unemployment. There will be disorder and riots, and the strong possibility of their causing the downfall of the Chinese Government, which, of course, is exactly what the Communists are aiming at.

This bill would enable the Chinese to get American credits with which to buy the cotton they so urgently need. The other thing is fuel oil. The Chinese have excellent coal mines. Given peace and restored transportation, they do not have to import any coal or, for that matter, wheat or other things in short supply in the United States. But the Communists systematically cut or destroyed the railway lines by which coal could come from the coal mines to the areas where it is most needed. For example, Tsingtao was practically paralyzed for a time and the mills had to close down because they could get no coal, even though only 70 miles away there were excellent coal mines.

If you think Shanghai is bad now, you should see what it will be like in case they have to close down the power plants, as they will if they cannot get fuel oil, because the Communists have cut off most of the coal to Shanghai. To buy foreign fuel oil, in order to keep Shanghai from exploding completely, the Chinese have to be able to get dollars to Texas Oil Co., and Standard Oil, and Royal Dutch Shell, and so forth.

So this bill provides credits in America under very careful safeguards so that the Chinese are able to get those commodities they are compelled to get from abroad only because of the Communist rebellion.

Without making any apologies for the Chinese Government, I wonder how much better any other government could do under similar circumstances. I think the gentleman knows that I have always opposed any blanket grants or loans to the Chinese Government or any of the other governments under consideration, because to do so would be no kindness to them. The Chinese Government is weakened by 8 years of war and occupation. It is something like, for example, Georgia's government was after a year or so of Sherman's occupation. It took

Georgia 10 years to recover; some would say 50 years, to recover completely. China had not 1 but 8 years of occupation; and not just a little portion of it, but control of half the country; all the major transportation systems from north to south and east to west; of the cities, industrial areas, and richest agricultural areas. The Government could not get taxes or other revenues from the Japanese-occupied areas. It had to resort to the printing press to pay its soldiers, policemen, and other expenses, that inevitably led to the fantastic inflation. If the gentleman has not heard the figure for yesterday, it was \$137,000 Chinese money for one American dollar. For 10 years China had to resort to the printing press because she could not collect taxes or customs.

We have not had a bomb or a single foreign soldier destroying our industries; we have not had the drying up of a single source of tax revenue; yet we are having trouble with inflation. It seems to me that, rather than criticizing, we ought to be profoundly thankful that the Chinese Government was able to keep inflation under control by some unexplainable miracle until the last year or so, when it finally broke loose, as all inflations do ultimately.

I do not deny the dangerous situation. Rather, this bill recognizes it and seeks to give them a helping hand in the crisis they are in, in part because of our own shortsightedness in not helping earlier.

China could have avoided much of this difficulty if she had been an unfaithful ally. The Japanese tried to make peace with the Generalissimo time and again. I know of at least 12 offers of peace. Chiang Kai-shek could have obtained peace for his people and ended the occupation and the slaughter and raping, and ended the causes of the inflation and ended the destruction of communications and the destruction of China's social order and economy if he had been willing to break his commitments to us, as we have broken commitments to him. He would not yield.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Ohio.

Mr. LEWIS. Does the gentleman feel that the \$60,000,000 provided for by this bill is adequate?

Mr. JUDD. No; I do not think it is adequate, but I think it may make all the difference between life and death. We cannot give to any of these countries an amount that will be adequate to solve their problems. It would be bad to do that for any country even if we could, just as it would be bad for me to work my little girl's arithmetic problems for her. But it can make all the difference in the world to China in this period of acute crisis, until I hope we will wake up and in our own interest work out a long-term program of helping China recover, including help of the sort she needs most, which is military help, mostly surplus munitions which will not cost us any new money at all.

If we had been willing to assist our ally after the war as she stood loyally by

us in the war, then neither China nor we would have been in such a precarious situation, because I am confident there would not have been a civil war. The Communist line proclaimed all over America, including in the State Department, was that, if we helped the Government of China, it would lead to civil war. No; it was the only possible way we could prevent civil war. Instead of making good on our promises, we withheld our support.

Some say we cannot suspend our lend-lease commitments to Russia, but we suspended our lend-lease commitments to China. We had commitments to supply her with ammunition for the Chinese rifle. It was in the lend-lease pipe line on VJ-day. But we held it up for 20 months while trying to get the Chinese to take the Communists into the Government before giving up their separate armies.

We gave China Springfield rifles because we had the better Garand rifles. We told her to discard the old so-called Generalissimo rifles, for which she could manufacture some ammunition. She took our Springfield rifles, and then we would not give her ammunition for them. Some people talk about how much assistance we have rendered to the Chinese. That could hardly be called assistance. It was one of the cruelest disservices that any people ever rendered to another while still talking about "historic friendship." They would be so much better off today if we had not given them our weapons and they had continued to manufacture their own, no matter how inferior.

We suspended our commitments to equip eight and a third air groups for China. No wonder the Communists were encouraged to make war instead of peace. Under the guise of neutrality and non-intervention, we, in fact, intervened against a proven loyal ally, and then condemn that ally for the difficulties and weaknesses that ensued.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. LEWIS. Does the gentleman feel that the money, if it is appropriated, will go for the purposes for which we intend it to go?

Mr. JUDD. I am sure it will go for those purposes. I would not vote for it, any more than the gentleman would, if I thought otherwise. I think I would perhaps be even less inclined to vote for it than the gentleman, because I know how unkind a blanket grant would be. Under my amendment that can be properly controlled. Just because many things were badly handled by the international organization UNRRA and its Chinese component CNRRA, does not mean that somewhat similar activities cannot be properly handled under this set-up completely under our own control. If large amounts of money or supplies are put into their hands without advice and observation and controls the pressures from hungry relatives and from needy neighbors and friends are so great that it is wholly unrealistic to expect in any country that graft could be avoided. Actually such a system encourages cor-

ruption. So we have put into this bill the necessary controls.

No funds will go to recipient countries, but credits will be established here under the control of the President. If you have a workable amendment that will tighten up on that, then I will help you get it adopted.

Just because the situation is bad does not mean that we must throw up our hands. The fact that the very life of the Chinese nation that has made so many sacrifices, and is so important to us, is involved is all the more reason why we must go ahead with a proper way to handle the problem.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. HOLIFIELD. I visited China with two Members from the Republican side, the gentleman from California [Mr. ANDERSON] and Mr. Gillespie, of Colorado. We visited Shanghai, and, after several days of inspection there and after seeing the diversion of UNRRA supplies which was occurring there, we all joined in a nonpartisan telegram asking that these UNRRA shipments be immediately terminated.

Mr. JUDD. You were right. Those supplies should never have been sent there in such quantities and so loosely managed. They stayed on the docks in the coastal ports for months because there was no way of moving them inland rapidly or of taking care of them. While they were lying there, of course they were pilfered and looted and damaged. That was due more to bad judgment in Washington or in UNRRA headquarters than the fault of the Chinese Government.

Mr. HOLIFIELD. I agree that the function of CNRRA, which, as I understand, was one of the necessities for obtaining UNRRA aid, was to allow the nations which received that aid to supervise its distribution. I want to point out to the gentleman that the formation of CNRRA was the direct responsibility of the Chiang Kai-shek government, undoubtedly one of the most corrupt governments in the world.

I think the record will prove that, according to the way they functioned with our UNRRA supplies.

Mr. JUDD. There are unquestionably corrupt people in that government, but even if it were the most crooked government in the world, compared with our standards, it has to be judged by Chinese standards. No one who knows anything about China will deny that the present Government of China is far superior in every respect, including corruption, than was the government of the war lords which the present Government succeeded. And nobody who knows anything about China will deny that the warlord government was far superior to the old Manchu government. So, bad as the present Government may be, it still is the best China has had in centuries; the direction is up, not down. And the only alternative we have, a Communist government, would certainly be far worse, from the standpoint of our national interest.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. BLOOM. I do not know whether the gentleman has answered the gentleman from Ohio concerning this \$60,000,000 for China. I think if the gentleman has not already done so, I would like him to answer.

Mr. JUDD. Thank you. The figure was suggested by General Marshall himself. In his original statement to our committees, he said that the State Department recognized China's need and importance and was working on a long-term program to begin April 1. Senator VANDENBERG asked him for the approximate amount. He said he did not want to be held to a definite sum but that it would probably be in the neighborhood of \$300,000,000 for 15 months. The idea was to help China meet her balance of payments, get essential imports, and stay further deterioration of her economy.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JUDD] has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. No; I cannot yield now. I have not been able to get to my main thought.

Mr. HOFFMAN. It is right on that point.

Mr. JUDD. I am sorry. Secretary Marshall said it would be in the neighborhood of \$20,000,000 a month for 15 months, beginning April 1.

Mr. HOFFMAN. Mr. Chairman, a point of order. I make the point of order that a quorum is not present.

The CHAIRMAN (Mr. KEATING). The Chair will count.

Mr. HOFFMAN. Mr. Chairman, if you cannot count them, all right; but if you can, all right, I will withdraw it.

The CHAIRMAN. The gentleman from Minnesota will proceed.

Mr. JUDD. General Marshall had an interim-aid program ready for the European countries. He did not have one ready for China. But one is as urgently needed for China as for Europe. If a patient is sinking and you intend to apply remedial action, then you want to start it at the earliest possible moment. One hundred thousand units of penicillin early in the disease are worth a million units later in the disease.

When General Marshall came home from Moscow last spring he himself said, "The doctors deliberate while the patient sinks." He took that position as far as Europe is concerned. The bill merely takes the same position as far as Asia is concerned and authorizes \$60,000,000 or \$20,000,000 a month for the first three months of 1948, so that help can be given just as soon as the program is presented by the State Department and approved.

If we are going to do anything at all, we ought to do it under the most advantageous circumstances possible, so we can get the maximum benefit out of our money. Why wait until the patient has a death rattle in his throat and then give

him a transfusion? That surely would be wasting our money.

It may be that the situation in China is already so desperate that it cannot be retrieved. I am fully aware of that hazard. But the alternative, to abandon China and let it come under the Communists by default will cost us so much more and will mean such a threat to our security in the Pacific that I believe we have got to take that risk.

Some may ask, Well, why should we bother about China anyway? Because we have two fronts, our eastern front—Europe—and our western front—Asia. Our foreign policy for a hundred years, designed to give us security on our west, has been to have there an independent, strong, and friendly China; not necessarily a democratic China, nor a non-corrupt China, nor an efficient China. Much as we wish those benefits for the Chinese people, they are not the first essential. The first essential, from the standpoint of both the United States and the Chinese people, is that China be independent. Up until the last 2 years our leaders for a century had seen that clearly.

When we announced the open-door policy in 1899 and stood firmly in support of the Government of China against the efforts of other nations to divide China up into spheres of influence, was that a good government? Or a democratic government? Why, it was the rotten old Manchu government at the end of more than 200 years of corrupt rule. Yet, the policy enhanced our security in the Pacific and made possible changes by the Chinese themselves for the better. Then, after the First World War, when Japan was trying to divide up China, we called in Washington a disarmament conference. Out of that came the Nine-Power Pact. The United States took the lead in supporting the Government of China. Was it a good government? No. Was it a democratic government? No. Was it an efficient government? No. Was it a corrupt government? Indisputably. It was not even a single government. It was a loose confederation of war-lord governments. But we supported it because, as great men like Charles Evans Hughes and Elihu Root and others saw so clearly, the essential thing, the key requirement for peace in the Pacific, was to preserve the "sovereignty, the independence, the territorial, and the administrative integrity of China."

In 1941, Cordell Hull adhered firmly to that same sound policy. But in the last 2 years someone apparently has changed the policy without people realizing it. The statements of the State Department, like those of the left-wing writers, constantly refer to "peace, unity, and democracy" as if they are the conditions we are primarily interested in. If that changed policy is followed, it will continue to play into the hands of the Communists, the enemies of the United States, of China, and of all people striving toward freedom and toward genuine peace, unity, and democracy.

What we need is an independent China under Chinese leaders, subservient to

no foreign power. Free and under Chinese leaders, China can and will move toward a government of greater efficiency, less graft, and more democracy. But if China is not helped to maintain her freedom, she will come under the Communists, which means under Russia, and then there will be no more chance of her people getting the better government you and I desire for them than there is in Poland or Yugoslavia or any other country now under Communist dictatorship.

We have got to put first things first. And the first thing is not that China have a better government, but that she have a free and independent and Chinese Government.

The first objective of a nation's foreign policy must always be its own security. If we keep this clearly before us, we will have no difficulty knowing what we should do with respect to China.

My primary concern is not what will happen to the Chinese if the Communists succeed in capturing the Government, much as I shall suffer with them in their enslavement. But they will survive somehow. Eighty percent are farmers, and if all the cities go down and the economy completely breaks, and millions starve or are murdered, still most will ultimately pull through. Within 25 or 50 years, the Chinese people will vomit up communism, I am sure.

So what I am worried most about is not China; it is the United States of America. What happens to us and our security, not only in the Pacific but in Europe too, if China loses her independence? If Russia, with sinister designs, and Americans with only the best of motives, by emphasizing the weaknesses of the Chinese Government and ignoring its strength and its importance to ourselves, succeed in persuading us to abandon China, then Russia will have satellites all along her Asiatic frontiers and can concentrate all her efforts with far greater boldness and aggressiveness on infiltrating and undermining the free governments of Europe. Should that come about, the Marshall plan as proposed, no matter how much we put into it, could have no hope of success. Do you think that the Italians and the French can hold out against such pressure from Russia?

It is not because I care less for our own country's interests and for free Europe, but because I care more for them that I feel we must make every effort to support the Government and people of China in this dark hour, after so long and faithful and heroic a struggle against insuperable obstacles, both external and internal.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. MUNDT].

(Mr. MUNDT asked and was given permission to revise and extend his remarks.)

Mr. MUNDT. Mr. Chairman, like virtually all other Americans, I wish it were not necessary for us to have to deal with this type of legislation at this or any other time in our national history. I

profoundly wish that world conditions were such that the people of the world were more peaceful and more prosperous than they are at the present time. I deplore the collapse which has occurred in the fields of good will and good government since the conclusion of World War II. I think we all recognize, however, that we are compelled to live in the world as we find it and take conditions as they are, and do what we can to protect our national security and to improve the conditions we survey.

For over 20 days your Committee on Foreign Affairs has worked and worried with the legislation which is now before you. During that time we made some rather important and I believe significant changes in the legislation as it was approved by the Senate. I want to discuss some of those changes specifically, since many Members want to know how our bill differs from that of the Senate.

In the first place, as you all know, we have decreased the amount of money which the Senate made available. We decreased it in order to bring it into compatibility with the latest figures on availabilities and needs that were given to us both by the State Department and by the Herter committee.

You have just heard the very eloquent and effective explanation of the gentleman from Minnesota [Mr. Judd] as to how China was brought into the legislation at this time. Had we not brought her in at this time in all probability either later in this extra session or early in the regular session we would have had a bill specifically dealing with the Chinese situation. Since the figures reported to us are that starting with January \$20,000,000 a month during January, February, and March are going to be needed in China to avert chaos and collapse, we have brought this legislation before you with what is tantamount to an effective cut of \$67,000,000. Since it provides a real saving of \$7,000,000 and makes possible the allocation of \$60,000,000 of the remaining appropriation for China, our committee is now in substantial agreement that the appropriation herein proposed is the proper amount to do the proposed task, and I hope it is approved without further reductions.

The second major difference is the fact that we have made available immediately on the passage of this legislation, without waiting for the long and necessarily laborious and meticulous work that the Appropriations Committee will have to do with the bill, \$150,000,000 through the RFC so that the aid provisions of the legislation can begin to operate immediately after the bill is signed by the President. Thus we have greatly expedited the date upon which the aid program can begin.

The third major change is that we have increased the information program and its effectiveness as it came over to us from the Senate, especially by making available under this legislation utilization of the state-owned radio stations and newspaper facilities of the countries which are going to be the recipients of this aid.

The fourth change is that we have established a congressional control over

the unencumbered balances remaining in any joint account which is established with the local currencies in the countries as a result of their sale of these commodities. This means, as the legislation is now before you, that if the recipient country and our country cannot jointly agree on what use is to be made of these local currencies any unencumbered balances remaining on June 30 of next year will then be disposed of in accordance with the determination made by the Congress of the United States. I think that is an important change from the Senate position. It gives us complete control over any unencumbered money. It also gives us a much better tactical position in working with the local governments and in helping to have our ideas in connection with the way the money is spent, validated, and approved by them.

The fifth change is that we have provided that representatives of the United States of America, in addition to being able to observe and report on what is done with this aid, are also in position to advise as to what should be done. In my opinion, that is a rather significant change in the legislation. It provides that American counsel as well as American cash shall be utilized in helping to rehabilitate the stricken areas covered by this legislation.

The sixth change is the insertion of the loyalty clause which the House has written into all previous aid bills, requiring that the American personnel be approved by the FBI before they are employed in these activities.

We have made other changes but the six I have mentioned are the most significant.

Personally, I prefer the Senate legislation in at least one respect, however, and I propose to offer an amendment at the proper time in an effort to bring our legislation in conformity with the Senate language as we find it in section 5, subsection (b), of the legislation now before us. I think that the Senate has acted more wisely than the House committee in providing that the deposits in local currency should be made in payment for all supplies provided under this legislation and not simply for those sold to local people as is the case with the bill as it comes before you now.

Our committee is still working. As a matter of fact, we are going to meet on Monday morning to consider other amendments. Some have been proposed during general debate. Some of them have been proposed by committee members. I, myself have one or two which are being studied by the State Department, by our staff members, and by the legislative counsel. One of my amendments is to determine whether we can write something into this legislation which will still further help reduce its impact on the cost of living in America. I am trying to tie on some regulatory language to prohibit as much as we can the use of this legislation and this purchase program from further raising the cost of living for the people of America. I hope we can have a cost-of-living amendment ready for you by Monday noon.

This bill is sound, in the first place, from the moral standpoint, because it is a manifestation of a Christian attitude or: the part of America. It is in conformity with an ancient American precedent of coming to the relief of suffering in other parts of the world.

In the second place, I think this legislation is sound from the standpoint of foreign policy, because it has the twofold purpose of trying to help prevent suffering, and the second purpose is trying to help prevent the surrender of Europe to communism. That second function is certainly sound American foreign policy. I think we all recognize that either long suffering or the surrender of Europe to communism would be injurious to the best interests of world peace and the best interests of America. Whether human suffering or surrender to communism comes first, in the final analysis, when you get one you are going to get both, because if Europe surrenders to communism, Europe is going to suffer increasingly from hunger; while if Europe suffers long enough from want, it increases the danger that it will surrender to communism.

I recall one time when General Eisenhower was before the Committee on Foreign Affairs discussing a piece of legislation. He said that he considered legislation much as he was compelled during the war frequently to consider various advantages and disadvantages of a plan of battle. He said he had to consider it "in terms of its alternatives." I think that is the situation you and I confront on this legislation here and now. We have to consider it also in terms of its alternatives. We can do this, but if we fail to do this, what are the alternatives? I think that is a pertinent question which all of us should weigh before casting our final vote on this bill.

As I see it from my studies in Europe and here, we confront just three broad sets of alternatives at a time like this. The first would be to meet the menace of communism by declaring war upon it and the countries which are supporting its program of aggression. I know of no Member of the House who advocates that today. We hear reports from careless spokesmen now and then who say, "That is the thing to do; let us drop an atomic bomb; let us declare war." But I know of no responsible public official who favors declaring war as a logical and plausible answer to the problem at this time.

The second alternative confronting us is to pull out of Europe altogether. Some people perhaps do favor that particular alternative.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. BLOOM. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MUNDT. Thank you. I think, if we follow the end of the trail of what it really means to pull out of Europe altogether at this time, that few people in responsible positions would favor that alternative, because it would naturally follow that, if we pull out in our relief programs, if we pull out our economic missions, we have to pull out the armies of occupation and lose all possibility of winning the peace. We would simply be

turning Europe over to whatever might follow after, whether it is another resurrection of nazism, whether it is a revival of fascism, or whether it is a capitulation of all of Europe to Russian Red fascism, more frequently referred to as communism.

The third alternative is to project a positive policy in an effort to make peace permanent and make it work. This legislation is in line with that alternative. It is a step in that direction. To me it is the only hopeful alternative which we confront. The only hopeful thing is to take positive action and try to work out a program which has some possibility of averting another war or averting the surrender of Europe once again to men riding on horseback. If we simply surrender Europe to militant, Soviet-supported communism now, we have lost the peace and set the stage invitingly for World War III.

Now, unless we are to abandon all hope for peace and all plans for permanent security, I think it is our collective responsibility in Congress, throughout America, and in the administration to fashion a program of action leading in the direction of correcting the difficulties from which the world is now suffering. This legislation, at least, from the standpoint of the suffering of the people at the moment, at least from the standpoint of helping them not to surrender to communism now, is stepping along in a hopeful direction.

There are other steps which I think we should take. I am happy that the House today approved my resolution, House Resolution 366, which is a fact-finding resolution to determine just what categories of goods actually we are now shipping to the countries behind the iron curtain and to Russia. It will give us facts to determine whether we engage in a program by which we are endeavoring to help not only the victims of the aggression of communism but also the aggressors themselves. In my opinion, the White House and our State Department have too long followed the disillusioning and futile policy of bailing water out of the boat with one hand while dipping it back in from the sea with the other. My resolution as adopted today will give us the full set of facts upon which to fashion a realistic program of export controls and economic activities. Certainly we can expect to get exactly nowhere at all if while taxing ourselves to help strengthen the unhappy victims of Communist aggression we also extend ourselves by selling to the Communists the very things they require in order to make their aggression formidable.

Certainly, I think as the second part of any plausible program we must set up very definitely an adequate American information program, and I hope that the other body of Congress in this extra session of the Congress or in the first days of its January session will approve the legislation which the House adopted last July (H. R. 3342) to give some degree of emphasis and some degree of adequacy to a program which now needs so badly to be done. Of course, you all know my attitude on that. When I introduced House bill 3342. I felt it offered

a significant and essential service. Today I am more convinced of it than ever.

In the third place, I think we must adopt some realistic policies which will safeguard American self-interest. I think that as we look at this picture we have to protect not only our own economic structure in America, not only the national security of America, but we must also protect our traditional American free-enterprise institutions here at home. As we look at the bigger picture and the greater challenge, those things must be kept in mind.

H. R. 4604, which is the bill before us, does more to protect these objectives than it does to weaken them. It does more to promote peace and opportunity than it does to endanger them. Failure to pass this legislation might put a torch to the powder kegs of Europe which only war itself could stop. So I think this bill should be passed by an overwhelming vote. Then I think we should look into the future prayerfully and carefully as we face an era which may well become even more serious and disturbing before we can make permanent progress and insure an enduring peace.

On page 10801 of the RECORD for November 20, when I discussed for 90 minutes the European situation as I saw it over there last summer, are listed 7 tests which I think should be applied to aid legislation, be it interim aid or aid of a more comprehensive nature. I want, if I may, to square this present legislation, insofar as I can, with those 7 tests to see how it measures up to the criteria which I think should be applied to legislation of this type.

The first test was, is it in America's self-interest? I think the answer to that is overwhelmingly yes, and few will deny it. Surely, at the moment we cannot afford to turn our backs upon Europe completely.

The second is, is it accompanied by an adequate information program? The answer to this is no, unless the other body takes action on H. R. 3342, which the House has already approved, but we have, on the other hand, in our modifications of the Senate language stepped up and improved and intensified the information program, as much as can be done in this specific bill.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. BLOOM. Mr. Chairman, I yield three additional minutes to the gentleman from South Dakota.

Mr. MUNDT. You are very kind. The third test is, how much use is being made of the food of non-Communist countries? This legislation is drawn so that the credits made available can be utilized to purchase the food outside the United States whenever it is available, and it also is drawn in such terms that those other countries of Europe seeking to share in a general raising of the economic levels of Europe should also participate in sharing what surpluses they have with their less-fortunate neighbors.

The fourth test is, is the program flexible and adaptable enough so that it can work and do we have confidence in the type of administration which it will

have? It is flexible, it is adaptable. Whether we have confidence enough in the administration, the way it will be handled, I am not sure. I happen to belong to the school of people who believe this should be handled by an independent agency. I even suggested that I think former Senator La Follette would be an excellent administrator, and that it should be handled from American headquarters established in Switzerland. This legislation provides that the House and the Congress can act at any time it desires to transfer the administration of this legislation to an independent administration responsible to the Congress. So it measures up to that test. At least if it becomes necessary, it can be made to measure up.

Fifth, does it provide for American counsel and leadership as well as American cash? It does, because by specific amendment the House inserted the words "and advise," so it provides for an American advisory administration.

No. 6: Does it contain communism at home as well as abroad? This particular legislation can do nothing in that regard. But we have put the loyalty clause in to make sure and certain that no Communists can creep their way into the administrative field forces of this particular program.

Test No. 7: Does it include concurrent efforts on the part of our Government to make the United Nations actually work? I think these efforts are being engaged in by the Secretary of State presently at the Foreign Ministers' Conference overseas. Perhaps they will be successful and perhaps not. I think the establishment of the Little Assembly of the United Nations is a step in that direction. I think more remains to be done, and I believe that before we accept any long term or general or comprehensive aid program of any type we should see to it as Members of Congress that the State Department does those things through the United Nations which are essential if that body is actually going to be able to become a great functioning influence for peace rather than a debating society in which animosities are incubated and wars possibly precipitated.

I think if we look at this program as a whole, taking the time we have between now and the period when we vote on more comprehensive legislation, we have the capacity and I know we have the desire to work out a positive program of well-rounded American foreign policy which is consistent and constructive and which has an opportunity to help Europe and ourselves avert stark tragedy and another war.

Above all, I implore you, we must not lose hope—we must not quit hoping and trying and working for peace. Let us not assume that the evil force of communism has become invincible and surrender all of Europe to its bloody grip and the world to the blood bath of another war. Let us have faith in the good forces of freedom and in the strength of right. While there is yet opportunity to avert war, let us use our best judgment and our available resources in the development of positive policies to promote peace.

While it is true the task is prodigious, let us realize also that the Communists are confronting some mighty serious challenges. Only yesterday the news dispatches told of trouble in Russia, of runs upon the rapidly dwindling stocks of goods available in Moscow. Sometimes it is darkest just before the dawn. The disorders in Europe, the strikes, the rioting—perhaps these are manifestations of Communist strength and perhaps they are revelations of Communist weakness. Even the grim specter of hunger and misery has not yet driven France and Italy into the grasping arms of communism. Let us hope our aid at this time will help avert such a calamity from ever happening. It is at least gratifying that the forces opposing communism in the countries covered by this legislation have refused to cry quits. They have refused to surrender.

There is still cause to hope and while we have reason to hope, I believe we have reason to help. If we try and fail, we shall at least have the consolation of having done our best. If our help aids good government to prevail and peace to succeed, it will have been a paltry price to pay for our security and the world's tranquillity.

(Mr. ROGERS of Florida (at the request of Mr. JARMAN) was given permission to revise and extend his remarks.)

Mr. BLOOM. Mr. Chairman, I ask unanimous consent that the gentleman from West Virginia [Mr. KEE] may extend his remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEE. Mr. Chairman, I am in favor of the passage of the bill now under consideration. As a member of the Committee on Foreign Affairs and in association with my fellow members, I have spent many days, in fact, many weeks, of diligent study and effort to bring to the floor of this House a measure designed to best accomplish its intent and purpose. The members of our committee were as one in their desire to probe into every phase of the situation at which the legislation is directed, and to that end no available source of information was left unexplored.

I believe it can be truly said that never before have the members of a legislative committee of Congress had the benefit of the direct testimony of so many of their colleagues, each and every one of whom possessed first-hand information on the subject under inquiry. Some 20 Members of Congress, all of whom had but recently returned from more or less extended visits to Europe, appeared before the committee to testify as to conditions in various areas visited by them and to express their views upon this proposed legislation. It would be impossible to overestimate the value of this evidence. These colleagues of ours came to us directly from the countries and areas to be affected by the proposed foreign-aid program. They had visited the countries for the express purpose of informing themselves upon existing conditions in the various areas and upon the problems with which the peoples therein and their governments are now confronted. They

came back with the picture of Europe and her troubled peoples fresh and clear in their minds, and appearing before our committee, they painted that picture for us in words as clear and as vivid as the colors of an artist.

Mr. Chairman, with but a slight difference in expression, all of our returning colleagues drew for us the same picture. It is not a happy one. It has neither beauty nor promise. It is dark with overcast skies and the hint of a rising storm. It evidences no signs of peace, no hope for the distressed nor relief for the troubled. On the contrary, we see a picture not only of peoples who deeply suffer from sickening cold, hunger, and lack of clothing, but there is also evident the spectre of a deadly fear. This is not merely a personal fear of death. It is a national as well as a personal fear of the loss of national independence, national honor, human freedom, and personal liberty. Bluntly expressed, the free countries of Europe and their peoples are fearful of a slavery infinitely more dreadful than any bondage ever yet imposed upon mankind.

This fear pervades every country in Europe in which there is yet a semblance of freedom in government. It casts its grim shadow over every home and in fact in every heart. It is every freeman's unwelcome companion through the daylight hours and the disturber of his dreams at night. The fear is not the product of any man's imagination. It is real and vital. Those who are threatened are cognizant of this fact. They know full well that their fear is justified.

This specter of fear now stalking through Europe is the creature of Russia. God alone would know the process of reasoning through which the dictatorial leader or leaders of the Russian regime determined upon a policy of absolute world domination. That this is the policy as well as the plan, there is no room for doubt. There is likewise no doubt about what will happen to each and every country and people so unfortunate as to come under Russian power and domination. All this has been evidenced by every move of the Russian Government since the end of the war in which we were associated as allies. Also that Russian postwar plans even antedated the termination of the war is evidenced by disclosures, made at the time, of certain Russian conduct in connection with the vast quantity of military equipment, supplies, arms, and munitions then being supplied by our Government to Russia under the lend-lease program.

Everybody who followed the course of events in the first years of World War II will recall the fact that, at a time when we were pouring millions of dollars in supplies into Russia, our Ambassador to that country suddenly startled us by making public a charge that the Russian Government was hiding from its people the source of these supplies. He charged, in effect, that labels were being removed from all goods and material America was forwarding, no information was being given to the Russian people that America was supplying any help whatever, and the Russian people were being kept in total ignorance of the fact that the United States was supplying the Russian Army with food, clothing, guns, planes,

tanks, munitions, and other war materials. Our Ambassador protested, and in some quarters was criticized for making a protest. The entire matter was seemingly quieted by some kind of Russian "assurance," and we continued to pour our supplies into Russia until her armies were sufficiently equipped to drive the Germans off Russian soil.

As a matter of fact the Russian masses were never advised, never knew, and do not know to this day that the United States gave any help to the Russian Army during the war. I have been told that practically all the Russian people firmly believe that Russia fought the war against Hitler unaided and unassisted; that after defeating Germany the Russians proceeded unassisted to conquer Japan; that the United States contributed nothing to either victory; that, being a selfish, grasping, capitalistic Nation, America is now trying to take away from Russia all the fruits of Russian victory and, at the same time, to take over the control of all adjacent countries and thus encircle Russia with unfriendly peoples.

Viewing Russia's actions since the end of the war, one can well believe that what I have stated is exactly what the Russian people have been told by their leaders. We have watched the great, sprawling, overgrown, and, from a military viewpoint, powerful nation initiate and prosecute a campaign of conquest. The manner and method of taking over and assuming complete control of a nation may vary in different cases, but each manner and each method always bears the Communistic label. Whether complete control is won through the fomenting of strikes, disorder and discontent, or through infiltration and indoctrination of communistic ideologies; whether control is gained through corrupt and police dominated elections; whether complete control is secured through tricky and underhanded dealings with traitors, Quislings, and puppets, or through the method of fomenting unemployment, scarcity of food, clothing, medicines, and fuel, thus trading upon hunger, cold, sickness, and misery; or whether absolute control is attained by force of arms; or whatever method is used, there will always be in evidence the label of communism. That is even found on the face of every erstwhile free man or woman of the ravished country. The label is the hopeless look of a slave.

Starting almost before the echo of the last shot of the war had become silent, the Russians started their career of aggression, acquisition, and occupation. To date they have taken over and made satellites out of some 14 countries of Europe—formerly free and sovereign nations. Not all of the countries are immediately adjacent to the Russian borders. As they are one by one absorbed, the Russians pass on to the next country and repeat the process. The iron curtain moves to the new borders as they are established, and from thence onward a hopeless people find themselves at the mercy of their masters.

The question confronting this Congress today is a serious one and much depends upon the answer we shall give.

We have all the facts before us. We know what is happening in the lands across the sea and we know the problem with which we are confronted and which we must either ignore or earnestly attempt to solve. The bill now under consideration may not and probably will not be a solution, but it is the view of its proponents that it is necessary action at this critical time.

We know that the independence and sovereignty of France, Italy, and Austria are threatened and that the danger is imminent. Shall we take some action to save these countries now, or shall we leave them to whatever fate the Communists of Russia have in store for them? As stated, the proponents of the measure, with whom I agree, are strongly in favor of acting now. Your Foreign Affairs Committee urges prompt action. The State Department stresses the danger of delay. Your colleagues who visited Europe last summer to study conditions in the unhappy countries there, are practically a unit in advising the prompt passage of this legislation. In fact it seems to be the general view among those who have visited the countries named in the bill, that unless this action is taken now the consequences to the countries concerned, as well as to America, will be disastrous, perhaps tragic.

The pending bill authorizes the appropriation of \$590,000,000 to carry out the purposes of the act. The purposes have been fully explained and are known by every Member of Congress. The money will be used to buy, transport, and deliver to France, Italy, and Austria, in Europe, and to China, in Asia, food, fuel, medicines, seeds, cloth for clothing, and certain other commodities to relieve the cold, starving, and otherwise distressed peoples of those countries. In all the countries mentioned, the conditions of distress have either been created or aggravated by the activities of Communists who, undoubtedly, under Russian direction, are seeking control of the respective governments. It is thought, and the thought is based on past experience, that unless relief is furnished to the peoples of these countries in this time of distress, unless their morale is strengthened and sustained, unless their resistance is encouraged and they are given new hope, they will certainly and surely turn to communism, as other peoples under like conditions have done. This mass desertion of democracy should, can, and will be prevented by supplying these distressed peoples with the necessities of life.

It will be recalled that at the last session of Congress there was passed certain legislation relating to Greece, Turkey, and other European countries. There were two measures, one authorizing an appropriation of \$332,000,000 and the other for \$400,000,000. At that time the Congress was advised that the sovereignty and integrity of both Greece and Turkey were threatened and that those measures were required to save both countries from communistic aggression and threatened invasion. As stated, the measures were passed and representatives from the United States were sent to

Greece and Turkey to administer the funds so provided. As the bill now being considered is a measure similar to the Greco-Turkish acts and for a like purpose, it is pertinent for us to inquire into the question of whether or not the Greco-Turkish measures failed or succeeded in their purpose and their objectives.

I am indeed happy to be able to say to you on the best and most reliable authority that both of the Greco-Turkish measures succeeded. It is a fact beyond all dispute that the action of Congress, in passing that legislation and supplying the funds authorized by it, saved both Greece and Turkey from being taken over by the Communists.

If we saved Greece and Turkey then, why not save France, Italy, and Austria now? If the Greco-Turkish legislation was effective then, why will not exactly the same character of legislation, designed to meet exactly the same problem, be effective now? I am firmly convinced that it will.

Mr. Chairman, I realize that we have a serious domestic situation confronting us, but it is not my view that any domestic problems are such as to require us to ignore the very grave situation in Europe. If we have domestic problems requiring remedial legislation, we can meet them as they arise. The troubles abroad, however, seem to come to meet us, and unless we act at the psychological moment, we are likely to soon find ourselves in a situation of great difficulty and danger. The situation we are now facing calls for immediate action. It calls for the passage of this legislation now.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. DONDERO].

(Mr. DONDERO asked and was given permission to revise and extend his remarks.)

Mr. DONDERO. Mr. Chairman, it was not my privilege this past summer to visit the countries of Europe. I did, however, 2 years ago, in company with a bipartisan committee of this House, visit 19 countries in Europe and Africa. Yesterday on the floor one who did have the opportunity to travel in the old world last summer spoke most eloquently and convincingly on what he saw and learned. The gentleman from Georgia [Mr. Cox], a man whom I greatly admire and respect, reported to the House that only in one country did he find any expression of appreciation or gratitude for what we have done in Europe. That in England and in France he found no such expression. I cannot believe that the people of England or the people of France in any way hold an unfriendly attitude toward the United States, nor do I believe that there is any inherent prejudice on the part of those people toward the people of America. I would much rather believe that their present attitude springs from fear of an ideology known as communism and which J. Edgar Hoover, director of the Federal Bureau of Investigation, says is "not a political philosophy at all, but is an evil and malignant way of life; a disease that spreads like an epidemic." He did find that in one country of Europe there was expression of appreciation and

gratitude for what we have done, and that was in the Reich, or Germany. I am satisfied that such friendly feeling among the Germans has been built up and established by the able leadership of Gen. Lucius Clay, who is in command of the American forces in that country. Incidentally, I visited with him and in fact conferred with him on two or three occasions while I was in Germany and before entering Russia 2 years ago.

Since hearing the statement of the gentleman from Georgia yesterday information has come to my attention that Russia, France, and England have withdrawn from the prosecution of war crimes in Europe and the United States is proceeding alone. A copy of the indictment against 19 alleged war criminals, mostly German, dated Nuremberg, November 1, 1947, case No. 11, furnished to me seems to bear out that statement. The title of the case reads: "The United States of America Against," then follow the names of the 19 defendants. We might well ask why did the other three powers withdraw? If we as a Nation must proceed alone against the defendants, then it is more than probable that the good will built up and created by General Clay among the German people will be dissipated and destroyed.

In my opinion western Europe is dominated by fear.

Western Europe is dominated by fear. Much more by fear than by the threat of hunger. People are looking over their shoulder trying to find out how soon they will fall under the domination of the Communists or of the Red army. With some, there is fear of war—with others just plain fear that Communist penetration will succeed and that they will be taken over by Communists from within.

The all-too-close presence of the Soviet armies, which were permitted to enter right into the heart of Europe, holds western Europe in a firm grip, paralyzing all endeavors aimed at rehabilitation and recovery from the war. Everyone is afraid to invest his money in any kind of enterprise because everyone thinks that tomorrow the Soviets—either in the form of an occupation, or in the disguise of a Communist-dominated government—will be in their country nationalizing private property, taking away homes, business enterprises, industries, etc. This prevents any sound economy. Although there are still considerable sums of hard money in Europe, they remain in hiding or are smuggled abroad into safety. According to very reliable estimates made by American experts, there is over \$4,000,000,000 in hard currency in France alone, but this money is not being put to work because of the ever-present fear.

For the same reason people do not care to work more in order to make money. There is no incentive for greater earnings because nobody believes in the safety of savings or investment.

As long as western Europe cannot be given physical safety—whatever money is being poured into it will be spent for current consumption only and not for investment. This is exactly what happened with the loan we granted to Great Britain.

No European government can be considered to be strong and stable. As long as every European government is afraid—because of the proximity of the Red army—to take any decisive steps against Communists undermining it, we cannot rely on loyal cooperation of any of these weak fence-sitting governments.

We can go on feeding Europe, sending clothing, fertilizers, and so forth, if we want to proceed doing that on purely humanitarian grounds. But no long-range economic plan for European recovery can succeed unless we bring about a change in European mentality. This, however, can be brought about only if we display our physical military strength and tell the European people that under no circumstances will we tolerate Soviet aggression or Communist infiltration.

That is precisely the policy now being carried out by Russia—the threat of military strength. If we can change the viewpoint of the people in France, Italy, Austria, and China by the aid included in this bill to stiffen the morale and encourage resistance to Communist infiltration we will have made some contribution to the peace of the world.

It is hard to tell whether the American people and the United States Congress are ready to take such a stand, but as long as this stand is not taken, and we continue to cooperate with Soviet Russia in the United Nations, and as long as we keep on recognizing Communist gangster governments, such as Tito's in Yugoslavia, Groza's in Rumania, Bierut's in Poland, and so forth, the people of Europe will gladly take our money and our food, but they will not believe that we intend to stand firmly and oppose Soviet expansion in any of the various forms it takes.

The American people have been called on before to make sacrifices. I believe the vast majority of the people of this Nation today are willing to make further sacrifices in an effort to bring about peace in this distressed and distraught world. For that reason, I propose to support this bill with some amendments, in the hope that I am expressing not only the will and opinion of the people of my district in Michigan, but also the will of the people of the United States. My support of this measure shall not be construed in favor of any long-range or continued support to foreign countries such as the Marshall plan or whatever name it is called. We cannot continue to take the whole world on our lap and nurse it forever without destroying ourselves.

THE CHAIRMAN. The time of the gentleman from Michigan [Mr. DONDERO] has expired.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. MCGREGOR].

Mr. MCGREGOR. Mr. Chairman, the time has arrived when we must decide just who we are going to aid—people of foreign nations or the people of the United States. Who will we help reach a sound economic basis and who will we assist in the establishment of a definite defense program that can be of real assistance in time of a definite emergency?

We are told that a survey has been made by the State Department covering the needs of foreign nations, and that Department recommends we spend billions of dollars to help Europe. The State Department has followed its Report on Europe with a demand for billions of United States money to be spent to prohibit the spread of communism. May I make a Report on the United States?

I spent several weeks this fall, as a member of a congressional committee, in making a survey of the conditions that exist in our own country. We found a dire need for developing our own natural resources; a dire need for a definite flood control and reclamation program. Our rivers and harbors need dredging; our docks and shipyards need repairing; our roads and Federal buildings are nearly in a state of ruin; our shipyards and shipbuilding facilities are in a high state of neglect. A real emergency exists in our housing needs and we have a critical shortage in a great number of commodities, including food. We have a high living and tax cost that has never been equaled. Our national defense program will require hundreds of millions of dollars to put it in first-class condition.

The bill now before us, H. R. 4604, will take the money so badly needed in the United States and send it to foreign countries. Our investigation definitely established the fact that if we were faced with another emergency tomorrow, we would be found sadly wanting. So the question arises, Who are we going to help? Can we, as a Congress, afford to take the chance? What assurance do we have that this money or aid, if we give it to foreign countries, will go to the people who really need it? We have given the authority to the President to spend about \$20,000,000,000 for foreign relief since VJ-day. What is the result? These nations are in worse shape now than before our money was spent.

The bill before us does not establish any different distribution program than we have had in the past. May I quote from page 2, section 3, of this bill, lines 3 to 11, inclusive:

SEC. 3. The President, acting through such departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds to any such departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, available to the government of a recipient country, whenever he finds it in furtherance of the purposes of this act and upon the terms and conditions set forth in this act.

This definitely means the President will continue to send aid, as he has in the past, which is the same policy and procedure for distribution that we have had during the expenditure of the \$20,000,000,000 since VJ-day, and which has definitely brought very little results or aid to the people who actually need it.

This bill also gives authority to the President to send money to Argentina, or any other country, in payment for products produced in that country. For instance, he could take the American taxpayers' money to buy Argentine wheat at \$5 per bushel, and then give to other gov-

ernments that wheat, a policy that is rumored to be now in existence.

Mr. Chairman, I do not want anyone to starve, and that most certainly means people of other nations, as well as our own people. My survey has shown to me that our defense program is at a very low ebb; our harbors and shipbuilding yards are at a dangerous point of deterioration; we definitely need flood control to protect our own farm lands, cities and the lives of our people. We need a reclamation program which is very vital to our production; our housing shortage is critical; we have a high cost of living that makes it practically impossible for the low-bracket income workers, as well as our aged people, to barely live; and we have a tax rate that has reached an all-time high.

We must decide whether or not we are going to strengthen our own defenses, both military and economic, or give to other nations more and more American dollars. Our own defense and economic situation in this country is in such a weakened condition that it will take hundreds of millions of dollars to restore it to the level we maintained as of VJ-day. Our Nation has been built upon the principles of hard work, sacrifice and initiative and it is questionable as to whether or not the continued spending of billions of American dollars in Europe will eventually give those countries the sound economic basis which they need for recovery.

Mr. Chairman, it is time that we take heed to the need of our own American people.

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. RIVERS].

(Mr. RIVERS asked and was given permission to revise and extend his remarks.)

Mr. RIVERS. Mr. Chairman, we note the anxiety that is felt for people of other lands by many of our colleagues. We hear of the plight of sundry people throughout the world. It is a fact, however, that few of us take the well of the House to defend the American housewife. I speak today of the inequitable, un-American and unconstitutional tax on oleomargarine.

Oleomargarine is made of carefully selected highly refined American food fats obtained from cottonseed oil, soy bean oil, corn oil, peanut oil, and meat fats. One or more of these, blended according to individual formula, are usually combined with pasteurized, cultured skimmed milk and salt for flavor. In almost all of these, vitamin A is added the year round. By addition of vitamin A, oleomargarine becomes a dependable uniform source of the health-protecting elements essential to nutritional well-being.

By a Federal definition, oleomargarine must contain 80 percent fat and provide 3,300 calories per pound. The elements going into oleomargarine comes from every section of the Nation—North, East, South, Midwest, and West—vast sections from which sources of these oils are derived. Yet before 1 pound is allowed to reach the table of the consumer, the Federal laws require 10 cents ex-

cise tax to be exacted. In addition to this, there are State taxes of one kind or another. The manufacturer has to pay a license fee of around \$600. Before the wholesaler can sell to the retailer, he has to pay a Federal license of \$480; and before the retailer can sell it to the consumer, he has to pay a license fee of \$48. And then, before the housewife is permitted to touch it, she pays the above-mentioned 10 percent to the Federal Government. All in all, it has been estimated that every pound of oleomargarine carries with it a tax of 15 cents per pound. It is the only product of the farm that bears a tax.

Today, butter is almost impossible to obtain. It has long since disappeared from my table and the table, I venture to say, of many of my colleagues. The prohibitive price of butter has driven countless thousands of people to the use of oleomargarine. It is now time that we remove every vestige of Federal embargo on this healthful product. To longer retain it is wrong. This embargo was enacted by a powerful majority—it is being maintained by a powerful minority. To continue it longer will be powerfully un-American.

I have long-since introduced legislation to remove the above inequities, H. R. 2245. I have never been able to get any aid from the Committee on Agriculture. On Monday next I will have a discharge petition on the desk. Let us bring this bill to the floor.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, I rise in support of this bill which, I understand, has been presented by the Committee on Foreign Affairs without a dissenting report.

I happened to be one of the members of the Armed Services Committee that had the opportunity of visiting the European area this fall, and I observed at close range the situation existing in that area. We consulted with all of our military leaders and civil authorities representing this country. We talked with the men on the street in order to get first-hand information as to what the situation actually is and what conditions the people are facing. We noticed also the attitude of the Russians in the United Nations Organization. We understood from our own military leaders in the European area the lack of cooperation they have received from the Russians for a period now of 1½ years. We saw the expression of fear as indicated by the inhabitants of western Europe as to what their fate is going to be, not in years to come but really in days to come. We saw by a study of the geography of Europe, the tremendous spread of the sphere of Communist influence over 11 satellite nations, which, together with Russia, have a population of approximately 320,000,000 people.

We discovered hunger; not starvation, because starvation is not seen on the streets. You find starvation only in the hospitals, or perhaps in the back parts of the communities or in the homes where people are unable to walk and present an appearance. I discovered only a few

days ago in the press a little explanation about the situation to the effect that the statistics do not tell the whole story. Hospital statistics do show starvation, but they would not show continuing hunger. They might show, as they do in Germany, approximately the number of people who have died of actual undernourishment, but there is no way that they can record that the real cause is hunger when, according to the statistics, death came from pneumonia or tuberculosis. The Surgeon General of the United States Navy, who accompanied us on this trip, in the report that he made, states that the incidence of tuberculosis in Germany today is six times greater than that in the United States, and the most ominous thing is that it has doubled within the last year. Suffering and want are developing in the whole of Europe and as time goes on, if relief is not given, it is going to seriously affect the security of our own Nation.

The question has been asked as to what is the alternative. Will we go in there and help, as provided in this bill, even though it costs nearly \$600,000,000, or will we show a complete lack of interest in the people of the world, especially those of Europe? "Are we going to pull out" seems to be on the lips of every inhabitant of western Europe today, and if we pull out, they say, the Communists will march right in. They are living in a state of fear and hunger. Starvation, yes, and the question in our minds is what are we going to do about it? Are we going to sit idly by and let our fellow men—call them English, call them French, call them Germans or Italians, or what not—starve by the thousands when we know that for a period of at least 2 years the people in western Europe have only been receiving in diet about one-half or one-third of what we enjoy here in this country of ours? Are we going to permit that condition to continue without offering a helping hand? Communism, we know, thrives on hunger, despair, and discontent. Or are we going to do the thing in the interest of our own country as we look ahead a period of many years, in the interest of our own security? Are we going to help those people who may be the bulwark against the onward march of communism?

This bill has been given very thorough consideration by the Committee on Foreign Affairs. It has been on the lips and on the minds of every Member of this House for a long period of time, and it seems to me, Mr. Chairman, that we really are at the crossroads of our civilization. The question is whether we are really concerned about Europe going down the road to a totalitarian state, to be followed quickly by Asia, or are we going to assist, before it is too late, those who are helping to stem the tide of communism and trying to preserve liberty for the oppressed people of this world?

I trust this bill will pass.

Mr. Chairman, an article in the Sunday Star by Relman Morin clearly expresses the situation that I believe exists in western Europe today:

HUNGER TAKES ITS TOLL—THE EFFECTS ARE SLOWER, BUT MORE DANGEROUS, THAN THOSE COMMONLY ATTRIBUTED TO STARVATION

(By Reiman Morin)

Hunger is much more dangerous than starvation.

The reason is that starvation is acute, and you can immediately recognize it, and therefore do something about it. But a man can be hungry, very hungry, without showing it. A time will come when he will not really feel hungry, nor be aware of what is happening to him.

He might not recognize that his memory was failing, and that the mirror of his mind was turning cloudy. The physical weakness could creep over him so slowly that he wouldn't be aware of that, either.

None of this would necessarily be visible, even if you saw him every day at his work.

There was a teletype operator in Paris last winter who suddenly fainted at the machine. She looked sturdy and she was so vivid with her flashing brown eyes and quick wit that we were all surprised. We thought it was a heart attack. A doctor revived her.

"She's hungry," he said. "If she catches a cold it will turn into pneumonia and she will die in a few hours."

He shrugged. "Of course, we're all like that. Good day, sir."

The girl didn't die, but there was a man who did. His wife operated a "pension," a boarding house on a side street near the Gare St. Lazare. He was a man of stern principle and he refused to let her buy in the black market. "Anyway," he said, "we have enough to eat. The ration is enough."

So it took him a long time to die. But one afternoon he came home with a fever. "I believed him when he said he wasn't hungry," the woman said through her tears. "I wish I hadn't obeyed him."

Last summer a great many American Congressmen went to Europe to study hunger. They came back confused, with mixed impressions and with greatly differing reactions. One said he "didn't see anybody starving." Others were perplexed by the lavish restaurants in Paris and Rome, where the menu frequently is longer and more varied than anything you would see in New York.

Still others found their way to those hundreds of small restaurants around the Bourse in Paris and saw the modest middle class lunching fairly well for the equivalent of about \$3. The same thing is true near the Grand Bretagne Hotel in Athens.

To further confuse them, they noted the tremendous differences between countries. In Finland and Norway, not even the black market has very much, and you feel actively hungry up there, whether you are or not. But Belgium seems overflowing with food. And in England, while the diet is monotonous and dull and skimpy, people at least are eating.

The statistics, too, were of little help to our Congressmen.

The hospital statistics would show starvation, but they would not show continuing hunger. They might show, as they do in Germany, approximately the number of people who had died of actual undernourishment. But there is no way that they can record that the real cause was hunger when, according to the certificate, death came from pneumonia or tuberculosis.

At a news conference recently President Truman used the phrase "starvation basis" in describing conditions in Europe. It was more accurate than perhaps he realized.

Except in Germany and Austria, you will not find very many people who are actually starving. You do not see such sights as we saw in India, in 1944, when terribly emaciated bodies simply dropped in the streets, or the vast and obscene horror of a famine in China.

It is not like that.

It is a creeping thing, a slow death that confronts millions in Europe. The thousands

will survive, and fairly well, because they have enough money to buy food on scarcity-based prices. But the others will simply grow weaker and less efficient and more susceptible to disease.

This, in turn, strikes at the other side of the problem. Europe needs to work, so that it can produce food and coal and steel and the finished products that will buy food. But a hungry man can't go very long or very hard in a coal mine. He can't even think well if he has an office job.

No, it is not starvation in Europe now. It is plain hunger, the slow and soundless draining away of life, a much more dangerous thing.

Mr. VORYS. Mr. Chairman, I yield 7 minutes to the gentleman from Ohio [Mr. GRIFFITHS].

Mr. GRIFFITHS. Mr. Chairman, I take this time to ask the gentleman from Ohio a question in regard to fertilizer, on page 7 of the report. Will that fertilizer be purchased in this country and then shipped abroad? Is that the intent? There is \$9,000,000 for fertilizer for France, fertilizer and agricultural supplies for Italy amounting to \$19,000,000, and fertilizer to Austria amounting to \$7,000,000.

Mr. VORYS. Yes; I understand that will be purchased in this country; purchased elsewhere if it is available under the terms of the bill. Under one section of the bill it can be purchased elsewhere, but not more than 25 percent of the whole appropriation can be used to purchase offshore supplies at a cost in excess of the delivered cost in the United States.

Mr. GRIFFITHS. I thank the gentleman.

We are, too, in pretty short supply of fertilizer in this country, and you want more food. You had better see that America is taken care of first. Over there, of course, they are going to need fertilizer. Why do we not get fertilizer in production over there? We know what enters into fertilizer.

I got hold of something last night that comes from the Department of Commerce, the Office of International Trade. It is a circular dated November 25, headed Reparations News, and speaks first of German reparations plants available for allocation. Under this they want people to submit bids on two factories. The time for submission of bids has been extended to January 9, 1948.

These two chemical facilities, allocated to the United States as reparations, were offered for sale, independently of each other, by the OFLC to American business on October 2, 1947. Originally bids were asked for by December 10, 1947. This extension of time will provide prospective purchasers sufficient opportunity to inspect the property in Germany.

The two plants offered for sale include units for the production of formaldehyde, pentaerythritol, and plastics.

Anybody that has even an elementary knowledge of chemistry knows that that means the production of nitrogen and ammonia, which are used in fertilizers. You know that before the war we were only peanuts in comparison with Europe in chemical production. On the last page of this circular is shown that there were 198 war plants in the United Kingdom zone and 104 in the United States zone, a total of 302. Chemicals, United

Kingdom zone, 24; United States zone, 18; total, 42. Thus there are 344 plants that are potential fertilizer manufacturers over there. Nitrogen enters into it, and they have just as much nitrogen over in Europe as they have in the United States, because you get it right out of the air.

As to sulfur, in Sicily, or Sardinia, certainly down there in Italy some place, arrangements can be made to send sulfur up there so that it would make sulfuric acid. As to phosphates, where do they get the phosphates? North Africa. We used to get a lot of it in this country. It comes from the French section of North Africa. You can make your fertilizer over there by using these plants, instead of depleting the supplies in this country. I do not know if you people have ever looked into something like that.

I want to go along and feed these people, I will be perfectly frank, but I will be hanged if I want to go along and deplete our natural resources and cut down our own food and all that when it is not necessary.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GRIFFITHS. I yield to the gentleman from Ohio.

Mr. VORYS. I think the gentleman expresses precisely the desire of the committee and of this House. We want those people to take care of themselves. We would rather help them produce their own fertilizer than keep on shipping it.

Mr. GRIFFITHS. Right, yet you are going to tear down plants and you are tearing down plants that will make it. The other day the War Disposal Office called up and wanted to know about buying a sulphur burner. What do you use a sulphur burner for?

Mr. VORYS. Our committee yesterday twice went into this very matter of the dismantling of the German plants, and will have action to report to the floor in a few days.

Mr. GRIFFITHS. Does the gentleman know anything about the \$900,000 with which they want to buy a sulfuric acid plant in this country and send over there? I do not know, but it seems to me as though the right hand does not know what the left hand is doing. I think a lot of this foolishness had better be cut out and we had better be getting down to brass tacks. You say you want to put those people to work. Give them a chance to work, but do not come over here and ask us to decrease production by cutting down our supply of fertilizer when they have everything over there to make the fertilizer. They have got the phosphates, and they have the nitrogen and can make the ammonia.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GRIFFITHS. I yield.

Mr. JUDD. We were assured yesterday that no plants making nitrogen are being dismantled or moved.

Mr. GRIFFITHS. No; but in making plastics you have to have hydrogen. In Europe they get hydrogen from coke, which they certainly can get over there, and here we make it from both coke and natural gas, which enters into the manufacture of fertilizer. Yet these plants,

and I mentioned two of them to you, can be components in the manufacture of fertilizer, or they can be components in the fertilizer industry, and that is why I do not see why somebody down there who has knowledge of chemistry cannot get together and realize what they can make, because every fertilizer plant, as you yourself know, Doctor, is a war potential and we might just as well go ahead and use them, and they can sometime be used for explosives. But yet they are being torn down. Why not use them to make fertilizer when you need it?

GENERAL LEAVE TO REVISE AND EXTEND REMARKS

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all Members who have spoken on the bill may revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, during this general debate for the last 2 days, while we have been discussing the serious situation in this country with shortages and with rising prices, General Marshall has been meeting Molotov head-on in the four-power meeting in London, there have been Communist uprisings in France and Italy, and a Communist-inspired civil war has been raging in China. Certain things have become apparent from the general debate. The House wants to keep America strong here at home, but it also wants legislation which shows warm hearts for human suffering, provides cold cash for a cold war, and has an eye to future foreign business. If we act wisely when the bill is read for amendments I believe it will carry out all of these desires, unless by delay we lose the humanitarian, the business, and the security results we might otherwise obtain. The time for wise and speedy action is here.

The CHAIRMAN. If there are no further requests for time, the Chair declares general debate closed.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Foreign Aid Act of 1947."

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. HARNES of Indiana, having assumed the chair, Mr. MICHENER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. MURRAY of Wisconsin (at the request of Mr. VORYS) was given permission to extend his remarks in the RECORD and include certain tables.

Mr. ANDERSON of California (at the request of Mr. Judd) was given permission to extend his remarks in the RECORD and include a table of figures.

Mr. MILLER of California asked and was given permission to extend his remarks in the RECORD and include a newspaper clipping.

Mr. DAVIS of Georgia asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. LATHAM (at the request of Mr. ARENDS) was given permission to extend his remarks in the RECORD and include an editorial from the New York Times.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HERTER (at the request of Mr. HESELTON), today, on account of illness.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 20 minutes p. m.) under its previous order, the House adjourned until Monday, December 8, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1135. A letter from the national adjutant, Disabled American Veterans, transmitting a report of the proceedings of the national gathering held in Las Vegas, Nev., August 17 to 23, 1947 (H. Doc. No. 470); to the Committee on Veterans' Affairs and ordered to be printed, with illustrations.

1136. A letter from the Acting President, Board of Commissioners, District of Columbia, transmitting a draft of a proposed bill to amend the law relating to the possession, carrying, and acquisition of pistols and other dangerous weapons in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the clerk for printing and reference to the proper calendar, as follows:

Mr. WOLVERTON: Committee on Interstate and Foreign Commerce. House Resolution 366. Resolution requesting the Secretary of Commerce to furnish the House of Representatives information concerning the sale of supplies to the Soviet Union by firms and individuals located in the United States; with an amendment (Rept. No. 1155).

Mr. WELCH: Committee on Public Lands. H. R. 4627. A bill to authorize an appropriation for the immediate relief of the Navajo and Hopi Indians, and for other purposes; without amendment (Rept. No. 1156). Referred to the Committee of the Whole House on the State of the Union.

Mr. ANDREWS of New York: Committee on Armed Services. H. R. 2636. A bill to amend section 2 of the act prescribing regulations for the Soldiers' Home located at Washington, in the District of Columbia, and for other purposes, approved March 3, 1883 (22 Stat. 564); with an amendment (Rept. No. 1158). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FOOTE:

H. R. 4645. A bill to provide for the establishment of a Limited Service Corps; to the Committee on Armed Services.

By Mr. JAVITS:

H. R. 4646. A bill to authorize the expenditure of public funds for the assistance of State and municipal youth projects; to the Committee on Education and Labor.

By Mr. RAMEY:

H. R. 4647. A bill to authorize the Secretary of War to make an allowance in lieu of headstones or markers for certain graves; to the Committee on Veterans' Affairs.

By Mr. BARTLETT:

H. R. 4648. A bill to amend section 8 of the act of June 17, 1886, as amended (46 U. S. C., sec. 289), and section 27 of the Merchant Marine Act, 1920, as amended (46 U. S. C., sec. 883); to the Committee on Merchant Marine and Fisheries.

By Mr. JONES of Alabama (by request):

H. R. 4649. A bill to provide that compensation of members of the Alcoholic Beverage Control Board of the District of Columbia shall be fixed in accordance with the Classification Act of 1923, as amended; to the Committee on the District of Columbia.

By Mr. HARTLEY:

H. R. 4650. A bill to provide compensation for civil-service employees and other Federal employees who receive permanent partial disabilities resulting from injuries incurred while in performance of their duties, and for other purposes; to the Committee on Education and Labor.

By Mrs. ROGERS of Massachusetts:

H. R. 4651. A bill to authorize the reinstatement of lapsed 5-year level premium term national service life insurance on a comparative health basis until December 31, 1948; to the Committee on Veterans' Affairs.

By Mr. ELLSWORTH:

H. Con. Res. 121. Concurrent resolution providing an interpretation by Congress of the meaning of the Marshal plan; to the Committee on Foreign Affairs.

By Mrs. ROGERS of Massachusetts:

H. Res. 394. Resolution prohibiting sale of tankers by the United States Maritime Commission to foreign persons, companies, corporations, and governments; to the Committee on Merchant Marine and Fisheries.

H. Res. 395. Resolution prohibiting export of coal, gasoline, fuel oil, and other petroleum products; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of California:

H. R. 4652. A bill for the relief of James Theodore Helm; to the Committee on the Judiciary.

By Mr. HOLMES:

H. R. 4653. A bill for the relief of John Keene; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

861. By Mr. CHADWICK: Petition of 3,077 citizens, substantially all of them residents of Delaware County, Pa., addressed to the President and the Congress of the United States, praying for the restoration of price control and rationing at May 1946 prices, the restoration of rent control with prohibition of evictions, and the end of monopoly profits and speculation in necessities, transmitted by the Delaware County Industrial Union Council, of Chester, Pa.; to the Committee on Banking and Currency.

862. By Mr. TIBBOTT: Petition of American Legion Post, No. 266, Leechburg, Pa., urging the passage of legislation establishing a system of universal military training; to the Committee on Armed Services.

863. By the SPEAKER: Petition of Cassadaga Townsend Club No. 1, Cassadaga, Fla., petitioning consideration of their resolution with reference to signing of Discharge Petition No. 7, relative to the Townsend plan; to the Committee on Ways and Means.

864. Also, petition of Miss Emma MacKay, Boynton Beach, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

865. Also, petition of Sarasota Townsend Club No. 1, Sarasota, Fla., petitioning con-

sideration of their resolution with reference to signing of Discharge Petition No. 7, relative to the Townsend plan; to the Committee on Ways and Means.

866. Also, petition of Lakeland Townsend Club No. 1, Lakeland, Fla., petitioning consideration of their resolution with reference to signing of Discharge Petition No. 7, relative to the Townsend plan; to the Committee on Ways and Means.

867. Also, petition of E. C. Atwood, Cassadaga, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

868. Also, petition of William M. Hamilton, Orlando, Fla., and others, petitioning consideration of their resolution with reference

to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

869. Also, petition of E. J. Minges, Miami, Fla., and others, petitioning consideration of their resolution with reference to signing of Discharge Petition No. 7, relative to the Townsend plan; to the Committee on Ways and Means.

870. Also, petition of Mrs. Lizzie Beers, Cassadaga, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

871. Also, petition of Mrs. Addie Perkins, Pine Castle, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

This brings me to a point that is tied tightly to the problem of furnishing food to distressed Europe. What card is the best one we can play to help accentuate the utility of our contribution in food and other products to Europe? In my mind it is to retain and build up our military strength. It is sad to contemplate, but I think we all must realize that it is true that the great nations of the world are still motivated by brutal force. They look at a potential competitor with these thoughts in mind: Does he have the will to fight? Does he have a large air force, a large navy, and a powerful army? Does he have a strong scientific research development program? Does he have the production line to accentuate the power of his military might? If he does have that strength, these nations will respect that force or that potential force. It is that road that we must travel, contradictory as it may seem, to enter the highway to world peace. If we maintain our patience, continue to bargain, perhaps even accept insults without losing our temper and poise, it is possible and even probable that those who are now obstructing the pathway to peace will change their tactics. They may finally agree among themselves that they might better find a way to compromise for their own benefit. That is what I hope we can and will do. Another war, considering the development of devastating weapons to date and what is being planned for the future might result in the suicide of the civilized people of the world. It is possible to do this, according to our scientists, by our development of these lethal weapons. We have heard these witnesses in our committees.

Some of this information is known to the public and some of it which is more powerful for the future devastation of any future enemy is not known to the public. The overpowering problem of this day and the future is to find a way to turn these scientific developments to peaceful purposes. It is to find the mechanism through international organization and collaboration to make it impossible for any country to use these lethal and destructive weapons in trying to adjudicate these disputes. I personally think it is possible to do this. I believe that in the broad program on which we are embarked that we are on the road to accomplish that purpose.

The matter of giving relief is one of the steps that will put us in a position to start the accomplishment of that program. Retaining our military strength will be another stone in that edifice. If we can do this the next two or three decades could very well be the most important period in the history of the human race. Failing, the decades could be the darkest page in human history.

As long as I remain in Congress I wish to work toward that end. Without its accomplishment there will be a perpetual cloud hanging over our national life and over the life and business of every institution in our country. We must rely on the collaboration of other countries to accomplish this. We can and, in our position, must be the leader. But without the collaboration of others, so that we may have collective action through which the group will subdue any international murdered who may arise, we will fail.

This has not been a very optimistic discussion. My main purpose is to try to stimulate your thinking and perhaps to get you to understand the broad outlines of the major problem which faces us. We can do the expedient thing. We can do the easy thing by washing our hands of the problems of the rest of the world by merely saying they do not concern us. But if we do, as sure as the sun rises tomorrow, our children and their children will face the disappointment and the tragedy in much larger and terrible proportions than we faced tragedy and possible destruction from 1941 to 1945.

Where, Oh Where, Is the Steagall Amendment?

EXTENSION OF REMARKS

OF

HON. REID F. MURRAY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, December 5, 1947

Mr. MURRAY of Wisconsin. Mr. Speaker, many prominent persons in Government like Secretary of Commerce Mr. Harriman, Mr. Eccles, of the Federal Reserve, and even Secretary of Agriculture, Mr. Anderson, advocate a rejuvenated OPA to be placed on the farmers of America. Some advocate a meat-price fixation as if that was a cure-all.

Do you suppose they need a ceiling on chicken prices in the Midwest, where chickens are selling at 50 to 60 percent of parity when the law clearly states 90 percent of parity? Ninety percent of parity is 24.8 cents per pound. The following are chicken prices in the Midwest:

Poultry markets

Dickinson, N. Dak., Nov. 27, 1947:	Cents
Heavy hens.....	16
Light hens.....	10
Heavy springers.....	18
Light springers.....	15
Cocks.....	7
Eggs.....	45

Wahpeton, N. Dak., Nov. 26, 1947:	
Heavy hens, 4½ pounds and up.....	19
Light hens under 4½ pounds.....	12
Cocks.....	8
Spring, 4½ pounds and over.....	19
Springs, 2½ to 4 pounds.....	17
Leghorn springs.....	13
Eggs.....	36

Huron, S. Dak., Dec. 1, 1947:	
Heavy breed springs.....	17
Leghorn springs.....	14
Heavy hens, 4½ pounds.....	17
Cocks.....	8
Light and Leghorn hens.....	12
Eggs, extra grade A large.....	50
No. 1 eggs.....	37
No. 2 eggs.....	25

Aberdeen, S. Dak., Nov. 17, 1947:	
No. 1 heavy hens, 4½ pounds and up.....	19
No. 1 hens under 4½ pounds.....	13
No. 1 Leghorn hens.....	13
Old roosters.....	8
Heavy breed springs.....	20
Leghorns.....	16
Eggs, extras.....	46
No. 1 eggs.....	36
No. 2 eggs.....	27

Oelwein, Iowa, Dec. 1, 1947:	
Leghorn hens.....	13
Heavy hens.....	18
Leghorn cocks.....	8
Heavy cocks.....	8
Springs over 5 pounds.....	18
Springs under 5 pounds.....	13
Leghorn springs.....	13
Eggs, hennery.....	50
No. 1 eggs.....	34
No. 2 eggs.....	29

Muscataine, Iowa, Dec. 1, 1947:	
Heavy breed hens.....	19
Leghorn hens.....	15
Heavy breed springs.....	23
Leghorn springs.....	16
Cocks.....	12
Eggs, grade A, large.....	50
Eggs, grade B.....	40
Eggs, grade C.....	28

Northfield, Minn., Nov. 13, 1947:	Cents
Light hens.....	12
Heavy hens.....	19
Light springs (under 4½ pounds).....	20
Heavy springs (over 4½ pounds).....	22
Stags.....	10
Cocks.....	10
Eggs, No. 1.....	45
Eggs, medium.....	34
Eggs, undergrades.....	28

Wadena, Minn., Nov. 13, 1947:	
No. 1 hens, 4½ pounds and up.....	20
No. 1 hens, under 4½ pounds.....	13
Roosters.....	8
Springs, colored.....	21
Leghorn springs.....	14
Eggs, grade A, large.....	46
Eggs, grade A, medium.....	35

There is not one example in this list of markets where chickens, or eggs either, are bringing the legal lawful price. The present administration has the power, authority, and money to control prices and the above is the responsibility of this administration.

Sales Prices of Commodities for Relief Purposes

EXTENSION OF REMARKS

OF

HON. JACK Z. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 5, 1947

Mr. ANDERSON of California. Mr. Speaker, considerable discussion took place on the Senate floor last week regarding the sales price at which commodities acquired under the price-support program by the Commodity Credit Corporation will be sold for relief purposes. An amendment, introduced by Senator KNOWLAND, was passed by the Senate and reads as follows:

Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by the Commodity Credit Corporation under any price-support program may be disposed of by the Corporation, for use in carrying out this or any other act providing for assistance and relief to foreign countries at such price as may be determined by the Corporation, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of.

The effect of this language on the Commodity Credit Corporation has been discussed with officials of that Corporation. This amendment could result in a tremendous drain on the financial resources of the Commodity Credit Corporation. Unanimous consent is asked to insert a table showing the effect of this amendment on the sales price of various price-support commodities in the raw-material form as well as in the processed form. Illustrating its effect, Commodity Credit Corporation paid \$1.26 per pound for dried eggs purchased under its price-support program, and could sell them for 32.5 cents per pound, consisting of 9½ cents representing the wheat-equivalent basis of the raw eggs and 23 cents representing the processing costs.

If the minimum prices authorized by the Knowland amendment were followed in the disposition of all price-support food inventories now in the hands of Commodity Credit Corporation, it would incur a loss of about \$50,000,000. The Commodity Credit Corporation should not be expected to absorb costs of processing raw foods into a form suitable for export. Even without absorbing these costs, however, the financial position of Commodity Credit Corporation will be seriously affected.

Although the language of the Knowland amendment is authorizing only, and Commodity Credit Corporation is not directed to sell its commodities at a price which may be the equivalent of the domestic market price of a quantity of wheat having the same caloric value,

it will be a temptation on the part of State Department, Department of Army, and others to bargain with Commodity Credit Corporation and defer its agreement to use such commodities until such time as Commodity Credit Corporation agrees to the lowest price authorized by this amendment. It should be made clear that the Commodity Credit Corporation is not expected to sell all its surplus commodities at this price, nor will it be expected to absorb any processing or other costs necessary to convert an item purchased under its price-support program to a form suitable for use in one of the relief programs.

It is believed that most Congressmen favor the main purpose of the Knowland amendment, namely, relieving some of the pressure on bread grains and in-

creasing the utilization of certain less scarce substitute foods. The point should be made, however, that the losses of Commodity Credit Corporation under this program will not be a true measure of the cost of price-support programs. Funds appropriated for farm programs should be distinguished from funds appropriated for foreign aid. The farmers should not be saddled with huge costs of programs where they are not responsible. The Commodity Credit Corporation should be reimbursed for any losses incurred as a result of selling commodities in line with the price equivalent to the domestic market price of a quantity of wheat having an equal caloric value or for any price less than it could obtain otherwise.

Estimated quantities of selected commodities available for export through June 30, 1948, with cost comparisons based upon their caloric equivalents in wheat¹

Commodity (1)	Unit (2)	Quantity available for export			Cost per "processed" pound		Estimated price per pound (cents), WEB ⁶ (8)	Estimated net sales loss per pound based upon—	
		From CCC stocks ² (3)	From commercial sources ³ (4)	Total (3)+(4) (5)	At point of farm production (cents) ⁴ (6)	After processing (cents) ⁵ (7)		Columns (6)-(8) (cents) (9)	Columns (7)-(8) (cents) (10)
Eggs:									
Dried.....	Tons.....	14,580		14,580	103.00	126.12	9.45	93.55	116.67
Frozen.....	do.....	30,627		30,627	27.50	32.34	2.50	25.00	29.84
Fruit juices, citrus:									
Orange, concentrate, 65-percent soluble.....	1,000 gallons.....		2,500	2,500		25.00	3.56		21.44
Lemon, concentrate, 40-percent soluble.....	do.....		2,000	2,000		22.50	2.52		19.98
Grapefruit concentrate, 65-percent soluble.....	do.....		1,000	1,000		20.45	3.53		16.92
Orange, single strength.....	1,000 cases 24/2's.....		2,000	2,000		6.08	.58		5.50
Grapefruit, single strength.....	do.....		6,000	6,000		5.07	.57		4.50
Dried fruits:									
Prunes.....	Tons.....	60,000	30,000	90,000	7.26	9.06	4.15	3.11	4.91
Raisins.....	do.....	72,301	40,459	112,760	6.14	8.14	4.47	1.67	3.67
Apples.....	do.....		5,000	5,000		16.00	4.28		11.72
Peaches.....	do.....		7,500	7,500		13.75	4.10		9.65
Figs, white.....	do.....		4,000	4,000		13.75	4.17		9.58
Potatoes, raw, white.....	Hundredweight.....	1,250,000		1,250,000	1.90	3.30	1.08	.82	2.22
Sweet potatoes, raw.....	Bushels.....	153,603		153,603	2.65	3.00	1.64	1.01	1.36
Canned vegetables:									
Beans, green and wax.....	1,000 cases 24/2's.....		500	500		7.37	.25		7.12
Peas, green, standard quality.....	do.....		3,000	3,000		7.00	.83		6.17
Sweet potatoes.....	do.....		1,000	1,000		8.42	2.01		6.41
Juice, tomato.....	do.....		2,500	2,500		8.33	.32		8.01
Onions, dehydrated.....	1,000 pounds.....		2,500	2,500		40.00	5.03		34.97

¹ The total number of calories contained in quantities listed in column 5 is approximately 870,542 million, which would cost in processed form an estimated \$142,988,000 or an average cost of 16.43 cents per 1,000 calories. The same number of calories would be contained in 9,884,000 bushels of wheat (whole grain basis, 90 percent or over extraction) which if purchased at an average price of \$3 per bushel would be equal to 3.4 cents per 1,000 calories. In other words, the cost ratio of the above commodities when compared to the calorie equivalent for wheat is 4.83 to 1.

² Includes CCC stocks on hand or under negotiation to purchase.

³ Additional quantities of commodities which are estimated to be available from regular commercial outlets.

⁴ Estimated farm price for a pound of "processed" product. Entries are shown in this column and column 9 only for those commodities with respect to which CCC now has stocks on hand. The per-pound differences between columns 6 and 7 represent costs of processing including packaging, storage, etc.

⁵ Actual per-pound cost to CCC, including transportation, packaging, storage, etc., for commodities either on hand or under negotiation to purchase as shown in column 3, plus estimated cost of additional, available quantities shown in column 4.

⁶ "Wheat equivalent basis": Estimated sales price per pound based on the calorie equivalent in wheat, assuming a \$3-per-bushel price for wheat and the calorie content based upon whole grain at 90-percent-or-over extraction.

⁷ Additional costs would be incurred in drying the frozen eggs for export. The frozen eggs are currently being offered for sale domestically at not less than cost. The dried eggs are being offered for export at a price of 65 cents per pound.

⁸ CCC stocks as of Nov. 15, 1947.

No Need To Give Up Ships

EXTENSION OF REMARKS

OF

HON. HENRY J. LATHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 5, 1947

Mr. LATHAM. Mr. Speaker, under leave to extend my remarks, I wish to bring to the attention of the Congress the following very meritorious editorial which appeared in the New York Sun on Monday, November 24, 1947:

NO NEED TO GIVE UP SHIPS

In drawing up their lists of wants and how these might be met, the European participants in the Marshall plan estimated that moving supplies to Europe would impose a dollar drain of \$1,214,000,000 in shipping costs and suggested this might be offset by the transfer of surplus American vessels to foreign owners. The National Federation of American Shipping promptly questioned these figures and observes now that its position has been sustained by the report of the President's Committee on Foreign Aid—the Harriman report—which says the drain will be nearer \$300,000,000. This is only about 2 percent of the anticipated aggregate cost of the Marshall plan, and the Harriman committee concluded that the lim-

ited financial savings are not sufficient to justify the drain on United States resources for national defense which such transfers would involve.

In this connection the National Federation of American Shipping also notes that Europe's greatest maritime needs are not of the type which could be filled from America's pool of war-built ships. What the European participants most need are smaller vessels for coastal trade. In vessels of the Liberty and Victory types, those of 5,000 gross tons and over, the European maritime nations now have 1,400,000 tons more than they had in 1938. Furthermore, they possess 75 percent of the world's capacity for shipbuilding, which is now engaged in the construction of cargo and passenger ships at a time when American operators do

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

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For actions of December 8, 1947
80th-1st, No. 159

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HIGHLIGHTS: House debated interim foreign-aid bill: Agreed to amendments to make pro-gram retroactive to Dec. 1, to prohibit creation of new agencies, and to prohibit credits to foreign countries; rejected amendments to send Extension agents to Europe, to strike out "incentive goods" provision, and to prohibit use of items in short supply; and debated amendments to restrict shipment of fertilizer and farm machinery. Sen. Morse urged establishment of pulp industry in Alaska. Foot-and-mouth disease subcommittee submitted recommendations to full House Agriculture Committee on program.

HOUSE

1. **FOREIGN AID.** Continued debate on H.R. 4604, the interim foreign-aid bill (pp. 11267-303).

Agreed to the following amendments:

By Rep. Vorys, Ohio, 129-3, to make the interim-aid program retroactive to Dec. 1, 1947 (pp. 11282-3).

By Rep. Case, S.Dak., 132-117, to make clear that the bill does not authorize creation of new agencies to carry out the program, and to strike out the authorization for establishing in this country credits subject to control of the President for recipient governments, which Rep. Case claimed, "would enable the President to ignore the present laws regarding obligations and expenditures" (pp. 11283-4).

Rejected the following amendments:

By Rep. Edwin Arthur Hall, N.Y., to provide for sending 100 to 500 Extension agents to teach European farmers how to increase crop production (pp. 11267-76).

By Rep. Coudert, N.Y., 135-145, to strike out the authorization for use of "incentive goods" in the program (pp. 11284-90).

By Rep. Wheeler, Ga., 109-136, to prohibit procurement, for this program, of items in short supply in the U.S. (pp. 11291-8).

There was discussion of an amendment by Rep. Abernethy, Miss., to prohibit use of fertilizer in the program so long as the supply is inadequate for American farmers' needs; and also a proposed amendment to this amendment, by Rep. Andersen, Minn., to provide the same restriction regarding farm machinery and petroleum products (pp. 11301-3).

Rep. Church, Ill., submitted, but temporarily withdrew, an amendment to provide, he said, that "the allocation of funds shall be limited to the appropriation authorized in this bill" (pp. 11290-1).

Rep. Gross, Pa., claimed that Secretary Anderson is apparently trying to boost prices; that the Government is making fats and oils more scarce by peanut-quota programs; that CCC is "gambling" and "tinkering" to maintain false prices of peanuts, dried fruits, eggs, etc.; that the livestock-feeding limitations would cause meat shortages; that wheat was purchased months ago to ship abroad whether Congress appropriated the money or not, etc. (pp. 11298-9).

2. OLEOMARGARINE TAX. Rep. Buck, N.Y., inserted a Washington Post editorial urging removal of tax on oleomargarine. (p. 11266).
3. FOOT-AND-MOUTH DISEASE. The Foot-And-Mouth Subcommittee of the House Agriculture Committee submitted to the full committee a report containing recommendations for continuing the foot-and-mouth disease eradication program (p. D702).
NOTE: There are no copies of this report available for distribution.

SENATE.

4. FOREIGN AFFAIRS. Ratified, 72-1, the Inter-American Treaty of Reciprocal Assistance (pp. 11240-55).
At the request of Sen. Smith, N.J., H.R. 3342, the proposed U.S. Information and Educational Exchange Act, which was reported by the Foreign Relations Committee on July 16, was recommitted to the Foreign Relations Committee "for further amendment before being reported to the Senate for final action" (p. 11237).
5. FOREST PRODUCTS; ALASKA. Sen. Morse, Oreg., spoke in favor of the development of Alaska's "paper-pulp resources under a scientifically designed program of sustained yield," and recommended "the early construction of a pilot plant for the manufacture of newsprint in that Territory" (p. 11260).
6. TENNESSEE VALLEY AUTHORITY. Sen. McKellar, Tenn., inserted John T. Flynn's recent article criticizing TVA's activities and a Chattanooga News-Free Press editorial on the subject (pp. 11237-9).
7. NOMINATIONS. Confirmed the following nominations: Wm. H. Draper, Jr., to be Under Secretary and Gordon Gray to be Assistant Secretary of the Army; John L. Sullivan to be Secretary and W. John Kenney to be Under Secretary of the Navy; W. Stuart Symington to be Secretary, Arthur S. Barrows to be Under Secretary, and Cornelius V. Whitney and Eugene M. Zuckert to be Assistant Secretaries of the Air Force; Arthur M. Hill to be Chairman of the National Security Resources Board; Thomas J. Hargrave to be Chairman of the Munitions Board; and Vannevar Bush to be Chairman of the Research and Development Board (p. 11263).
The Banking and Currency Committee favorably reported the nominations of Franklin D. Richards to be Federal Housing Commissioner and Raymond M. Foley to be Housing and Home Finance Administrator (pp. 11261).
8. SUGAR. Sen. Butler, Nebr., inserted Central Nebraska Beet Growers' Assn. resolutions requesting early determination and recommendation by the Department of the fair sugar price and the labor rates, and urging the Department to attempt to make "Mexican national labor available for the 1948 season" (pp. 11235-6).
9. WILDLIFE. Both Houses received from the Interior Department the annual report of the Migratory Bird Conservation Commission (pp. 11235, 11304).
10. FOREIGN AID. Received a resolution of the Stamford (Conn.) C. of C. favoring the "Marshall Plan" (p. 11235).
Sen. Lodge, Mass., inserted a statement setting forth his views on a long-range European Aid plan (p. 11256).
11. FOOD PRICES. Received a N.Y. State Federation of Women's Clubs resolution protesting the rising prices of foodstuffs (p. 11235).
12. RECESSED until Wed., Dec. 10 (p. 11262).

from Utah [Mr. Dawson], entitled "Alaska, the Promised Land."

Mr. AUGUST H. ANDRESEN asked and was given permission to extend the remarks he will make in the Committee of the Whole today on the interim-aid bill and include certain tables and extracts.

Mr. TRIMBLE asked and was given permission to extend his remarks in the Record.

INTERIM AID BILL, 1947

Mr. EATON. Mr. Speaker, I move that the House resolve itself into the Committee on the Whole House on the State of the Union for the further consideration of the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4604, with Mr. MICHENER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday the first section of the bill had been read.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWIN ARTHUR HALL: Page 1, after line 4, insert:

"The Secretary of Agriculture shall be called upon to select not less than 100 and not more than 500 county agricultural and home demonstration agents wherever available throughout the United States for immediate voluntary service in countries devastated by the recent war and being financed by American aid.

"Sec. 2. The Secretary shall make available said agents for duty along the following general lines:

"(a) To scrutinize, study, and observe agricultural activities in the afore-mentioned areas.

"(b) To work along with departments of agriculture in the official governments of these nations in advisory capacities.

"(c) To make available to them their services, advice, and knowledge to individual farmers to the end that their production of grains and foodstuffs be increased to adequately feed their entire populations.

"(d) To encourage the improvement of farming and husbandry wherever necessary.

"(e) To foster the inherent desire on the part of the farmers of said countries to be self-sustaining and raise sufficient food crops to make their populations eventually independent of outside aid.

"(f) To introduce and improve the arts of homemaking, cooking, dressmaking, and allied subjects.

"Sec. 3. For the purposes of carrying out the work of said agents, there shall be made available funds from whatever appropriations are made by the Congress for official United States aid to Europe.

"Sec. 4. Wherever localities in the United States have been deprived of services of said agents, vacancies shall be filled forthwith by regular authority so as not to impede or hamper agricultural extension work in the United States."

Mr. EDWIN ARTHUR HALL. Mr. Chairman, about a week ago in the December issue of the Farm Journal, Mr.

Ray Anderson, an editorial writer and an authority on agriculture, made the suggestion he felt that county agents and home demonstration agents in the United States could do more for Germany and for some of the occupied areas in 2 years than any other group that he knew of. He felt these agents could put European agriculture on its feet within 2 years and that there would be very little difficulty from the standpoint of administrative functions. He is absolutely sound in his conviction that we ought to make the unfortunate peoples of the world self-sufficient from the food-getting standpoint.

May I quote from some of the authorities and some of the various leaders who have endorsed the plan embodied in the Hall amendment. I want to say that the only question I can think of that could be raised against it would be a challenge that we were attempting to put the Department of Agriculture in the relief business. However, that is entirely the opposite case, because 100 to 500 county agents are asked to do this job and to assist in the regular administration of it. I am going to read some of the testimony and some of the approval which has been given by various leaders, including our own distinguished gentleman from Minnesota [Mr. August H. ANDRESEN]:

I am convinced that the proposal is sound.

The gentleman from Minnesota [Mr. MUNDT], of the Committee on Foreign Affairs, says:

Ray Anderson's stirring article makes sense. What I saw in Germany this summer supports Anderson's position.

Representative CLARENCE CANNON, of Missouri:

One hundred county agents, if given facilities, could do the job, or at least could make appreciable progress.

Representative JOHN TABER, of New York, recently in Europe:

Their methods of farming are crude. They certainly do need some kind of a steer.

D. Howard Doane, Doane Agricultural Service:

Ray Anderson hit the nail square on the head.

Mrs. Niles M. Davies, farm woman, Congers, N. Y.:

Brilliant and down to earth.

Hale Dane, Iowa City, Iowa, farmer:

Your idea makes more sense than any program yet devised.

Robert G. Sproul, president, University of California:

I found it most convincing.

M. L. Wilson, director of extension work, United States Department of Agriculture.

The proposal is excellent.

W. I. Myers, dean of agriculture, Cornell University:

If production supplies could be provided in reasonably adequate amounts, a group of county agents could certainly do a lot.

County agents, home demonstration agents, and farmers, too, are willing to go to Germany to help the work.

I might say in connection with that at a meeting of upstate county agents in New York this idea was endorsed 100 percent and they are absolutely ready to volunteer their services to put farmers in some of these devastated sections on their feet.

I submit to the House that we are here today to write a bill which will be helpful to the people of Europe, to help the down-trodden, to give the hungry nourishment, to clothe the naked and give them shelter. I hope that we can pass this amendment so that these county agricultural agents will be able to give sound advice and suggestions and help to the farmers of Europe. There is no question but what their advice and their aid is needed, and I submit for the consideration of the House that such a program is absolutely necessary.

Some have said that the county agricultural agents are employed in the various localities here in this country and could not be taken off the job. In my amendment it is provided that wherever a vacancy occurs, the vacancy shall be filled by a substitute, by the proper authorities, and under no circumstances would American agriculture be handicapped in any way whatsoever.

I submit this amendment for the approval of the House.

Mr. EATON. Mr. Chairman, while we all know that our county agents are a magnificent group of men and very competent to meet conditions in this country, I object to the amendment on the ground that it is not germane to this bill.

The CHAIRMAN. The Chair did not understand that the gentleman from New Jersey made a point of order. If he attempted to, he was too late, because debate has been entered upon.

Mr. COX. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this proposal is perfectly foolish. There is not a 2-acre farmer in Germany who does not know more about agriculture as it relates to Germany than all our farm agents, taken singly or as a whole, ever dreamed of.

Mr. JARMAN. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, I came in as the amendment offered by the gentleman from New York was being read, and I am not sure that I understand it. If I am mistaken, I would be very glad to have him correct me. As I understood the amendment, it was to send from 100 to 500 county agents to Germany. If that be true, the amendment is entirely ungermane to this bill, because Germany is not under consideration in this bill at all.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I gladly yield to the gentleman from New York.

Mr. EDWIN ARTHUR HALL. I do not mention Germany in the amendment, I mention simply the areas devastated by the war and that are the recipients of American aid.

Mr. JARMAN. Then I am mistaken. I thought Germany was specifically mentioned. I thank the gentleman.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Texas.

Mr. POAGE. Has the gentleman observed any great benefit brought about by a deaf and dumb county agent in his district? If the county agent in the gentleman's district were deaf and dumb, would he be able to do very much for the farmers?

Mr. JARMAN. There never has been either a deaf or dumb agent in my district.

Mr. POAGE. No. Could any ordinary county agent, from New York, Alabama, or Texas, go to France or Italy and speak the language of the people well enough to be able to carry on the kind of conversation a county agent has to carry on if he is to be worth anything to the people?

Mr. JARMAN. He certainly could not. Furthermore, I am impressed with the fact that the average county agent in the United States, competent though he be, and most of them are very competent, I think, would have to spend so much time learning the way the people farm in the country to which he would go that the aid given by this bill, which is purely a temporary stopgap endeavor, would be over before he ever learned how to be of any real benefit.

Mr. POAGE. In effect, every county agent in America who was sent over there would for the first year or so be deaf and dumb.

Mr. JARMAN. He certainly would.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Ohio.

Mr. VORYS. If this amendment is adopted, it might be quite well to establish a language school so that these 500 gentlemen could spend the next 3 or 4 months learning the language in order that they could be helpful.

Mr. JARMAN. That is quite correct.

May I say in conclusion that time is the essence of this stopgap bill, and any such amendment as this would undoubtedly delay the program unnecessarily.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not know how deaf and dumb some of our county agents would be if they were sent over to Europe to try to teach the people over there to raise foodstuffs for themselves, nor do I know how deaf and dumb a lot of people in this country might be, nor do I know how deaf and dumb a lot of people are all over the world. But I wonder if we know, as a House of Representatives, whether this House knows what it is doing. Can it be said we are deaf and dumb? I do not know whether the deaf and dumb Members—I dare not say they might be here, because I would be expelled, but I wonder sometimes whether we know what we are doing to America. When you consider the fact that this Congress is trying to take all the duties and responsibility of all the nations of the world; when you have a Congress now that wants to get the taxpayers of America to pay for the operation of every government in the world; when you have a \$260,000,000,000 debt; when you have

given \$300,000,000 to Greece and \$100,000,000 to Turkey; when you have given over \$66,000,000,000 for lend-lease and aid to foreign countries, I wonder where the deaf and dumb people are. When you have a \$260,000,000,000 debt, and when this country is just about on the rocks, and you are now proposing to take care of France and Italy over the winter, when everybody over there is striking and not producing, and you are proposing a bill here for \$590,000,000, with Greece hollering for more; you gave Great Britain \$3,400,000,000 and she hollers for more, when what she got was supposed to last for several years, and you do not know exactly how long this will last them; and if we are going to be good spenders like we have been, I wonder where the deaf and dumb people are. Certainly, they are not all in Europe, Asia, or Africa or South America, nor in America out of Congress.

When Drew Pearson broadcast over the radio requesting food to go to the starving people of Europe, the American people through their pity and generosity gave 265 carloads of food. That was a wonderful thing with just a little bit of effort. Yet it was a great thing. The American people want to help the starving people of the world. There is no doubt about that. We did it that way for years. I want to help just as much as any of you, and I will go down into my pocket to help just as much as anybody will for the starving but when I think of the way we are doing things to take care of the starving people of the world, in such an extravagant way, I wonder where the deaf-and-dumb people are. Gosh sakes alive, I just feel as if—well, I will not say it. We can feed the starving people of Europe if you let the American people make donations to help the starving people. They have done it before and they will do it again. Let the Red Cross or the Salvation Army help distribute the food to the poor. Give it to the Salvation Army, they will do a good job and the poor will get the food. They will do more with a thousand dollars than the bureaucrats can do with a million dollars. Food will get to the poor and there will be no rake-off or graft or starving people. Anyhow, where are you going to get the money to buy commodities to give it to the French and Italians? Do not think that you are so wise that you can tax the people of this country for these great enormous sums of money. Do not think that the American people can stand that. It just cannot go on any longer. Now you have to use a little common sense. Before this session is over, you are going to be asked for \$20,000,000,000 for the next 5-year period to be spent for these people to run their governments. This amount in 40 years will be \$50,000,000,000. Suppose you have a depression in 1950 or 1951, and you have to scrape up four or five billion dollars out of the Treasury of the United States, a Treasury that is empty. A Nation that is broke. Where are you going to get the money? Why, I have asked that question thousands of times in the last 15 years, and there is nobody around here who has brains enough to tell us where you are going to get the money. All you

think of is spend, spend, spend. I want to warn this Republican-controlled Congress that if you are going to carry on the New Deal tactics of spending that has gone on here the past 15 years, you will be as dead as mackerels after next November. The American people want some common sense in the operation of our Government, our people want less taxes, more food and at lower prices. We do not want higher wages and less food, we want more work, longer hours, more food and commodities that will bring lower prices. That will make America happy and prosperous. We must watch our exporting that robs us of lumber, steel, foods, and so forth; thus a scarcity, thus higher prices. Too much money and too little merchandise make high prices. Wake up, you Congressmen. Make America strong and take care of our own people. As I see this bill, you are leading America to worse conditions, not better. Let charity feed France and Italy. They will and can do it. It did it before and it will do it now. Be wise and economize.

Mr. EATON. Mr. Chairman, I ask unanimous consent that all debate on this amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. RICH. Mr. Chairman, I object. There are several Members who want to speak on this amendment.

Mr. BUFFETT. Mr. Chairman, I rise in opposition to the amendment, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BUFFETT. Mr. Chairman, a few days ago my office made a call to the Treasury. We were trying to find out the total amount of obligations guaranteed by the United States Government, in addition to the \$260,000,000,000 debt.

Under authority granted by Congress, the Veterans' Administration, the Navy, the various housing authorities, and many other bureaus are regularly guaranteeing large numbers of loans going into the banks of the Nation.

I was interested in ascertaining how much those obligations totaled; how much the United States Treasury had guaranteed.

Our call to the Treasury produced this news, astounding to me, but perhaps not too amazing in view of the reckless spending pathway we are on:

The Treasury of the United States has no knowledge of the amount of outstanding guaranteed obligations under the various financial programs set up by Congress. The Treasury of the United States does not know whether there are five billion, ten billion, or fifty billion, or a hundred billion of obligations guaranteed by the Treasury of the United States under the loan programs now in process.

Mr. Chairman, I wonder how long the treasurer of a corporation would last if his board of directors came to him and said, "We want to know how much paper our corporation has guaranteed," and the treasurer said, "Oh, I don't know. It may be a million or ten million or fifty million. We do not keep track of it."

Yet that is the state of the Treasury of the United States. Our office is told that no record is kept of the amount of obligations guaranteed by the United States Treasury. But the blame for this fantastically reckless situation does not rest with the Treasury alone. It also reflects congressional dereliction.

With this loose accounting recklessness on our own doorstep, yet we go right ahead and appropriate more hundreds of millions for foreign hand-outs. I submit that this action, Mr. Speaker, plays right into Mr. Stalin's hands.

I wonder how long it will be before this House will come out of this spending frenzy, only to find out that this hand-out program is another sucker play for the Communists.

This House voted the British loan 18 months ago. They claimed it would be a bulwark against socialism and communism in Europe. Now we know it was a counterfeit bulwark. Instead it was a stimulant to British socialism and communism.

The regular pattern of "sucker plays" for communism in which this House has long acquiesced should have sharpened our perceptions by this time. A few years ago administration leaders were strongly in favor of unconditional surrender. When it is too late, we learn that unconditional surrender was cleverly promoted by the Communists.

Then we had the Morgenthau vengeance plan. Then, too late again, we learned it was a sucker play for the Communists.

Then we had UNRRA, and its billions went to make communism dominant in many countries of Europe. How long does Congress intend to stupidly respond to the trick decoy moves by the Communists?

If you or I were sitting in the Kremlin, we would say to ourselves, "What can we do next to make the American Government pour its resources across the oceans?" The Communists know that the smart thing for them to do is to needle America. That will, as long as we fall for it, keep us overextended and over-expanded all over the world. That is the sort of self-depletion that weakens us decisively. Then communism can march in all over the world.

No move will profit Russia more than American hand-outs that cause domestic inflation and currency chaos in America.

On Saturday I studied the bond index for the New York Stock Exchange. That bond index, I am told, is the most sensitive barometer of the investment market in this country. Those bond indexes last Saturday made a new low for many years. Investment capital is becoming seriously alarmed at the reckless state of our finances.

So again I ask you, could Russia figure out anything more certain to accelerate world communism than American global spending? I do not believe so.

When Congress pours the wealth of this country across the seas at a time when our own people are desperate over the high cost of living, Congress is doing more for communism than the Russians can do.

Mr. Chairman, this hand-out plunges us deeper into currency chaos. I recog-

nize that so long as Congress is hysterically bamboozled on this subject, our resources will continue to be dissipated on a sham battle.

However, I do hope and pray that when the people in desperation halt this congressional stampede, they will properly assess the responsibility for this tragic bungling.

Mr. VORYS. Mr. Chairman, again I ask that debate on this particular amendment—not this section, but this amendment—now close. I know there are many who did not have a chance to express themselves in general debate, but if it is not on this amendment I feel that debate on the amendment should close.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. BENDER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. BENDER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, now that the one great problem before the American people has been solved—that is, we have learned the identity of Miss Hush—we can think about the really important business of the country. Everywhere throughout the land, in beauty parlors, stores, shops, and other places, we hear conversations about the high cost of living; in fact, in my own home town on Saturday I heard from several of my constituents who were in quite a large gathering. The story was related that rationing books were already being printed down here in Washington. As a matter of fact, there are rumors, rumors, rumors all over this land regarding rationing, and the high cost of living is occupying the attention of the people everywhere. At the same time that our people are being sold on the Marshall plan—and I admit very frankly that the people throughout the country have been sold a bill of goods on the Marshall plan, they believe the Marshall plan is all right—but at the same time they are against the high cost of living. They are for the Marshall plan but they are against the high cost of living. Now, I ask you, how can you be for the Marshall plan and against the high cost of living at the same time? I am asking my Democratic brethren to answer the question, and I see my friend who is just about to rise; and I ask him, How can he be for the Marshall plan and against the high cost of living?

Mr. McCORMACK. Was the gentleman referring to me?

Mr. BENDER. Yes, I was referring to my good friend, and I regard the gentleman as my friend.

Mr. McCORMACK. The gentleman is afraid, now. He said I was about to rise.

Mr. BENDER. No; afraid, not at all. Who said, "afraid"?

Mr. McCORMACK. The gentleman is afraid of what?

Mr. BENDER. Afraid? I am not afraid.

Mr. McCORMACK. The gentleman used the word "afraid." I was wondering what he was afraid of.

Mr. BENDER. I do not know what the gentleman is talking about. I am just asking him to tell me how he can be

for the Marshall plan and at the same time be against the high cost of living.

Mr. McCORMACK. Who was the Democratic friend the gentleman had in mind whom he said was about to rise?

Mr. BENDER. My good friend, the gentleman from Massachusetts.

Mr. McCORMACK. Then my deductions were correct.

Mr. BENDER. Yes; and as far as I am concerned I love to get into a discussion with my good friend—and we are good friends.

Mr. McCORMACK. Yes, yes.

Mr. BENDER. Go ahead and tell me—

Mr. McCORMACK. The gentleman in bygone years used to take the floor and condemn his own Republican colleagues for not supporting legislation or amending it.

Mr. BENDER. The gentleman, of course, is drawing on his imagination.

Mr. McCORMACK. Oh, I am complimenting the gentleman.

Mr. BENDER. I thank the gentleman very much. I appreciate the spirit in which the compliment is given.

Mr. McCORMACK. Does he want further refreshing of memory?

Mr. BENDER. Now when we were in a minority I did on occasion disagree with my brethren on the Republican side.

Mr. McCORMACK. So I made out my case.

Mr. BENDER. And I even supported the gentlemen on one or two occasions.

Mr. McCORMACK. Oh, a little more than one or two.

Mr. BENDER. The gentleman is asking for it. I accept his commedation; but now the question before the House is, How can the gentleman whose party is trying to evade the burning issue of the day by placing responsibility for the high cost of living and high prices on the Republicans, how can the gentleman be against the high cost of living and for the Marshall plan at the same time?

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BENDER. Certainly; I lured the gentleman into this.

Mr. McCORMACK. The gentleman, of course, might investigate established facts and ascertain the reason. For 55 months prior to June 30, 1946, we were in a war. Under the Democratic administration the average cost of living increased 23 percent. That was in nearly 5 years. Within 12 months after controls were taken off the average cost of living increased 24 percent. It went up that much.

Mr. BENDER. My good friend from Massachusetts a few days before the last congressional election said to Mr. Truman: "Now, please, Mr. Truman, take off controls on meat for 60 days."

Mr. McCORMACK. Yes; 60 days.

Mr. BENDER. And the President very graciously and very magnanimously granted his request and took off all controls. And now after 15 years of bungling they point the finger at Republicans.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KNUTSON. Mr. Chairman, I move to strike out the required number of words.

Mr. Chairman, the situation in Europe, as I get it from those who were over there this summer, is very much analogous to the situation that prevailed in the South after the War Between the States. At that time they had their devastated areas to rebuild, yet I do not recall ever reading in my history books that the Federal Government did anything to help the people of the South back on their feet.

Mr. HOFFMAN. And Great Britain did not either.

Mr. KNUTSON. And Great Britain did not either.

Now we are asked to authorize nearly \$600,000,000, which is to be merely a preliminary step, for the relief and rehabilitation of Europe. I am confused as to whether the administration wants this money for relief, or to stop communism. If it is to be relief the best relief we can give Europe is to get off their necks and give them a chance to come back on their own. I have probably visited Europe as many times as most Members of the House. In fact, I was born there. If our purpose is to halt communism, you are not going to do it by this means. If communism could be halted with money, there would not be any communism in Hollywood, where many of the Communists are down to their last yacht, and their last \$10,000 automobile. No, it does not work out that way. Communism is a political philosophy that threatens all the world, and especially the United States. By impoverishing ourselves we merely hasten its spread here at home.

But we simple hearted, simple minded Americans, will fall for most any plan to raid the Treasury that is proposed, providing it is to help someone abroad. Think of the school children in this country who are not able to attend school because they do not have clothing. Why, a few weeks ago a Dallas newspaper announced that there were 500 school children in that city, who could not go to school for the lack of clothing. Unfortunately, that condition exists all over the country. We have poverty throughout our Nation. The aged on social security are being asked to live on \$40, \$30, yes, as little as \$25 a month. Who are the bleeding hearts to speak for them?

You know, the situation reminds me very much of the Russian noblewoman who drove to the opera one bitterly cold night, encased in sables and ermine. Upon her arrival at the opera she directed her coachman to await her return. The scene was very sad and this noblewoman wept copious tears over the plight of an imaginary heroine. When she returned to her sleigh after the performance was over, she was very much annoyed to find that her coachman had frozen to death during her absence. Are not many of you a whole lot like that Russian noblewoman? You weep tears over the misfortunes of others if they are far enough away, but close your eyes to the misfortunes of your own people.

My friends, I recently returned from Minnesota, and while out there had an opportunity to talk with people from almost every State in the Union, because I was at Rochester, the Nation's medical

center. They want to know if Congress has lost its sense of proportion. And I want to say to you Republicans that they are very much disappointed over the way some of you are blindly following the New Deal program of spend and spend, and elect and elect, and unless we give more thought to our own, the shoe will be on the other foot in November.

We have already given to other countries since the close of the war nearly twenty-five billions for relief and rehabilitation. Including the measure now before us the Marshall plan will bring the total to forty or fifty billions. Can we afford it? Indeed, I am thoroughly satisfied in my own mind that to carry out the Marshall plan in its entirety, as advocated by the President and members of his cabinet, would bleed America white and, it may be pertinent to ask, who is to give us a blood transfusion once we have impoverished ourselves to the point where we can no longer help ourselves, much less others?

In the debate had on this measure not enough emphasis has been placed on the fact that European nations now have invested in this country between twenty-three and twenty-six billions of dollars. Would not ordinary caution and horse sense dictate that we require those countries to liquidate their American holdings and use the proceeds for relief and rehabilitation?

As one who was born in Europe, my heart goes out to them and I want to do everything possible to help them get back on their feet, but certainly I will not expect that we should beggar ourselves in doing so.

I am reminded of an incident that happened back in the Cleveland days while our family was yet living on a farm. You will recall that we then had a depression that was known as the Cleveland panic, although I do not believe that Cleveland had anything more to do with bringing it on than did Mr. Hoover in bringing on the depression in the early thirties, which was worldwide, and hit us last.

However, you older Members will recall that there was much distress in the country. It was the time that Coxey and his army marched on Washington demanding work and bread. Want and suffering was general.

Our home was situated on a main traveled highway and many a day my dear mother fed as many as 15 or 20 unfortunates who were aimlessly and hopelessly traveling from one part of the country to another.

One day a man drove into the yard asking for something to eat. He had a pretty good looking horse and harness, covered with a fly net, and his buggy was better than anything we had. Mother asked him why he did not dispose of his outfit before he took to begging, and as I recall, he replied that it was none of her damned business.

Are not the Europeans, with their enormous investments in this country, pretty much in the same situation as that chap? I do think it is our business and we should demand that they first exhaust their own resources before they come here with a tin cup in their hands.

The time has come to put a stop to government by hysteria and emotion. The people are demanding it and if we do not give heed to that demand there will be a lot of new faces in the Eighty-first Congress. The American people are becoming weary of being played for suckers, and if there is anyone who doubts the accuracy of that statement let him go home for 2 or 3 weeks so that he may bring himself up to date.

Another angle to this program that has been overlooked concerns the right of Congress to vote the people's money to meet foreign demands. I am thoroughly convinced that Congress does not have that right and for this reason, if for no other, I shall vote against the pending measure.

The United States Department of Agriculture reports that food shipments to foreign countries average 31 tons a minute or at an average of 44,640 tons a day. This vast amount does not include the thousands of pounds of food which leaves these shores every 24 hours in the form of packages sent by individuals.

In view of these figures, is it any wonder that the price of food is soaring here at home. Imagine if you can how those prices will skyrocket if Government buyers open a brand new raid on the American larder with the vast sums provided for in this and subsequent relief bills.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last five words.

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, there are two honest schools of thought on this question, and I do not think where we disagree that we should impugn the honesty of each other's motives, and I do not intend to do so. There are those who believe that we should do nothing for Europe; that Europe take its natural course. Of course, that includes Asia. There are those who believe that the powers of our Government in this world crisis should be used in our national interest, for our own future security, as the only means of securing a decent future world. Broadly speaking, those are the two groups.

To those, like my friends from Minnesota and Ohio and Pennsylvania, who take the opposite view—

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. KNUTSON. When we become suspicious of the world governments, is it not natural that the world governments are going to soon become suspicious of us?

Mr. McCORMACK. Continuing. I respect the views of my friends who take the position that we should do nothing. That is their honest opinion. Now, we can discuss this question on a high level, those believing that we should do nothing, giving their reasons, and those who believe in affirmative action, giving the reasons which prompt them to make up their judgment and in response to their judgment exercise their conscience by

voting for affirmative action on the part of our Government.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield for a correction?

Mr. McCORMACK. I have not started yet. Of course, I yield to my chairman; I have to, as well as to my friend, for a real contribution.

Mr. HOFFMAN. I think the gentleman is misstating the position of those he says will do nothing. I think I am at about the extreme end on that side. But, it is not that we do nothing at all. I am in favor of making appropriations to feed and clothe and provide shelter, but I want that money kept away from the politicians, see! That is the only difference.

Mr. McCORMACK. The gentleman states a position which is in favor of affirmative action.

Mr. HOFFMAN. That is right.

Mr. McCORMACK. So the gentleman falls on my side of the question, and I cannot seriously argue with the gentleman having views as to how he thinks the money should be spent. That is another question. I have no argument with the gentleman on that broad statement.

Mr. HOFFMAN. If the gentleman will yield further, I ask unanimous consent, Mr. Chairman, that the gentleman from Massachusetts be permitted to proceed for 5 additional minutes, because I think this is going to be good.

Mr. McCORMACK. I was going to make that request myself, so I thank the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McCORMACK. Looking at it from the broad angle, as I see it, the United States of America possesses the institutions that it does, and that you and I believe in, because our people believe in God. We cannot get away from that fact, whether one is a Catholic, Protestant, or a Jew; whether one attends the services of his church, as everybody should, although a lot do not; about 70,000,000 Americans do not. We believe in God Himself. Every civilization has a religious origin. There are several civilizations in the world today. There is Islamism, Mohammedanism, and various other creeds. Ours is the Christian or the western civilization. The type of government that recognizes the dignity of the individual exists where the Christian or western civilization exists. When I say the Christian or the western civilization I do not want my state of mind misunderstood. I am referring to Catholics, Protestants, and Jews, who believe in one God.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Why not spend this money through the foreign missions?

Mr. McCORMACK. That is a detail. I am discussing the basic question. If we believe in affirmative use of the powers of our Government under the present conditions, I have no argument with the gentleman. When we come to the matter of operation, he and I can disagree as to details. We can go together

on that. I am trying to discuss the fundamental question, that in the light of the world's condition it is of paramount importance first for the national interest of our country, and I base it on that, that our Government take affirmative action and use its powers and prevent the world from being dominated by atheistic or international communism. Mind you, I say "atheistic or international communism." Most people overlook the fact that when the Czars were overthrown and Lenin and Stalin took over, Russia was taken out of the influence of the Christian or western world. The very fact that a good part of the people of Russia might have a religious mind makes no difference. The powers of government are dedicated to an anti-God, anti-Christ origin.

I am not talking religion; I am talking practical facts and the influence of religion upon your life and my life. We cannot get away from it and I do not want to get away from it. We have seen the Christian or the western world whittled down, with Rumania, Bulgaria, Yugoslavia, Albania, and Poland gone. We see what is happening in Austria and Hungary. We see what they are attempting in France, Italy, and everywhere. The question is now, Can we see the whole Christian world obliterated except ourselves, and at the same time think that our national interest would not be affected? I say "No."

Just an illustration, I have here a letter about a Catholic priest. It is a Catholic priest first, but it will be a Protestant minister or Jewish rabbi next. It affects all men of religion. This letter is dated December 1, 1947, from the State Department. It speaks about a young Catholic priest who was captured some months ago by a guerrilla band of Communists in China. This is only one of many illustrations. I would be here speaking of this if it were a minister or a rabbi that was killed. This is an illustration of what is happening, showing the viciousness that is going on in the world today. The letter states:

The Department has received a telegram from the American Embassy at Nanking which transmits a message from the magistrate of P'uch'eng Hsien to the effect that Father Devine—

He was a priest in the Dominican order—

was killed when the bandits who had seized him attempted to flee from troops who were mobilizing against them. A captured bandit leader stated that the bandits fled late at night, and that Father Devine met his death when he fell into a valley, was injured, and unable to proceed was set upon and killed.

Communism does that.

We might in our society have individuals who have antisocial minds. But you and I do not have minds filled with hate. That being the basis of our way of thinking, our next step is to love our neighbor. We may not love everyone, but we do not hate our neighbors. If we have reasons for not liking a person, we may have our views about that person, but our every thought and mental process that animates and influences our life is the result of a civilization which has its origin in that way of life. Legislation which violates any one of the Ten

Commandments can never long survive, because it runs contrary to our principles governing legitimate and proper legislation. I am not trying to give a sermon. I am talking about something that we should all live up to no matter what our religious convictions are. I am talking about something that we should try to live up to in our own little humble way.

What will happen to this civilization of ours? If Italy goes, is that going to affect us—no matter what our religious convictions may be? If France goes, and if all of Europe goes under the control of the Communists, under Communist regimes, is there anyone in this Chamber who is going to tell me that that will not adversely affect the national interest of America? That to me is the basic problem. What are we going to do—let it happen? If we do nothing, it is going to happen. What hostile move are we making here? By this legislation, we are trying to save human beings and resuscitate the national economy of their country.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McCORMACK. I thank the gentleman and am grateful for the generosity of the House.

Mr. Chairman, I took the floor to express frankly the basic considerations which I believe are involved here. Of course there are many details which enter into the matter, but I am talking of the basic questions which influence me. My conscience tells me that I cannot ignore them. Somebody else may disagree with me, and I shall respect their views. No man should vote contrary to his conscience—that is all we can do. If anyone disagrees I respect his views in disagreement. But I am telling you what my conscience tells me I should do. My judgment and my conscience tell me that it is a question either of America or the Soviet Union. The peoples of the world look either to America or to the Soviet Union. No one can argue against anyone who says the money should be appropriated but that the method should be carefully watched. No one can justifiably make an argument against any Member who takes that position. No one can attack any Member for having views on the way the program should be administered if they believe that we should take affirmative action. It is not fair to attack a Member on that ground. We can have our disagreements. I do not care how it is administered in a sense so long as it is administered effectively, as long as our Government takes affirmative action.

The peoples of the world are looking to America, or in other words Washington, or to the Soviet Union, or the Kremlin. Talk about the calculated risk? What about the calculated risk for the Soviet Union? The situation that now exists in the world is not one of our making. It

is not because of England or to any other country. It is due to the failure of the representatives of the Soviet Union to approach the consideration of world problems in a spirit of understanding. Those are the things we must consider. Are we going to sit idly by and do nothing? I cannot bring myself to that conclusion. I would rather not sit in this chamber as a Representative if I felt that I had to vote contrary to my conscience just in order to be able to sit here. I cannot bring myself to that conclusion. Being firmly convinced of the situation that confronts the world, the western world, the Christian world, of which we are the main part today—and again I repeat that means Catholic, Protestant, and Jew, so that there will be no misunderstanding—I feel it is the obligation and duty of our Government, within its resources and I concede that argument; we cannot destroy ourselves in order to save the world—but I contend it is our duty and our obligation in this world crisis to use our powers affirmatively, first, for the national interest of our country and for a future decent world, because the national interest of our country is definitely linked up with the preservation of the Christian or western civilization.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. McCORMACK] has again expired.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent that I may speak for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin [Mr. KEEFE]?

There was no objection.

Mr. KEEFE. Mr. Chairman, I greatly enjoyed the remarks of the gentleman from Massachusetts [Mr. McCORMACK]. I have no hesitancy in saying that I, too, am a Christian, and I am in complete agreement with what the gentleman said as to the motivating influence that governs his thought on this very important piece of legislation.

I have just returned from speaking to people in South Dakota yesterday, and I have made a number of speeches throughout the country, while some of my friends were very profitably engaged throughout the world in an examination of world affairs. I think I know pretty well what the people of this country are thinking. It is because of that that I am confused, disturbed, and appalled at the frightening situation that today faces your country and mine. If there ever was a time in the history of this country when real leadership, real statesmanship were called for, that time is now.

Let me fortify that statement with a few facts. We are here discussing a proposal that involves an authorization of an expenditure of \$597,000,000. Were that the only problem involved, I would not shudder and shrink at the prospect, but, unfortunately for Members of this Congress and for the people of the Nation, we get the information in small doses. It is perhaps anticipated that the shock would be too great if we could

have presented to the Congress a complete picture of the situation that faces the world.

Broadly speaking, we passed a general relief measure that provided for \$350,000,000, Public Law No. 84, that was designed to provide for relief to Austria, Greece, Italy, China, and Trieste.

That money is being expended, I presume, for relief of people who are suffering in those areas. We gave \$400,000,000 to Greece and Turkey. We are now asked to spend \$597,000,000 for France and Italy, and there has been included China along with Austria.

But that tells only part of the story. We are spending today in the occupied countries \$600,000,000 which Congress has heretofore appropriated. It is now sought to raise that amount to \$1,090,000,000 due to the fact that England is unable longer to carry out her commitment under the bizonal arrangement to take care of the civilian population in her zone of occupation. I have information that has come to me recently that France will soon be unable to carry out her commitment to take care of the civilian population in the French zone of occupation, and Uncle Sam, good old Uncle Sam, may be called upon to take care of that obligation. We are taking care of the civilian population in Japan and we are taking care of the civilian population in Korea.

This little sum of \$597,000,000 is clearly an implementation of the first step of the Marshall plan. The Marshall plan for what? The Marshall plan for Europe and Europe alone.

Now, bear this in mind—and I make the prophecy, and you want to know what you are doing; I am not speaking in opposition to this matter but I want you to know what we are doing. You are going to have a Marshall plan for China, and you are going to have a Marshall plan for Korea, and you are going to have a Marshall plan for Japan; and the \$20,000,000,000 that is envisioned in the reconstruction program under the Marshall plan for Europe will pale into insignificance when the total program is written upon the pages and brought here to this Congress to pass upon. I tell you, Mr. Chairman, this is serious business, and our country faces a serious problem.

What is the situation? I wish that the administration had the courage to go before the American people and tell them the truth. The American people can take it if they know the truth and the facts. I would like to picture Uncle Sam, may I say to my friend from Massachusetts, as the good Samaritan clothed in white robes going about the highways and byways in a Christ-like character distributing aid and relief, but let me say, idealistic as I may be, that I knew when the Greek-Turkish program was proposed that its real background was far from idealism—I supported that program because I was convinced, and I know the fact to be now, that what we were proposing to do was an implementation of the military strategy of the United States for the protection of our country and not to be put upon the basis of scattering relief to suffering people. On that basis, I say to you, Mr. Chairman, there

can be no issue so far as I am concerned. You may argue for days whether there are starving people or undernourished people in these devastated areas, but on the question as to what is to be my attitude as between my country, its program and policy, as against the program of Stalin, there can be just one answer, and I say it advisedly, and well knowing that many people in my area may not agree with what I say. My answer, in such a situation, is that I shall support my country. It may be unpopular today in some places to take that sort of a position. However, I am convinced as to what the future holds. I feel that my country has at long last stopped the New Deal policy of appeasement of Russia that built up this Soviet Frankenstein dictator. The party that the gentleman from Massachusetts so beautifully exemplifies and defends can be charged with a responsibility for developing that Frankenstein. But, Mr. Chairman, that is water over the dam. There is no need going back to look at those facts except to get inspiration and guidance for the future. We have to deal with a vicious foe. If we are going to stop communism and stop its onward sweep across the face of the earth, we had better do it in the best way we know how.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. VORYS. Mr. Chairman, reserving the right to object, and I shall not object, may I suggest that we have had general debate in a way since November 17 on this bill and I am hoping now that we can proceed to perfect and pass the bill. If we have too many requests for extension of time the committee feels it will be forced to object.

Mr. GAVIN. Mr. Chairman, I think Members of Congress ought to be permitted to express themselves on this matter. It is of grave importance. This is a critical time.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. BUSBEY. Mr. Chairman, reserving the right to object, and I shall not object, I have not objected to previous requests for additional time and I will not object to the request for additional time made by the gentleman from Wisconsin or any other Member; but there are some of us who would like to speak on amendments to this bill who will want more than 5 minutes. I hope the committee will be charitable to those of us who cannot get in at this time and permit us to have an additional 5 minutes.

The CHAIRMAN. The Chair may say that he will be liberal under the rules of the House. The Chair has but one function and that is to enforce the rules.

Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. Mr. Chairman, may I say to my colleagues that it would be a simple matter to wait until the next paragraph is read, then ask for time; but unfortunately I am compelled to attend a hearing before the Deficiency Committee of the Appropriations Committee receiving evidence now on a large portion of this program. I feel I must be there. I will not have the opportunity this afternoon to be present here and request permission to speak at a later time. I thank you for your consideration and kindness in allowing me to place in the RECORD some views which I earnestly adhere to.

Mr. Chairman, may I say to my colleague that this communistic thing is a scourge across this earth. I know that my friend from Massachusetts has opposed communism ever since I have been in Congress. It is unfortunate that we find ourselves in the situation, however, that as a result of commitments at Potsdam, Tehran, and Cairo the Soviet Union was given nearly half of China and we appeased them by approval of the seizure of millions and millions of square miles of free territory and millions of free people have been made slaves.

That is water over the dam. We can spout and fume and decry liability for it, but what we have to do is to face the thing that faces us right here and now.

What are we going to do about it? Sure, you can cut down the \$597,000,000 that is asked for; sure, you can cut it down to \$250,000,000, and go home and say, "We have done a good job. We have saved some money." Sure, we can vote not to give any money or any further aid and relief, and in a few days there will be another bill in here and another program, and it will be going on all through this next session, and we will not have begun to solve any of those problems.

Oh, I wish I knew what the answer was. Oh, I wish I could stand here and say, "Yes, settle the currency problems of these nations over there, stabilize their currencies, stabilize their economies, make them go back to work, make them produce, and you will have the thing all settled." That is as easy as saying "Put into the hearts of men the fundamental principles of the Golden Rule and Christ's Sermon on the Mount." A wonderful thing. We have been trying to do it for 2,000 years of Christian civilization. Just how are you going to do it?

Now, so far as I am concerned, I could talk for an hour on this thing, the program by which this relief is to be actually distributed under the present set-up. We encourage communism rather than to destroy it. I do not believe that the program which envisions turning this property over to the civil government of Italy, for example, and then allowing their Communist labor leaders and their Communist civil-government employees to handle that food as they see fit and to put any price on it that they see fit that America has given them is the answer. I do not see how we can give an answer to the small Italian that comes in and says, "I am hungry; I want food. Uncle Sam has sent boatloads of food, and I want some of it," when the civil govern-

ment employee says, "You can have food when you pay the price we put upon it and hand us the ration card that we say you shall hand over. You come over to the meeting tonight, Columbo, and we will see that you have a job and we will see that you get the ration cards." In such circumstances who is in the position to influence this hungry Italian—Uncle Sam or the Communist who has the real power to give or deny the relief? I am not talking at random. I have been over this with the people that run this show. They know what the dangers are, and I believe that the amendment which will be offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], or perhaps by my colleague, the gentleman from Wisconsin [Mr. SMITH], has some very sound opinion back of it to see to it that this food which we are giving out of charity actually gets into the hands of those who really need that food.

So, my friends, in our consideration of this whole question let us bear in mind this is just the beginning, and when you take this step you must be prepared to go on. There will be no turning back. You must be prepared as courageous Americans, representing what is supposed to be the greatest free democracy on the face of the earth, to go the whole route. If you stop to turn back in the middle of it you will be worse off than before you started, and the money theretofore expended will have miserably failed to achieve the objective of stopping the sinister march of communism.

Mr. GAVIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I listened with a great deal of interest to my good friend from Massachusetts, and I was greatly impressed by his remarks. I want to say that, in my opinion, all the Members of this Congress will support this \$590,000,000 relief bill. However, we want to be assured that the foodstuffs that we send to these war-torn countries of the Old World are going to reach the stomachs of the people for whom it is intended. That is the only argument that is before us, and that is the only satisfaction and guaranty the Members of this House want.

I have heard my friends here say that communism has been brought to a crawl, and that it is only spotty here and there in the few remaining free countries of Europe. In my opinion, communism is on the march everywhere in Europe and we should be on the alert and take a very definite stand on our foreign policies. We will have to take a stand sooner or later, and I would say now is the time to do it.

In recent years we have not been vigilant enough. We, who believe in democracy, have permitted ourselves to become apathetic and indifferent in the protection of those ideals and principles which we so greatly love.

If we are to meet this world challenge, we must rededicate ourselves in this conflict between two major political philosophies.

Americanism is founded upon the faith of the people in and devotion to God. Right as might. Dignity and value of the individual and the impor-

tance of his spiritual, cultural, and material progress.

Communism is founded upon the people's fear of and submission to the state. Might as right. Unimportance of the individual and his progress, except as an instrument of the state.

We must demonstrate to the world that the American principles of representative government and our American system of enterprise and production are without question the finest ever devised by the mind of man and has brought greater happiness, security, freedom, liberty, and opportunity to all of the people.

In this world of chaos, each and every one of us must recognize our responsibilities to do our parts in this program to restore this world to some degree of peace and tranquillity.

According to an article recently appearing in the American Legion magazine of September, by Col. John O. Beaty, stating, and I quote:

These principles have been set forth by many writers, but were restated officially and categorically in Stalin's address to the Eighteenth Party Congress on March 10, 1939, the year the war broke out. According to Stalin, who has never recanted in word or deed, communism is to be maintained through violence and violence is enjoined as a duty even when unnecessary. The program is to be unceasingly continued until all the world falls in blood purges under the hammer and sickle. The basic goal of Stalinist communism is the liquidation of the capitalist democracies, Britain and especially the United States.

Today I would say the greatest drawback for world peace is the conflicting ideology of democracy and communism. We were victors in World War I and we were victors in World War II against the forces of aggression. However, it must be admitted that the world is in more chaotic condition now than ever before, and peace has yet to be restored to the world. Therefore, we must keep this Nation strong as the remaining hope for the liberty-loving people of the world. We must have the strongest national defense we have ever had along with any relief programs we carry on. In the eastern zone of Germany, Poland, down into Czechoslovakia, Hungary, Rumania, and Yugoslavia, everything is behind the iron curtain. We have poured \$20,000,000,000 into the European countries since 1945. I could not see what evidence of good it has done. Communism overshadows the entire continent of Europe, and if we ever pull out they will move in. Fear grips the hearts of people everywhere. The only thing we can do now is to offer our aid and assistance to prevent the entire communization of Europe. If Europe is communized, next will be North Africa and China, then I am of the opinion communism would have most of the world's population and most of its natural resources.

This is a cold war, and therefore all of our programs of aid should be carefully and properly administered by efficient, able, clear-thinking, alert Americans to see that the foodstuffs which we will send under this relief program reach the people for whom it is intended.

Let us become alert. Let us make this an all-out war for world recovery; an effort to stifle the tyranny and dom-

ination of communistic groups, which are trying to control the entire continent of Europe. So we have a job to do, and I sincerely hope that when we pass this measure we will pass it with such protection as will assure the American people that the relief is going to be afforded to the people who are entitled to it.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Russians know the value of drama. They have used that knowledge to good advantage in western Europe. We know all that the Russians know about human nature, but we seem to hesitate to use our knowledge. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has told you how the Russians were able to lead the people of France to believe that the few shiploads of grain which the Russians sold the French for American dollars represented a magnificent gift. They were able to do this because they were able to get the headlines. We answered with a factual recital of the few tons of grain shipped from the U. S. S. R. as contrasted with the tremendous tonnage shipped from the United States of America, but our figures were listed with the quotations on the New York stock exchange. The Russians are still making more people know of their promises than we are acquainting with our deliveries.

I think that the suggestion of the gentleman from Texas [Mr. GOSSETT] that we use regular paid newspaper and radio advertising is a good one. We could tell our story in every paper and over every radio in the beneficiary countries, without any additional cost because we could and we should pay for the advertising with some of the domestic currency which we are to receive. The idea is good. It is an application of sound business principles to the program. It in nowise detracts from the spirit of charity. As the gentleman from Arkansas [Mr. HAYS] so ably pointed out, it detracts nothing from the unselfish character of a Christmas gift to attach the giver's card. The people of Europe are entitled to know who is supplying the food they eat. They are getting lots of promises from the east. Let's give them some facts about deliveries from the west.

Paid advertisements are good. I am for them, but we must get our story on the front page. To do so, we must make news. We can do so if we will but use the advantages we now hold. As we dispatch grain ships under the program, let our President write a message of greetings to the people of France, to the people of Italy, and the people of Austria. Let us dispatch the *Missouri* and a half dozen more of our great battle-ships. Let them be accompanied by a fleet of our largest carriers. Let them accompany the grain ships to Le Havre, to Genoa, to Naples, or to Bordeaux. When they arrive, let the planes take off and drop millions of copies of the President's greetings. Let the American Ambassador meet the fleet and read the President's message before microphones, news reels, and reporters.

Such dramatization will cost us nothing. Our ships and our planes must be kept in operation anyway. It will cost us nothing, but it will go a long way toward making every Frenchman and every Italian know that America is actually sending food. It may even make some of these people ask, "Where are the food ships the Communists have promised?"

Mr. BUSBEY. Mr. Chairman, I move to strike out the last three words, and I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. BUSBEY]?

There was no objection.

The CHAIRMAN. The gentleman from Illinois is recognized for 10 minutes.

Mr. BUSBEY. Mr. Chairman, the Congress is confronted with the problem at present of giving additional aid to Europe and China. Immediately following this bill we will have another one for over \$1,000,000,000 for the occupied areas of Europe. Then we will have another one estimated at \$20,000,000,000 referred to as the Marshall plan. Then we will have another, and another, and another—again, again, and again until we will have a bankrupt and ruined nation.

The gentleman from Wisconsin [Mr. KEEFE], who just preceded me, outlined the program to you, I think, very effectively.

The United States has given between sixteen and twenty billions of dollars since VJ-day, without any noticeable improvement in international economic or political stability. Communism has continued its march.

Much of the taxpayers' money has been put into "operation rat hole." It was used to continue and maintain in office Communist regimes in Yugoslavia and Albania, to say nothing of that portion which went to Communist police states such as Poland and Bulgaria.

As Americans we have never placed an embargo on relief for disasters or for humanitarian enterprises. It has been a tradition with us to aid countries suffering from famine, earthquake, or any form of disaster. One example was the American Relief Administration under ex-President Herbert Hoover, which did so much to relieve the distress of the Russian people during the famine of 1922-23.

Never has Congress been so bombarded with propaganda as at the present time by the State Department and the international bankers of Wall Street for the adoption of a bill. We get it from all sides by official speeches, the press, and the radio. They all have the same theme—either vote this aid to Europe or all Europe will go Communist. May I remind you, as I did on the Greek-Turkish loan, that we cannot stop an ideology with money.

Mr. Chairman, it is refreshing, even at this late date, to see the administration finally admitting there is such a thing as a threat of communism. I hereby charge that the State Department and the President of the United States have not been fair, honest, and above board with the American people. Had they been, they would never have agreed on October 15, 1945, to continue to send

to Soviet Russia vital materials in short supply in our country in order to build up her economy to fight a war.

The Congress should not be asked by the President to appropriate one penny until he has made public the complete set of agreements entered into by Molotov and Ribbentrop. I challenge the President to make public these agreements before we vote on this interim-aid bill. I sincerely believe if these agreements were made public now this so-called emergency aid bill which is supposed to stop communism would not have a chance of passage in this Congress. If these agreements are made public before we consider the Marshall plan, I am willing to wager it would be impossible to muster 100 votes in favor of it.

Mr. Chairman, why do I make such drastic charges? Time will not permit me to go into many reasons, but let us take one situation. We have shipped to Communist Russia since VE-day in excess of \$233,000,000 of materials we need very badly in the United States—not surpluses but goods in short supply—for which Russia has not paid one cent.

At this point one might ask, "What has this to do with releasing the Molotov-Ribbentrop agreements?" I want every Member of this House to get the impact of my next statement.

I hereby charge that if the State Department would release the complete text of the Molotov-Ribbentrop agreements, with accompanying discussions, both written and oral, subsequent to August 23, 1939, they would disclose, among other things, that Russia agreed to let Nazi Germany use Murmansk as a naval base for Nazi submarines, which in turn was responsible for the sinking of so many of our ships carrying supplies to England.

I cannot find words adequate to express my disgust for an administration having the knowledge of the Nazi-Soviet pact, known as the Molotov-Ribbentrop agreements, giving all this merchandise to Russia without payment of a penny.

In addition, we have permitted Russia, in much the same manner we permitted Japan, to purchase gasoline, oil, and petroleum products from private concerns in this country. We continue to do so up to this very minute, and transport it to Russian ports at the very door of Alaska in American boats that should have been returned to us within 6 months after VJ-day.

There are many other matters in the Molotov-Ribbentrop agreements that would be most shocking to the American people if the State Department dared to release them.

The American people are entitled to and should be permitted to see the complete text and discussions of the agreements so they would know what the territorial and political divisions of Europe were that Soviet Russia demanded which brought about the final break between Hitler and Stalin.

An editorial in the Washington Post of November 20, 1947, stated that the State Department had these files and Prof. William Langer is now preparing a report to be released to the public next year. It was bad enough to hold back

the secret agreements made at Yalta and Tehran until the force of events compelled their release. What a shock the American people received then, but alas, it was too late to do anything about them. If we wait until next year it will be too late. The interim aid and Marshall plan may be law by that time. Why do the administration and the State Department wish to suppress these agreements at this time? Is it because we might learn that Mr. Roosevelt agreed at Yalta and Tehran to give Stalin far more than he had asked of Hitler that caused Hitler to attack Russia June 21, 1941? This information should be released now when it has real value in our deliberations rather than at some indefinite future when it will be of only historical value. These agreements released now would be a contribution to shedding light on the postwar activities of Soviet Russia.

All present indications point to the fact that the President will select the State Department as the administering agency of the \$590,000,000 provided for in this bill. Did anyone ever hear of the State Department protesting or objecting to the maladministration, yes, criminal administration of UNRRA funds, when they were being used to subsidize the satellite governments? The State Department officials abroad must have known the facts. I know of no State Department protest of record.

This is the same State Department that dismissed 10 employees in June of 1947 for security reasons, and in typical State Department appeasement style, permitted them to resign.

Even more revolting to me is the testimony on pages 510 and following in the hearings of the House Committee to Investigate Un-American Activities in the Motion Picture Industry, of the activities of one Charles Page. Mr. Page was a long-time employee of the State Department and was finally dismissed last year. This man, an accomplice of the notorious Communist Gerhart Eisler in the early forties, and suspected of being associated with people attempting to obtain atomic secrets, was Cultural Attaché in our embassy in Paris from 1944 to 1946. The question naturally arises in one's mind as to how many clandestine Pages remain on the pay rolls of our State Department, and if they would administer any aid money the Congress might appropriate.

Mr. Chairman, in view of the past record of the administration, and particularly the State Department, if the people who are advocating this aid to Europe are sincere, and I believe they are, they will accept amendments that will guarantee that this aid will be administered by the American Red Cross or a comparable agency, the Salvation Army, or a committee selected by the governing bodies of the leading churches of all denominations, regardless of race, creed, or color. If this House will vote such amendments, I will be inclined to support the bill.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. COLE of Missouri. Mr. Chairman, I ask unanimous consent that the gentleman may have five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BUSBEY. Mr. Chairman, I thank the gentleman from Missouri [Mr. COLE].

Mr. Chairman, the only way to judge the future is by the past, and every attempt the Democratic Administration has made at handling the relief and the Communist situation has been a complete failure from the time we recognized Soviet Russia in 1933 down through the Stalin-Hitler pact, Tehran, Yalta, Potsdam, and the handling of UNRRA and the Greek-Turkish loan.

Under section 3 of this bill, H. R. 4604, the President, Mr. Truman, is given full authority to select any agency of our Government he so desires to administer the spending of this money. Certainly the past performances of both Mr. Truman and Mr. Roosevelt are enough to make any Member of Congress who is giving proper consideration to the welfare and future security of the United States vote against this bill.

The Herter committee recommended that in view of all the failure in handling relief by the political committees set up by the Democrats that an entirely new organization be established for handling the so-called emergency foreign aid program. The chairman of the House Committee on Foreign Affairs advises us that this suggestion was not incorporated in H. R. 4604 because there was not time. This, I charge, is just the reverse of the committee's attitude when we had the United Nations Relief and Rehabilitation bill under consideration. At that time I offered an amendment to the UNRRA bill which in effect was a substitute bill, directing that the money be spent under the jurisdiction of the American Red Cross, but the Administration, with the Foreign Affairs Committee concurring, would not support it. They insisted that it be spent under a political organization headed by Governor Herbert H. Lehman. The way his committee handled it was not only a failure but scandalous. To this day nearly all of the people in Europe think UNRRA is the name of a town in Soviet Russia. The tragedy of not accepting my amendment was the fact that the previous Congress had appropriated \$85,000,000 for foreign relief and specified that it must be spent under the direction and supervision of the Red Cross, which was the only organization with experienced, qualified personnel in the field doing relief work when we were considering establishing UNRRA.

We are now told this \$590,000,000 is needed to stop communism. Mr. Chairman, I must remind you again that communism is an ideology and an ideology cannot be stopped with money. The only way to stop such an ideology is with a better ideology and a program to wisely disseminate it to the peoples of the world.

I have been on the lecture platform for over 25 years trying in my humble

way to arouse the American people against the menace of communism. If there were one thing in this bill to stop communism, I would be the first to support and vote for its adoption.

Mr. Chairman, there is not a Member of this House, or the President himself, who could testify that if we pass this legislation it will stop communism. The people of the United States have been led to believe this interim aid bill is to relieve the suffering of the people of France, Austria, Italy, and China. Nothing could be further from the truth. If you want to know the truth about the bill, it is this: The bill is to cover up the blunders of the State Department in Europe, to supply money to France to pay off some debts to Belgium and Brazil, and give President Truman a blank check for \$590,000,000 to help build up the New Deal world-wide WPA.

It will permit the Government to continue using the taxpayers' money to go into the markets and bid against our citizens for scarce articles, to pay higher prices, thereby increasing the cost of living which is already far too high. This will create more shortages and furnish the President with additional excuses with which to again attempt to force rationing and controls upon the American people.

The present situation is very similar to conditions that preceded Pearl Harbor when the Democratic Administration in Washington sent derogatory, curt notes to Japan and at the same time let Japan buy unheard of quantities of aviation gasoline, oil, scrap iron, and other materials of war. Ever since President Truman made his speech to Congress on March 12 of this year for the Greek-Turkish loan to stop communism we have been carrying on an undeclared war with Russia, while at the same time sending her everything she needs to build up her economy to fight a war. The only difference being that Japan paid for her goods while now our Government uses the taxpayer's money, buys the supplies, and gives them to Russia.

If the administration is sincere in its desire to stop Communism it should at least show good faith by coming before Congress with clean hands, and first dismiss from the pay rolls of the State Department, the Foreign service, and particularly from our embassies in Europe all the Russia-firsters and incompetents. Nearly all of the people who are responsible for the deplorable condition we find ourselves in today are still in key positions and I do not have faith that they will carry out the intent of this legislation. It is for this reason that I urge support of the Andresen amendment to have the funds provided for in this bill distributed under the supervision of the Red Cross.

(Mr. BUSBEY asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. VORYS. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that all debate on the pending amendment to section 1 close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. COOLEY. Mr. Chairman, we are talking today about food for starving people. While I am not unmindful of the fact that there is still human distress and suffering in our own land, I am conscious of the fact that some people are certainly not suffering on account of a lack of food.

I have before me a recent copy of Life magazine of November 17, and on page 42 of that nationally famous publication there is a picture and a story of the Foremost Fifty.

On November 5 an interesting social event was held in New York City.

To the plush precincts of the Waldorf-Astoria Hotel, Magazine Publisher B. C. Forbes invited the 50 foremost business leaders of the Nation, selected in a poll of business people.

To honor these business leaders, Mr. Forbes wine and dined them and some 800 people at a cost of \$12,000.

A democratic note was injected in the entertainment by the fact that some of the guests wore tuxedos instead of tail coats.

For entertainment other than gastronomic, Mr. Forbes had a young politician named Thomas E. Dewey as a speaker.

Mr. Dewey's elocution was preceded by a dinner of spartan simplicity.

First there were martinis, manhattans, sherry, and highballs, with hot and cold hors d'oeuvres and a mysterious concoction described as a "Taft entree."

This was followed by Key West turtle soup, hearts of celery and olives, Great Lakes whitefish with grapes and almonds—the menu does not make it clear whether the grapes were peeled in the kitchen for the convenience of the guests—cucumber doria, breast of guinea hen on sugar-cured ham, wild rice croquettes and new string beans, pate de foie gras with the white meat of lettuce, red, white, and blue cake and ice cream, rum sabaillon, petit fours and a demitasse. Presumably there was no room left for a full cup of coffee.

After this light snack the guests heard Mr. Dewey, who started off with a quick quip in line with the accepted public speaking technique of saying something jocular before squaring off and reading the prepared manuscript. Said comical Mr. Dewey by way of a greeting to the 50 foremost businessmen of the Nation, "Fellow victims of the New Deal."

This intrigues me more than Mr. Dewey's more formal remarks, in which he claimed credit for the bipartisan foreign policy, and went on record as being in favor of business and businessmen.

But that "fellow victims of the New Deal" is what set me to thinking.

I could see why Dewey felt that he was a victim of the New Deal in view of his spectacular lack of success as a Presidential candidate running against the great leader who gave the people of this country the New Deal they needed so desperately as an antidote to the Republican prosperity of the Hoover regime.

Mr. Dewey is an ambitious young man who wants to get ahead in the world, and it is understandable that he should feel that his talents are wasted on a small job like the governorship of New York State.

Mr. Dewey feels so strongly about the welfare of the country that he is unhappy not to see it in the only hands he feels capable of running it properly—the hands of Thomas E. Dewey.

So I can see why he feels that he is a victim of the New Deal.

But these 50 foremost businessmen.

What has the New Deal done to them? They appear prosperous, well fed, and quite happy in the published photographs taken at the dinner.

In fact, it appears to my unpracticed eye that these gentlemen seem to be wearing tail coats of their own and have not had to rent them for the occasion. None of these businessmen even appear self-conscious in these clawhammer coats.

These men all seem to have pretty good jobs—like bossing the Chase National Bank or running a railroad or the United States Steel Corp.

Some of the others ran automobile factories and air lines or headed big brokerage houses or movie companies.

They seemed to be doing O. K., despite this New Deal which worried the governor so much.

Well, I checked around and got the salary figures of most of these gentlemen. Quite a few of them made more than \$100,000 a year, and, in addition to their salaries, many of them got something listed as additional compensation. I presume those are just little sums their companies pass out from time to time to help these fellows keep their budgets balanced when the grocery bills go up or there is a spell of sickness in the family or junior grows out of his snow suit.

Anyhow, the total compensation of these fellows whose salaries I could find out about was \$5,640,000.

I figured that would buy a lot of medicine to ease the pain of being a victim of the New Deal.

In fact, if I were all bruised up from being a so-called victim of the New Deal, I could think of no better cure than massaging my bruises with 100,000 nice crisp new \$1 bills every year.

To get a better measure of the suffering of these victims of the New Deal, a check of any 50 victims of the "old deal" of the Republicans in the Hoover days of bread lines and bank failures would show that the annual income of the 50 victims of the New Deal was exactly \$5,640,000 greater than the annual income in 1931 of any 50 victims of the Republican "old deal."

Perhaps the "Dewey deal" might be better than the "Hoover deal," because Dewey could always charm us with the sly sense of humor he exhibited so amusingly in his chat with his fellow sufferers.

I am attaching a table of salary figures depicting the individual sufferings of the 50 foremost businessmen in the case that any of Mr. Dewey's fellow Republicans in the Congress may want to send individual relief contributions to the suffering 50.

Now if we are going to fuss about sending a little food to the starving people of Europe, I wonder what they will think when this great national magazine circulates throughout Europe and they see the picture of the 50 foremost men dressed in white shirts and cutaway coats, and the picture of this great \$12,000 dinner at the Waldorf-Astoria. Even Mr. Dewey, though he sympathizes with these rich and powerful, well-fed, and puffed-up 50 foremost gentlemen—even he is for this bill that we are now considering. He is a Presidential candidate, and he is for it. Yet he attended a dinner, and his heart was bleeding for these 50 foremost gentlemen whose individual incomes totaled the meager sum of one hundred thousand "simoleons" a year.

The CHAIRMAN. The time of the gentleman from North Carolina has expired. All time has expired on this amendment.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, in view of the fact that the opponents of my amendment have succeeded in causing a delaying action, and in view of the fact that no one knows what is contained in it, I ask unanimous consent that the amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk again read the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL].

The amendment was rejected.

The Clerk read as follows:

SEC. 2. It is the purpose of this act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of hunger and cold and prevent serious economic retrogression which would jeopardize any general economic recovery program based on self-help and cooperation.

Mr. JACKSON of Washington. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. JACKSON of Washington. Mr. Chairman, relief for Europe is necessary both from the standpoint of our humanitarian feelings and our long-range national interest. For that reason, I heartily support the purpose of this bill. But there is one possible point involved in its administration concerning which I have doubts and misgivings. Because of this one possibility of administration contrary to what I believe to be the true intent of the Congress, I feel it important that our legislative desires concerning it be made clear in the Record.

What I have reference to is the position of the American merchant marine and American seamen under this bill. Under the provisions of this bill, the great majority of all relief supplies furnished must be bought in the United States. That provision protects American industry and American jobs. But that same provisions, strangely enough, is not expressly made applicable to the American merchant marine or to the jobs of American seamen, despite the fact that both of these are of tremendous importance to our Nation's defense and well being.

My view is that, wherever possible, American ships be used to carry these relief cargoes. I do not mean this to be an absolute requirement; but I do feel that, other conditions being equal, American ships should be given preference in lifting these relief cargoes.

Today the American merchant marine is in a weakened condition. While it is larger than in prewar days, it has been steadily and rapidly declining from its recent wartime high. In recent months, 20,000 American citizens have lost their jobs on American ships. During the same period, and particularly in recent weeks, the number of ships flying the American flag and operating in foreign trades has been substantially curtailed. If relief cargoes shipped under this bill are not allocated in fair proportion to these American flag ships, that decline in our American merchant marine will be rapidly accelerated. If American ships are not given a large percentage of these cargoes, the inevitable result of reducing the size of our merchant marine would be contrary to the interests of our national defense, at odds with our desires for the employment of American workmen, and completely opposed to our long-range congressional policy.

All of you know of the hundreds of millions of dollars which Congress has appropriated in recent years to develop and build the American merchant marine. During the recent war, the tremendous importance of this merchant marine to our national defense was demonstrated. Because of the shortage of merchant ships, which at one time constituted the bottleneck in our war effort, substantial delays were incurred and thousands of additional American boys were required to give their lives. Never again must we permit the American merchant marine to sink to its prewar position. Yet, unless the administration of this relief program insures a large percentage of these cargoes to American bottoms, that will inevitably result. If a fair proportion of these relief cargoes are not carried by American ships, our only alternative would be for the Congress to appropriate additional huge sums to maintain our merchant fleet. On the other hand, if a large proportion of these cargoes go in American bottoms, we will not only save these future appropriations, but we will also insure the maintenance of a healthy American merchant marine, employing and training large numbers of American seamen.

At this time, I do not want to burden the House with an amendment specifying

ing a specific proportion of these cargoes which are to be carried on American ships. But I do feel that we should call to the attention of whoever will administer the provisions of this relief bill that it is the desire of Congress that commodities procured with funds under this bill be carried in American flag vessels in at least the same proportion as our ships have participated in the European trades for the last 6 months.

Second. I think it important that none of the funds under this bill be allocated for the purchase of ships by foreigners to be used to compete with American vessels. Third. I think that funds appropriated for transportation under this bill, if not used for the transportation of cargoes on American ships, be used only to pay for transportation on ships belonging to the nations receiving relief. My purpose in mentioning the latter thought is to insure that Panamanian and other flag ships operated by people living in this country, but often failing to pay taxes, not be benefited under this statute.

There is one other segment of our American merchant marine whose position under this bill should also be mentioned. That is the foreign freight forwarders. They are not required to meet the competition of foreigners. But there is some question as to whether or not, if the bill were not properly administered, they might be required to meet competition from the Government itself.

Under this bill broad powers are given to the President, or the executive agency which he may designate, to transport and store, or to allocate funds or credits for the transportation and storage of relief cargoes to be furnished under this bill. Such provision is necessary, of course, in order to authorize utilization of appropriations for this purpose. But because of the broad language of the bill, some question has arisen in the minds of several people concerned with the forwarding of relief cargoes as to the scope of this provision. In order that the record may be clear, I should like to point out certain statements which have been made both on the Senate side and by the State Department concerning this provision.

First, let me explain, however, that there are in all port cities groups known as ocean freight forwarders. For many years past, these freight forwarders have been performing the function of meeting cargo as it arrives at the port cities, arranging for its removal from the railroad, preparing ocean bills of lading and consular invoices, contracting for cargo space aboard ships, and generally chaperoning the shipment from the railhead to the ship's hold. Early in the war, the Congress enacted section 217 of the Merchant Marine Act, which recognized these freight forwarders as an integral segment of the American merchant marine and directed the Maritime Commission and other Government departments and agencies to take all necessary steps for the development of this essential part of our maritime industry. Under that section, moreover, it was ordered that Government cargoes, including those under lend-lease, should be handled by private

freight forwarders. From the information I have received, these forwarders demonstrated their ability to handle such Government cargoes both much more cheaply and more quickly than the Government agencies had been able to do.

From correspondence between the gentleman from Virginia who has long been interested in our merchant marine and the freight forwarders segment of it, Mr. BLAND, with Senator VANDENBERG and with the State Department, it is completely clear that it is intended under this bill to continue to use private freight forwarders rather than to have these relief cargoes handled by any existing or new Federal agency set up for this purpose. In order that the record may be clear, however, and that Members may fully understand and not feel that the bill will put the Government into the forwarding business, I should like to insert at this point copies of the correspondence which I have referred to:

NOVEMBER 21, 1947.

HON. ARTHUR H. VANDENBERG,
United States Senate,

Washington, D. C.

DEAR SENATOR VANDENBERG: This morning I noted that sections 3 (b) of the foreign-aid bill, approved yesterday by the Senate Foreign Relations Committee, provides that the President, acting through the executive agencies, may transport and store, or provide funds for the transportation and storage of commodities supplied under this bill. Section 3 (c) of the proposed legislation further provides for the transfer of these commodities to any recipient countries.

My interest in these sections is because they indicate that the supplies furnished under this bill might possibly be handled and transported by Government rather than private facilities. While I can understand that certain types of military cargoes may best be handled and transported by Government agencies, I feel that it is imperative to the maintenance of a healthy postwar American merchant marine and its related service industries that transportation of these cargoes generally be handled by private enterprises rather than by Government facilities. I am particularly interested in insuring that these relief cargoes will be forwarded through ordinary forwarding channels rather than by the Army or other domestic or foreign government agencies.

During the war, it was found that lend-lease cargoes could be more cheaply and expeditiously handled by private freight forwarders than by the Government. To insure the use of these private freight forwarding facilities, both during the war and in the postwar period, the Congress passed legislation, usually referred to as the Bland Freight Forwarding Act (section 217 of the Merchant Marine Act of 1936, as amended), which provided that lend-lease and other cargoes should be handled by private forwarders and that all Government agencies should make use of their services for the shipment of water-borne exports. Experience during the war with lend-lease cargoes clearly demonstrated the wisdom of this procedure, as these shipments were handled far more quickly and at a lesser cost by private freight forwarders than they had been when directly handled by Government agencies.

While the wording of section 3 (b) of the foreign-aid bill would permit continuation of the use of private freight forwarders as specified by the Freight Forwarding Act, it also impliedly would permit the use of Government facilities for forwarding relief shipments. I feel sure that you, and the mem-

bers of your committee did not consider or intend the authorization of this practice. For not only has past experience demonstrated that if this were done under the authority provided by section 3 (b) it would be more expensive to the American taxpayer, but it would also put out of business the private freight forwarders who Congress has previously determined are necessary as an adjunct to a successful postwar foreign commerce and American merchant marine.

In order that there may be no ambiguity arising from this provision, may I ask either that there be included in the bill when it reaches the floor a provision for the use of private facilities for the handling of these cargoes, or if you feel that such a provision would burden the legislation, as statement on the floor and in the committee report to the effect that it is intended that private facilities be used to handle the shipment of these relief cargoes. In my opinion either of these procedures are extremely desirable; they would, I know from past experience, reduce to a minimum the cost which the Government would incur for the transportation of relief supplies and insure the most efficient handling and shipments. They would also be in accord with the congressional policy previously specified in the Freight Forwarding Act.

May I add that the above comments regarding the interim relief bill are also applicable to the long-range program for the shipment of supplies for the recovery of Europe.

I would appreciate your assistance in this matter. Would you let me know what action along these lines you deem to be most feasible?

Yours very sincerely,

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
November 21, 1947.

Hon. S. O. BLAND,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN BLAND: This will reply to your letter of November 20. I appreciate the spirit in which you have written.

Certainly I completely agree with your basic point of view. Relief supplies to Europe should use private enterprise facilities to the last practicable degree. I make this statement without reservation. I doubt, however, whether the relief law should textually assert this requirement. We are dealing with an emergency situation which may, in some emergent moment, require the use of any transportation facilities (including Government facilities) which may be available. The purpose of the Senate committee in writing this transportation clause into the bill was solely to make sure that the appropriation covers transportation. The fact remains that I completely agree with your viewpoint regarding the actual practice which should be followed to the last practicable degree, and I shall be glad to say so. Furthermore, you are welcome to use this letter if you wish.

With warm personal regards and best wishes.

Cordially and faithfully,
A. H. VANDENBERG.

NOVEMBER 24, 1947.

Hon. ARTHUR H. VANDENBERG,
United States Senate, Washington, D. C.

MY DEAR SENATOR VANDENBERG: Thank you for your letter of November 21, 1947, replying so promptly to my request of the previous day. I am delighted that you agree with my view that private shipping and forwarding facilities should be used to handle foreign relief shipments and that these private enterprises should be used to the last practicable degree. I am particularly pleased with your statement that you are willing to

say so, as I think it important to do this in order to insure that the legislative intent on this point is clear.

I agree with you that it is not practicable to put this private enterprise position in the text of the bill. It seems to me, however, that the same result can be achieved by a statement by you from the floor during the discussion on the bill. May I suggest, therefore, either or both of the following means of making clear the legislative intent to use private enterprise facilities in the shipping and forwarding of foreign relief supplies. First would be for you to place our exchange of letters in the RECORD during the debates. Second would be for you to make a brief statement along the following lines:

"Authority is given in this bill for the executive agency involved to transport and store, or to pay for the transportation and storage, of supplies furnished under this legislation. While this authority is broad, it is not intended that Government vessels or Government forwarding services be used except where special circumstances make this necessary. It is contemplated that private vessels and shipping services will be used wherever possible. The provisions of section 217 of the Merchant Marine Act of 1936 are applicable to the shipments of supplies under this bill."

Again my heartiest thanks to you for your thoughts and help on this matter. Please let me know if I can be of assistance on this side of the Congress.

Yours very sincerely,

NOVEMBER 24, 1947.

The honorable the SECRETARY OF STATE,
Department of State, Washington, D. C.

DEAR MR. SECRETARY: During the past weeks serious questions have arisen concerning the transportation and forwarding of relief cargoes to Europe. Objections have been understandably and well raised by shipping and freight forwarding concerns to the thought that under these plans relief cargoes might be handled and carried by Government agencies using Government facilities rather than through the facilities of private enterprise.

It is my opinion, as well as that of others with whom I have talked, that the congressional particularly section 217 of the Merchant Marine Act of 1936 and subsequent legislation, particularly section 217 of the Merchant Marine Act, require that private shipping and forwarding facilities be used to service these cargoes. In the interim the foreign-relief bill reported last week by the Senate Committee on Foreign Relations, provision was made in section 3 (B) for the President, through the executive agencies, to provide transportation and storage, or to pay for the transportation and storage, of relief cargoes shipped pursuant to this legislation. The broad language of this section, and the implication that Government agencies could directly furnish the transportation and storage, raised serious questions in the mind of people in the maritime and freight-forwarding industry. Because of the importance of this question to the merchant marine and the freight forwarders, I wrote to Senator VANDENBERG, chairman of the Foreign Relations Committee, and to other members of the Senate and House groups dealing with relief legislation, stating that it was my opinion that private-enterprise facilities should be used and that there should be a clarification of the congressional intent as expressed in the language of this section. Senator VANDENBERG has just written to me, stating that he is in complete agreement with my point of view, adding that "relief supplies to Europe should use 'private enterprise' facilities to the last practicable degree." For your information I am enclosing a copy of my letter and Senator VANDENBERG's reply.

It seems to me quite clear that it is the intent of all concerned to use private shipping and freight-forwarding facilities to

handle these cargoes both under the interim and long-range European relief programs. In order to remove the possible ambiguity in the broad language of the statute, I suggested to Senator VANDENBERG that an amendment to this effect might be incorporated in the legislation. I am, however, in agreement with the Senator that it would probably be unwise to burden this bill or to take the time of the Congress to put in an amendment of this kind. In order that there may be no doubt, however, that private-enterprise facilities will be used for shipping and forwarding, I believe that a statement from you setting forth that it is the State Department's view that this shall be done will suffice to settle this matter to the satisfaction of all and to remove any need for specific legislative action to accomplish this purpose.

My views on this matter have been discussed with Dr. Radius, of your staff, who has stated that they accord with those of your Department. As this policy determination has already been made, and as the interim bill is already on the Senate floor, I would appreciate an immediate reply from you. I think that such a reply will be adequate to remove all latent doubts and ambiguities and should be satisfactory both to the industry and to the Members of Congress who have been concerned with this problem.

Yours very sincerely,

DECEMBER 2, 1947.

The Honorable SCHUYLER OTIS BLAND,
House of Representatives.

MY DEAR MR. BLAND: I desire to acknowledge the receipt of your letter of November 24, 1947, with which you enclosed copies of correspondence exchanged with Senator VANDENBERG concerning provision for the use of Government transportation facilities in the interim foreign-relief bill and expressing the view that in the shipment of relief supplies to Europe private facilities should be used.

You may be assured that it is the policy of the Department to make all practicable use of private facilities in the shipping and forwarding of relief supplies.

Sincerely yours,

ROBERT A. LOVETT,
Acting Secretary.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Chairman, if I heard the paragraph read correctly, the purpose was to give some money to help those who in other lands are cold and hungry. I can readily understand the feelings of the gentleman from North Carolina [Mr. COOLEY] when he criticizes those who spend so much money for dinners because those to whom he referred in New York City and spent that money for things they did not need instead of giving some of it to the Democratic National Committee at \$100 a throw for a dinner. When he talked about giving money to help somebody get food, clothing, and shelter, I am all for that. My opposition to this bill grows out of the fact that I think we must first take care of our own if we are to remain strong enough to help others. I have learned something from the past. I recall very distinctly a report from a committee from the other body—I think the gentleman from Texas, a Member of the other body, was chairman of it—reported that money that had been appropriated

by the Congress, money for which the House had voted, to help the unfortunate was spent for campaign purposes. I recall that subsequently another committee, a committee of the majority party—the minority party now, thank God—reported that money appropriated by Congress to relieve the unfortunate, to buy food and clothing and things like that, was used down in Kentucky to elect a Senator.

Now, that is the thing I do not like. Sure, I want to give money to the poor and needy, and for that I will vote, if you will give it to some charitable organization which will see that the money gets to the place where it belongs. I do not propose, under the guise of helping stop communism or feeding and clothing the unfortunate to vote money in such a way that it can be used either to make war in Europe or elect a New Deal leftist administration here in the United States of America. If we cannot eradicate vote buying in Kansas City let us refrain from making it possible to use Federal funds to buy votes in a presidential campaign.

We might start right here in Washington to take care of our own.

Let me give you an example of poverty and need here in Washington, D. C.

Mrs. Francis Boykin lives at 1619 L Street NW., Washington, D. C., on the third floor, rear. The first floor front of this three-story building is occupied by a liquor store. The liquor store section of the building is in fair condition. From the entrance door to the rooms on the upper floors to the roof, the building is in deplorable condition. The wooden stairways are narrow and several of the steps sag and are loose. The hand rail between the ground floor and the second floor is also loose. The hallways are dark and smelly. Plaster is in bad condition. There was no debris on the stairways or halls. There is no sprinkler system and no fire extinguishers were seen. The building seems to be maintained in violation of any possible fire code.

The Boykin family rent two rooms on the third floor at a weekly rental of \$14 per room. A total of \$28 per week for the two rooms. The rent for room No. 9, presently the only room being occupied, was last paid for the period to September 27, 1947. The other room is being held for the Boykins, by the landlord, for non-payment of rent. Only room No. 9 was seen. This room is approximately 10 feet square. The walls are daubed with paint where the plaster is unbroken. There are many places on all walls where large chunks of plaster are missing. The walls, ceiling, floor, windowsills, and furniture are dirty. The room is furnished by the landlord. This furniture consists of two metal beds with sagging springs and soggy, filthy mattresses; a chest of drawers, two tables, and no chairs. Clothes are hung behind a curtain at one end of the room. The entire appearance of the room is one of abject poverty.

One Michael Davis, who occupies the back section of the first floor, is the superintendent for the building and the signer of the rent receipt. Mrs. Boykin gave a Mr. Mangum as the owner and stated that Mr. Mangum lives on the corner of Seventeenth and L Streets NW.

Inquiry was made on the four corners of the block and no one with a knowledge of a Mr. Mangum was found.

The Boykin family consist of the mother, approximately 35 years of age, several front teeth missing, and teeth generally in bad condition. She appears intelligent though discouraged. She has an unhealthy pallor to her skin but this may be due to childbirth as the youngest child is just 3 months old. This male infant was in a basket which had been placed on an end table. In contrast to the filthy bedding of the beds, the improvised bassinet was clean. The child's clothing and blankets were also clean. Apparently, the mother does the best she can with the extremely limited facilities available to her. Two other male children of approximately 3 and 4 years and a female infant of less than 2 years were playing in the room. The children were all barefooted. The mother explained that they have no shoes or stockings. All are chubby and in apparent good health. The mother explained that they had no clothes and there were none in evidence in the room. The older child, a girl of 14 years, was in school. Whatever clothing there is for this 14-year-old girl was apparently on her back as there was no other clothing of that size in the room. One child, a 7-year-old boy, is not at home but is being cared for at a church mission.

Other than a single unit electric plate there are no facilities for cooking. A basin of water was boiling on this heater and was being used to heat the baby's bottle. The only food in evidence was a can of fruit juice which was nearly empty. The two boys climb on the bed and pour drinks of the juice into a tumbler and drink it.

The father, Francis Boykin, is a roofer by trade. He does not belong to any union and does only free-lance work. He is a chronic alcoholic and habitual drunkard. At present he is confined in the District jail for alcoholism and is scheduled for release on or about December 17, 1947.

The family receive \$141 per month from public assistance.

There was a rent receipt for \$56 for room No. 9 covering the period from August 3, to September 27, 1947. Since this is less than the \$14 per week quoted, inquiry was made of Mrs. Boykin and Mr. Davis. It was explained that this was the balance for that period and that no rent has been paid since that date. The rent for room No. 10 is in arrears since August 3.

The case to which reference has been made is one which, if the family lived in England, in Germany, in France, or in any other foreign land, would bring tears from the eyes of the one-worlders of the do-gooders.

Right here in Washington, within a very few blocks of the White House itself, not too far from the Chamber where we have given billions of dollars to aid people thousands of miles away, this woman and her children are living under conditions which never should obtain in a land like ours.

Even the author of My Day might have been able to have discovered it. Doubt-

less, there are similar cases which New Dealers might have been able to find.

I know nothing about the system which permits a situation like this to exist and which never in this land of ours should continue for a single moment after the attention of the proper authorities has been called to it.

Mr. ROBERTSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to say to my distinguished colleague the gentleman from North Carolina [Mr. COOLEY], after listening to his very interesting discussion of the Dewey dinner party, that under his own beloved President, Mr. Roosevelt, the greatest concentration of wealth in the fewest hands has taken place ever in the history of the Nation.

Mr. Chairman, today we are confronted with one of the most difficult pieces of legislation that has ever come before this Congress—difficult because we do not know all of the facts.

We have already given, through various governmental agencies, the astounding figure of \$66,017,790,335. Against this we have received in what is referred to as reverse lend-lease \$7,811,049,000. This can be referred to as relief funds, goods, and other economic aid that have been doled out in various ways. The largest single item went to England.

Now, in this bill we are called upon to give to the governments of three countries of Europe the astounding sum of \$590,000,000. We are told by some that it will stop the march of communism. If it will do that, I will vote for it in a moment. No one has assured us that it will do that. The best we can find out about it is that Russia dislikes it. We are told that it will feed the starving millions, who are starving because of war and because of drought conditions.

As Christian, American citizens, we would authorize it for that reason. But we have no knowledge that by that process it will get into the hands of the people who need it. We have reason to believe that an effort has been made to amend this legislation so that businessmen and those scientifically trained will become a part of a program for the sole purpose of distributing these goods when they arrive in the different countries.

If I read the bill correctly, this is not included. In my personal judgment, this is a gross error. Failure to do this leaves the distribution in the hands of unstable governments—governments which may be here today and gone tomorrow and governments which are concerned necessarily with their exchange rate.

We are assuming from the President's message that this is purely a stopgap relief aid, that it is no part of the Marshall plan, that the Marshall plan is strictly and wholly a question of the rehabilitation of certain countries of Europe. I have no right to challenge this. In my own personal mind, I cannot help but feel that this is cutting the pattern in some degree as to what we shall do, if we do anything, with the Marshall plan. It is a preliminary, if you please, to the Marshall plan.

I recognize that the State Department and Mr. Truman want to use this money

for diplomatic advantages. They will want to do the same with the Marshall plan, and they will oppose any change there, and I am thoroughly concerned to be of service and help to the President and Mr. Marshall, but I have a vastly greater concern in my capacity as Congressman, and that is the concern of the taxpayers of this Nation, and especially my State.

We hear again and again of the vast number of situations in this country which need attention of a domestic character, and they cannot yield to the fact that we continue to send vast sums abroad and neglect our people at home, especially those who need assistance. And, Mr. Chairman, I am not unmindful of the fact that those abroad are worse off than most of our people at home.

I cannot with good conscience vote for this appropriation unless there are certain important amendments added to it, where I could do it if I thought the finances were going through the proper channels and the goods were getting to the proper people. Certainly the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] made a strong point the other day when he said, if we are going to stop communism, we should get the food into the stomachs of the people who are hungry. It is too much to expect this to occur from any government in Europe listed in this category today.

I think the Herter amendment should be adopted regardless of its length. No group made a greater study than they did. And I think, regardless of what may be said to the contrary, that what we do here today is in substance cutting the pattern for the Marshall plan, and I challenge that again and again we will hear about this stopgap aid when the question of the Marshall plan comes up.

Let us not be led astray. The passage of this proposed legislation today will have a dramatic effect upon the economy of the United States. We will be charged again and again with bearing the responsibilities for the high prices of products. Nothing in all the world will so affect the price of consumers' livelihood as this authorization that this Congress makes today.

(Mr. ROBERTSON asked and was given permission to revise and extend his remarks.)

Mr. LANE. Mr. Chairman, I move to strike out the last two words.

FRANCE, ITALY, AUSTRIA MUST HAVE
INTERIM AID

Mr. Chairman, Monday, December 1, was the dead line set by Secretary of State Marshall for final congressional action on the President's request of \$597,000,000 for interim aid to France, Italy, and Austria. A week has passed, and we have not approved this emergency measure. The very word "interim" indicates the urgency of a situation which is well documented by facts. The people of Europe are desperate, and, unless help is forthcoming without delay, they may turn to communism. This is a crisis based on hunger—and it will not wait.

The humanitarian instincts of the American people are too well known and so often demonstrated that they require

no verbal proof at this grave moment in world affairs.

The stern fact of the matter is that hunger, unallayed, leads to war and is therefore a threat to our own security. If we do not come to the aid of the people in Europe, they will embrace the illusion of communism as a way out of their difficulties. Once enslaved, they may be used against us. Without friends or allies, we shall stand hopelessly alone.

As Secretary of State George C. Marshall said:

I have gone at some length into the major features of the long-range plan for European reconstruction and the part that the United States can prudently and wisely contribute because I fully realize that the speedy and adequate consideration of the interim-aid program which will be the first item of business presented to you, cannot be dealt with by the Congress without understanding its relationship to the program of long-range reconstruction of Europe.

I would, however, urge upon you the necessity of a speedy decision in regard to the interim-aid program. What is immediately needed is aid to maintain the status quo in food and in the material necessary to keep the wheels turning and people at work.

It will do little good to discuss the merits of a recovery program for Europe, if in the meantime political and economic conditions have deteriorated to a point where such a program could not possibly succeed.

The problem of overseas payment has become particularly acute in the case of Austria, France, and Italy. It is clear that the people of these countries in the absence of immediate assistance will, during the next few months, begin to suffer from a lack of food and other necessities of life, and the whole economic and social life of the people will be seriously affected. Within a short time these countries will have exhausted all of the dollar resources which they can muster to maintain in the flow of essential supplies.

Austria, whose economy is carrying the weight of a military occupation of four powers, has been able to survive in recent months largely through the assistance rendered to her under the United States foreign-relief program. These funds will be exhausted shortly after the beginning of the year. The dollar resources of France will permit her to procure essential food and fuel from abroad only until the end of December. Because of her rapidly dwindling reserves, she took steps at the end of August to reduce sharply the placement of contracts for most other imports. Italy's financial situation is even more serious than that of Austria or France. Last June the Italian Government took steps to eliminate the purchase of most of the raw materials and supplies which she required for the operation of her economy. The United States foreign-relief program has been able to provide food and coal until the present time. Funds are not in sight, however, beyond the 1st of December to maintain the flow of these necessary commodities.

In order to meet this emergency, I recommend that you give immediate and urgent consideration to a bill authorizing the appropriation of sufficient funds to provide the supplies necessary to permit the people of these countries to continue to eat, to work, and to survive the winter. This is not a recovery program. It is designed to help provide the essentials of existence to the people of these three countries.

To accomplish this purpose, it is recommended that the Congress authorize an appropriation of \$597,000,000. Of this amount Austria needs \$42,000,000, France needs \$328,000,000, and Italy needs \$227,000,000. These funds should be sufficient to meet the sit-

uation until March 31, 1948, before which time we hope that some decision may have been taken by the Congress regarding a broad recovery program. The program of interim aid would be concentrated largely on such items as food, fuel, fertilizer, fibers, seeds, and medical supplies. With such resources as they can make available, the countries should be able themselves to procure other imports needed to prevent economic deterioration. Interim aid should be given to these countries under agreement to make efficient use of the commodities which we would supply. They should also include a provision that the receiving government make known to its people the purpose and source of our supplies and that it would make available full information concerning their distribution and use. The urgency of the situation is so great that I recommend that no new agency be set up to handle this interim program. The time required to organize such an agency, to hire personnel, and establish new procedures would defeat its very purpose. Whatever agency might be created to administer the long-term European recovery program could, of course, take over the operation of interim aid as soon as it comes into existence.

We must not fail to meet this inspiring challenge. We must not permit the free community of Europe to be extinguished. Should this occur, it would be a tragedy for the world. It would impose incalculable burdens upon this country and force serious readjustments in our traditional way of life. One of our important freedoms—freedom of choice in both domestic and foreign affairs—would be drastically curtailed.

Whether we like it or not, we find ourselves, our Nation, in a world position of vast responsibility. We can act for our own good by acting for the world's good.

In these sober words, the Secretary of State has confronted us with a task which we must do without delay. It is part of a foreign-policy program upon whose success or failure the peace and the happiness of the world depend. It is an issue of such grave import that it should be free from the intrigues of domestic politics. To their great credit, we admire the support being given to this policy by two Republican leaders, namely, Chairman ARTHUR H. VANDENBERG, of the Senate Foreign Relations Committee, and Chairman CHARLES A. EATON, of the Committee on Foreign Affairs of the House.

There is some danger, however, that a few Members of Congress may attempt to cripple the effectiveness of the interim-aid program through amendments offered in the name but not the substance of economy. We cannot compromise on need. We cannot ask another generation of Americans and Europeans to pay for our deficiency with their blood.

The Secretary of State, for reasons of diplomacy, could not very well single out Soviet Russia and its expansionist policy, as the force which fosters and thrives on the economic collapse of other nations, but we know this to be the central fact.

Those Members of Congress who toured Europe this past summer and early fall, in order to survey the situation, are almost unanimous in their opinion that interim aid is imperative. Upon what we do now hinges the fate of Europe. Delay or short-sighted economy will wreck the program of long-range recovery.

The Communists know this. They are hopeful that, on the eve of a Presidential election year, some of our Members may be inclined to play politics with this life-or-death measure. I feel certain that the Communists are going to be disappointed. The Members of Congress have acquired a world-conquering march of fascism, we shall match the movement of any other aggressor by countermovement in order to head off war. We, in concert with other peace-loving nations, will act before it is too late.

This we shall do through the medium of the interim-aid bill, as a first and essential step. By constructive methods, helping others to help themselves, we shall halt those who wish to destroy.

With food and fuel and clothing we shall help men to preserve their freedom, and give them strength and hope to pick up the instruments of peace for their own progress and that of the world. In this way we shall confound the Communists, the Fascists, and any other totalitarian forces who would ruin that they might rule.

The time is short. The emergency is acute. An adequate interim-aid appropriation shall be our swift and effective response to Europe's desperate cry for help.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

(Mr. KNUTSON asked and was given permission to revise and extend his remarks.)

(Mr. KEOGH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. KEOGH. Mr. Chairman, as one who was privileged to travel with the Select Committee on Foreign Aid, I can attest to the urgency for the speedy enactment of the pending bill. While it includes interim aid only for the named countries—France, Italy, Austria, and China—I should like to express the hope that the Committee on Foreign Affairs will give early consideration to a program of long-range aid. In this latter connection, I urge that the Committee consider the inclusion within such a program of those countries faced with the necessity therefor. It is particularly important, I think, that consideration be given to such valiant allies and sturdy friends as the people of the new but already great Philippine Republic.

(Mr. KELLEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. KELLEY. Mr. Chairman, there can be no recovery or reconstruction in western Europe without the reconstruction of the mines in the Ruhr district, providing for full production of coal with the necessary facilities for transporting the coal to the consumer. We must have coal or nothing.

This definite conclusion was arrived at after an intensive study of the conditions in western Europe this summer. After completion of my mission at the International Labor Conference in Geneva, I took the opportunity of visiting Austria, Germany, France, Italy, and England. I shall not dwell upon the state of the people in the countries which I visited,

except to say that to say that misery, ruin, and malnutrition are prevalent to a degree which cannot be appreciated unless witnessed. My purpose here is to direct attention to the fact that the vital point of recovery in Europe lies in the reconstruction of the mines in the Ruhr district, which, for some reason, has not been accomplished up to this time. There is a strong indication that our administrators in western Germany may bear a heavy responsibility for this failure.

Western Germany is the key to the recovery of western Europe. I was deeply impressed with the dormant condition of all industry in western Germany. The condition of the Ruhr coal fields is appalling, and after 2 years we have made little headway. There is now in operation a joint arrangement between the United States and Great Britain for control of the coal mines in the Ruhr. Before the war coal production was around 700,000 tons a day. In the past summer it was around 220,000 tons a day, and recently it has gone to 270,000 tons a day, about one-third of what it should be. This 270,000 tons a day was cause for much applause in the offing, but, from my point of view, there is nothing to applaud, for the recovery of western Europe has been retarded greatly by the failure to produce sufficient coal from the Ruhr mines and to transport it to the consumer. There can be no satisfactory operation of these mines with a dual arrangement, a divided authority. Furthermore, the British Coal Control Board at Essen emphatically stated that all coal produced in excess of 250,000 tons a day would have to be stocked, as there were not sufficient facilities for transporting it to the point of consumption.

To continue our policy, practiced for the last 2½ years, of furnishing Europe with the mere means of subsistence will mean our keeping these millions of people alive for generations. What should have been done at the outset was to direct our policy toward recovery, putting these people back on their own feet and getting them off the backs of our taxpayers. Again I reiterate that this cannot be done without full and substantial production of coal from the Ruhr district. This district, by the way, has the largest coal area and the richest coal in Europe. The only way such full production can be accomplished is by turning over the operation of the Ruhr mines to American management. Send to the Ruhr district the most competent engineers, technicians, and administrators possible to obtain in this country. I am sure it can be done. I believe some of our large coal companies would be willing to lend to the Government the necessary personnel. At the present time there is no competent personnel with the United States military government in Germany to aid in the Ruhr recovery. While some people may cheer because production has gone up somewhat in recent months, it is far from adequate and it will not reach the necessary proportions for basic recovery until we establish a different policy.

Coal is basic to the prosperity of any country or area, and it is fundamental

that that fact should be considered here. We have overlooked this, and it is time now, although late, for us to recognize the necessity of doing something about it immediately. The British have not made a success of the Ruhr operations. Quite the contrary, for I think their policy has retarded recovery from the very beginning. It should be plain, even to a layman, that the British, who have been unsuccessful in operating their own mines, could not succeed in the Ruhr. There are several reasons for this, one of which is that they permitted the miners in the Ruhr to believe that socialization of the mines was imminent. Besides, while the miners in the Ruhr district are organized, they were not properly managed.

I do not think that we should be easily persuaded by the antagonism of the French to the development of the Ruhr area, for with the reconstruction of the mines, there would naturally follow the reconstruction of the steel industry, providing the material necessary for the rebuilding of the railroad systems, river facilities, and for construction of homes and business places. The fear of the French, and some other people, is that Germany would proceed immediately with another war machine and the manufacture of the implements of war, but that is a weak argument. Careful supervision by western allies would prevent that.

My recommendation that the United States assume the responsibility for the reconstruction of the Ruhr district seemed to me so sound and so vital that I carried it to the President on my return from abroad. He listened intently and without objection, and he gave me encouraging impression that he felt as I do about it. I realize there are complications in such a step, for the Ruhr lies in the British zone of occupation, and the British feel it is their responsibility. However, I have the feeling that the British would be glad to relinquish their claims to responsibility in this matter in order to direct full attention to their own situation.

One might put forth the argument that coal cannot be produced sufficiently in the Ruhr until the miners are adequately fed and housed. This is true to an extent, but one must bear in mind that recovery in the coal industry means an accompanying recovery in agriculture. For instance, fertilizer could be obtained from the by-product coke plants in the Ruhr, which also should be expanded. I am satisfied that it would not take very long for us, with our own personnel, to do a complete and thorough job in this area, and I do not see why we should hesitate to move in that direction. An adequate production of coal in this area would be of great assistance not only to Germany but to Italy, France, and Austria, because these are natural markets for the Ruhr coal. In addition, it would relieve us of shipping coal to these countries at a price of \$24 a ton delivered. We are now in the midst of providing stop-gap relief for these countries, and it seems so unnecessary to me that coal should be included in that relief. Of course it must be now,

because production cannot be brought up within a few days; but had it been properly handled in the beginning it would not be necessary to ship coal to Europe.

The Marshall plan should, therefore, encompass and make most clear the necessity for the reconstruction of the Ruhr mines and factories, an objective which I am convinced is of first importance. In fact, I feel that the success of the Marshall plan is in jeopardy unless full production in the Ruhr is accomplished.

Mr. REES. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I am very much surprised and disappointed with respect to the address delivered by the distinguished gentleman from North Carolina [Mr. COOLEY] a few minutes ago. He is, as I understand it, one of the world travelers, one of the Members of the House who has traveled with various committees in Europe not once but two or three different trips he has made to Europe. He has also traveled in the Pacific. He is a man of wide knowledge of world problems. With all of these travels and all the information he should have gathered, he should be able to submit very important information and advice with respect to the problem confronting us today. The problem we are discussing is an extremely serious one, and that is whether or not this country is going to spend some \$590,000,000 for certain countries of Europe as provided in the legislation that is before us this afternoon. The bill has been before this House since early last week.

I was very much disappointed to see the distinguished gentleman from North Carolina use the time allotted to him, including the extra 5 minutes, discussing the candidacy of a man whom he says may be a Republican candidate next year. The candidacy of this gentleman does not affect the gentleman from North Carolina at all; yet, he took all of his time to discuss some feature article that appeared in a magazine that does not suggest it has anything to do with the problem at hand. He spent his time describing a big dinner given in New York. Perhaps there should have been no party. I do not know. But that is beside the question. No wonder people say that the Congress is confused when a man of his ability and his understanding of world affairs will use his time in that manner. As I stated, I am extremely disappointed that the gentleman would do that sort of thing. Why has he not, up to this time, taken some time to discuss the important question that is before us? After a Member has traveled abroad as much as the gentleman from North Carolina [Mr. COOLEY] has done, visiting the countries of the world and since this legislation concerns European countries, we should have had before now, the benefit of his first-hand information and knowledge. Let him tell us about his experience, understanding, and knowledge of this very important problem instead of using the time of the House in the way he did this afternoon.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the distinguished majority floor leader, the gentleman from Indiana.

Mr. HALLECK. Of course, without regard to anything that has been said about action on this measure, the truth is that the majority of this House has seen to it that the matter is moving expeditiously but with the care and consideration that should be given a problem of this importance. I wonder if the gentleman will not agree with me that some of the speeches on the Democratic side of the aisle that have been made today would indicate that something almost in the nature of a filibuster is being carried on in connection with the expeditious consideration and action on this measure?

Mr. REES. I do not see how the speech to which I have just referred could in any way expedite or add to the discussion of the problem presently before us. I shall not use the remainder of the 5 minutes allotted me.

Mr. COX. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, there can be no sense in treating this proposal for interim aid to France, Italy, Austria, and China as being something other than what it is. If it is not an investment in national security—then it is a snare and a delusion—a continuation of the insane policies that have already brought us to the brink of ruin.

The bill is an integral part of the Marshall plan—the first step taken in carrying out the long-range program which the plan contemplates, and accepted as such it can be defended.

To the development of Russian power now being used to dominate the world and to enslave all mankind, our country has been the chief contributor. In conferences of the leaders of the Great Powers we lost not only that which we had the right to claim, but gave away much of that which we already had. We yielded to Russia at every point. We danced, and helped compel the rest of the world to dance, to the tune that Stalin called. We now stand in a fair way of losing everything that has not already been given away.

The terrible plight in which the world finds itself has, in the main, been due to the aggressive prosecution of the conspiracy, constructive and otherwise, found in the ranks of the so-called intelligentsia everywhere to impose a modified form of Marxism upon the world. Reform has been the standing order of the day. It is the order of the present hour. We have, to our sorrow, been subjected to much of it.

Mr. Chairman, if this bill is not anti-Communist, if it is not anti-Russian, and if it does not have that meaning to the rest of the world not already stuffed into the greedy maw of Russia, then it is suicidal and had better be thrown into the discard. Treated as a defensive measure to the war that Russia is waging against us, I give the bill my support.

Let the peoples we help be made to know that we do not want a foot of their soil nor a single trade advantage. That all we seek is peace and security for our-

selves—peace and security for the world. That we regard communism as a conspiracy against liberty and freedom, and, therefore, we fight communism and the defenders of communism both here at home and abroad.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield to the gentleman from Minnesota.

Mr. KNUTSON. According to Senator BYRD we have given away in one form or another since the end of the war \$24,000,000,000; is that true?

Mr. COX. Oh, we have given away billions and billions and billions.

Mr. KNUTSON. We gave nearly \$3,000,000,000 to UNRRA, and what did we accomplish through UNRRA?

Mr. COX. Well, UNRRA, I do not think, was a success.

Mr. KNUTSON. All right. Let us go a step further. What did we accomplish through the British loan? Even the English say it was a mistake?

Mr. COX. Well, I think too much of the British loan was used to sustain the government in power and too little used for the reconstruction of her war-wrecked economy. But let me say to my friend, we are trying to save western Europe. If we lose western Europe we might just as well make ready to take on the yoke that Stalin will impose.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

The Clerk read as follows:

SEC. 3. The President, acting through such departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds to any such departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, available to the government of a recipient country, whenever he finds it in furtherance of the purposes of this act and upon the terms and conditions set forth in this act—

(a) Procure, or allocate funds or establish credits for the procurement of, from any source—

(1) Food, medical supplies, processed and unprocessed materials for clothing, fuel, fertilizer, pesticides, and seed; and

(2) Incentive goods, consisting of commodities not in short supply in the United States, including Government-owned stocks, to be used, distributed, or sold in a recipient country; under a specific agreement previously entered into pursuant to section 5 (g), to increase the production or distribution of locally produced commodities referred to in paragraph (1) of this subsection (a);

(b) Transport and store, or allocate funds or establish credits for transportation and storage of, such commodities;

(c) Transfer such commodities to any recipient country;

(d) Incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this act.

Mr. VORYS. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. VORYS:

On page 2, line 16, after "seed", insert "required in a recipient country on or after December 1, 1947."

On page 2, line 17, after "goods", insert "required in a recipient country on or after December 1, 1947."

Mr. VORYS. Mr. Chairman, this amendment simply provides that the interim-aid program, if enacted, will proceed from December 1, 1947, as was contemplated when we were called into extra session. If it is not adopted, France, for instance, will be forced to spend from her availabilities for other purposes the sum of over \$58,000,000 in the first 21 days of December for relief supplies, so that she will be unable to carry on the rest of her economy as the whole plan contemplated. This amendment will merely have the bill carry out the purposes for which we were called back into session and have the timing agree with the program which has been presented to us. The amendment was adopted unanimously by our committee after it was called to our attention.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I understand the gentleman states that this amendment is necessary, fixing the date as of December 1, to take care of the needs of recipient countries. If I am correctly informed, the program for France will begin on December 1, but the program for Italy will not begin until January 1. Is that correct?

Mr. VORYS. The gentleman is correct as to France. I understood that the procurement for Italy would have to start before January 1.

Mr. AUGUST H. ANDRESEN. That is not the interpretation I have been given not only by the State Department but by the Department of Agriculture. There will be no need in Italy until after January 1. In fact, the report of the committee states that the program for Italy will begin January 1.

Mr. VORYS. The amendment merely refers to supplies, "required in a recipient country on or after December 1st." As the gentleman well knows, this is a matter of no great importance except in this respect: It is important to keep the pipe lines filled and moving, and not have these countries expend their available dollars for things we are going to send them, and thus cripple themselves later for carrying on their general economy. That is the purpose of this amendment.

Mr. AUGUST H. ANDRESEN. Is it the understanding that the program for Italy is to be moved up to December 1?

Mr. VORYS. No, it is not.

The estimated payments by France during the first 20 days of December include \$20,210,000 the week of December 1 to 7, \$18,490,000 the week of December 8 to 14, and \$20,067,000 the week of December 15 to 21.

Those payments will have to come out of the estimated \$228,000,000 which the French were expected to finance out of their own resources for other than relief supplies. This merely permits the program to be carried on as it was presented.

Mr. AUGUST H. ANDRESEN. Who gets the money? Does the United States get the money?

Mr. VORYS. Yes, it merely makes it available. As the gentleman knows, this bill is prepared so that no foreign country gets any money. They merely get credits subject to the control of the President, or they get an allocation of supplies.

Mr. AUGUST H. ANDRESEN. There are many provisions in the bill which are very confusing to me, and I have tried to give it very careful study.

Mr. COLE of New York. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. COLE of New York. May I inquire of the gentleman whether in his opinion, he being one of the authors of the bill and one who has given a great deal of thought and study to it, whether the authority contained in section 3 can possibly be construed as authorizing the transfer to any recipient country of any fissionable products which this country has?

Mr. VORYS. No, I think it very clearly cannot be so construed. That was gone into in the other body.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Ohio [Mr. Vorys].

The question was taken; and the Chair being in doubt, the Committee divided; and there were—ayes 129, noes 3.

So the amendment was agreed to.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota:

On page 2, lines 3 and 6, after the word "such", insert "existing."

And in lines 7, 8, and 9, strike out "or by establishing in this country credits subject to the control of the President, available to the government of a recipient country."

Mr. CASE of South Dakota. Mr. Chairman, there are two parts to this amendment which I believe will commend itself to the sober consideration of the Chamber.

In line 3 and line 6, on page 2, before the words "departments, agencies, or independent establishments," the amendment would insert the word "existing." I offer the amendment at that point to make clear that the authorization created by this act does not authorize the President to create new departments, agencies, or independent establishments of the Government. I am sure that was within the intent of the committee.

The second part of the amendment proposes to strike out the words which appear in lines 7, 8, and 9, which read: "or by establishing in this country credits subject to the control of the President, available to the government of a recipient country."

In that connection I want to point out that what this bill does, if those words remain in the bill, is to authorize the creation of a fund of \$590,000,000, which will be available for the President to expend under such credits as he may establish and make available to a recipient country without any requirement whatsoever as to accounting procedure or expenditures in line with established procurement procedure.

We never did that in the war. Never during the war did we create a kitty of \$590,000,000 for the President to expend on his own whim. Never during the war did we say he could be the sole judge of what countries should get his money in that amount. Never did we give him such power to place orders with such companies as he desired.

On page 9 of the bill there is a provision that the funds authorized under this act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditures in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit. That is, if the President should expend this money through an existing agency of the Government, then the money would be subject to the usual accounting practices and laws governing that agency or establishment. But if he sees fit to establish credits for a foreign country, they expressly are made subject to his control alone, and there is no provision for following the ordinary requirements in Government procurement, or the principles of the Budget and Accounting Act or the audit regulations of the General Accounting Office, or anything of that sort.

If those words remain in the bill, you will have created a kitty of \$590,000,000, which is greater than any cash kitty that was ever put at the disposal of a President, without any control over it whatsoever. That violates the spirit of the Budget and Accounting Act. It violates the spirit of the Corporation Control Act, and it violates the principles and precedents of the House as far as making funds available to the executive branch are concerned.

Therefore, I urge that you vote for the amendment and put in the word "existing" at the place indicated, and then strike out the language which would enable the President to ignore the present laws regarding obligations and expenditures.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. OWENS. You want us to vote separately first on the word "existing" and then the other later?

Mr. CASE of South Dakota. If the gentleman wants to ask for a division of the amendment, of course he can do that. There are two propositions. I offered them together because I thought they tied together.

The CHAIRMAN. The time of the gentleman from South Dakota [Mr. CASE] has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

If the committee will turn to section 10 on page 7, the committee will find that the bill provides, as is contemplated by the report and the hearings, that this shall be administered entirely by existing agencies until such time as the Congress shall bring up some new agency. The bill provides that the existing agencies shall administer this bill.

On the matter of striking out the words providing for the establishment of credits subject to the control of the President, precisely the same administration is used under Public No. 84, the relief assistance bill, which we adopted after 3 months' debate last spring; I have heard no complaints made about the procurement system which is in effect under that bill. The procurement part of this bill is patterned on the machinery now existing and functioning satisfactorily, for at least a temporary period, under Public No. 84, the relief assistance bill. In that bill there was a provision for the allocation of supplies and the use of credits, subject to the control of the President, so that all procurement would be under the control of our officials, and there would be no bidding in the markets.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JUDD. The language the gentleman's amendment would strike out, was adopted by the committee as a limitation on the Senate version which provided that the President could allocate the funds to our own department, agencies, or independent establishments; or by making funds available to the government of a recipient country. We felt that our dollars should not be put into the hands of any foreign power to spend as it wished, here or elsewhere. So we provided that the President cannot allocate funds but can establish credits in this country which will be available to the recipient country but subject to the President's control. That is exactly the way the law reads now.

Mr. CASE of South Dakota. I know, but there is no obligation to accept the version of the other body. Certainly the language pointed out by the gentleman from Ohio does not counteract the exact language of the bill that the President may do this by setting up such credits for a recipient country as he wants.

Mr. VORYS. Not as he wants.

Mr. CASE of South Dakota. Section 10, cited by the gentleman, states that he may delegate to an existing agency any of the powers or authority conferred on him. It does not say he shall; it does not require him to use an existing agency. The language of the bill as now written certainly does permit the President to set up foreign credits and control them as he sees fit.

Mr. VORYS. I might point out to the gentleman that on the bottom of page 7 of the bill occurs this language: "responsibility for administering in the recipient countries the program of assistance provided for in this act shall be vested in the field administrator of the United States foreign-relief program."

Mr. CASE of South Dakota. That may be, but it does nothing about the language which reads "by establishing in this country credits subject to the control of the President, available to the government of a recipient country."

He, under this language, could make the credits available in this country and the administrator over there would not even touch it until after the recipient country had spent the credits.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The question is on the amendment offered by the gentleman from South Dakota.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 96, noes 70.

Mr. VORYS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. CASE of South Dakota and Mr. VORYS.

The Committee again divided; and the tellers reported that there were—yeas 132, noes 117.

So the amendment was agreed to.

Mr. COUDERT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COUDERT: On page 2, line 17 through line 24, inclusive, strike out line 17 from "(2) incentive goods" through line 24, ending with "subsection (a)."

Mr. COUDERT. Mr. Chairman, I am offering this amendment not because it may save money, because I do not know. Nobody can know what the effect of eliminating this paragraph might be on the ultimate expense of this program. I am offering the amendment, however, for a much more important reason. I think that it is necessary in order to keep faith with the American people. Only a few moments ago the distinguished gentleman from Ohio, who is in charge of this bill referred to "relief supplies." The administration and others have been selling this bill from Maine to California for these many weeks as a relief bill to save the starving and warm the cold. Now, in paragraph 1 of that section provision is made for the acquisition for foreign relief of all of the necessary relief goods. Listen to this paragraph, gentlemen:

(1) Food, medical supplies, processed and unprocessed materials for clothing, fuel, fertilizer, pesticides, and seed.

What I move to strike out is an omnibus clause that would permit the administration to buy any known thing under the sun and the moon and the stars, under the euphonious and exotic term "incentive goods."

If the bill passes in this form the administration or its agents who carry out this program, will be able to buy a shiny new automobile for that friend of the administration in some foreign country; he will be able to buy toastmasters and mixmasters, and all kinds and every kind of goods. Now, you do not eat automobiles, you do not put them on your back to keep warm. You do not need this paragraph in a relief bill, and I say in fairness to the American people and to conform with the propaganda and the assertions of the administration in support of this bill, that this provision should be stricken out. The bill would then continue to be, as far as this paragraph is concerned at least, a relief bill in a proper sense.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to this amendment and in favor of the pro-

vision contained in the bill as written by the Committee on Foreign Affairs. The gentleman from New York argues that we are here "To keep faith with the American people," and I agree with him thoroughly. We are here to keep faith with the American people; but I would assume that the American people sent us here to Congress to use our heads, and I have rarely heard an argument that was more blind to the realities of the situation than that which supports this amendment.

One of the great difficulties in Europe that every Member who has traveled there, who has appeared here on the floor has talked about has been the existence of black markets and the difficulty of getting the farmers of France and Italy in view of unstable currencies and lack of consumer goods, to give up all their grain to the use of the community—especially of the people in the cities. We have that in our report, for example, on Italy. It is conservatively estimated that if you could scratch the bottom of the grain barrel of Italy's farmers you could get at least half a million tons in collections for this very period we are considering in this bill, and you might even get 1,000,000 tons. We are providing coal under this aid bill. By superhuman effort in work men can mine more coal. That is a question of more than normal activity.

Certainly what we want to do is to encourage the French and Italian farmers to give up their grain and to encourage coal miners to mine coal and to help to restore the productive activity of these countries.

There are two ways of restoring productive activity. One way is with a bayonet. That is the Communist way, and many Members would be up here heatedly arguing that that is not the kind of system we want, and that we ought to spend not only treasure but blood if it were necessary to avoid that kind of a system. But this amendment is leveled against the only other way which democracy knows of getting the job done—by making it worth while in terms of human satisfactions in order to get it done.

All this section says is that incentive goods shall be made available for the purpose—and I emphasize that—for the purpose of producing locally these very relief supplies of food and fuel.

What are incentive goods? Incentive goods are textiles, incentive goods are cigarettes and pots and pans, incentive goods are all the knickknacks and little home items which make life a little happier, which encourage men to work harder.

The only way in which the remotest impression was made upon the German coal miner in the Ruhr to get him to pick up his production somewhat was to give him additional food—incentive goods. The greatest example of recovery in Europe, which is the example of Belgium, is occasioned only by the fact that it is the triumph of incentive goods. In Belgium the government opened the door wide to all kinds of textiles, pots and pans, and radios and appliances

which interest people and to get which they are willing to work harder.

The Committee on Foreign Affairs in this bill is trying to use its head. It is trying to get the most self-help out of the countries we are trying to aid, and to see that the least burden falls upon our own economy. If you adopt this amendment you are cutting off the opportunity of keeping faith with the American people by letting us use our heads.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New York.

Mr. COUDERT. I appreciate the observations of the gentleman as to my blindness. I know full well that my oculist at least would agree with him. I hope the House will not.

Is it not a fact that the gentleman's only defense of this perfectly ridiculous and anomalous provision is that he thinks it will completely make over those European economies that the long-term Marshall plan might be intended to make over? In the meantime, however, the incentive goods, which would include automobiles and every other known form of goods, certainly are not going to be sufficient to make over the economies of these countries and provide inducements for 100,000,000 people to work a little harder so they will have a little something more.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment. I think we should encourage everybody to produce, and provide an incentive for him so that we can get abundant production, in order to save the American citizens. We have an incentive by way of wages in the United States, so that a man who works will earn wages and will be able to buy those goods that go to make up the comforts and luxuries of life for himself and his family. The trouble is that in France and Italy, France in particular, the average laboring man gets about a dollar a day, or 280 francs, so he does not have very much money to buy the incentive goods that are available in the stores in Paris and other communities in France. If he could earn a little more money, he would have the means with which to buy the incentive goods that are available in the different stores in France and also in Italy. Some might try to make you believe that merchandise is not available. I have visited a good many stores in both Paris and Rome, and we found that all kinds of merchandise is available, but the prices are high just as they are in this country.

There is a shortage of labor in France. People there could work a little harder, but I doubt very much that if we were to give them a package of cigarettes or an automobile or radio, something else as an incentive which our American taxpayer should not be required to supply, whether we would get any more work out of them with their present socialistic government. In Italy they have an overabundance of labor. In fact, the French people are trying today to get 200,000

idle Italians into France to work the coal mines, because the French people will not do that kind of work. We would be better off if we provided to give some incentive to the Italian unemployed to go up to France to work, rather than to dish out radios and cartons of cigarettes and washing machines and fur coats and a lot of other incentive items to the people to do some more work, all of which is to be paid for by American taxpayers.

I hope this amendment will be adopted. I am surprised that the committee put it in the bill. The Herter committee, of which I was a member, did not recommend incentive goods. It was urged upon us to recommend the giving of incentive goods to these different countries, but we did not agree on that point. We mentioned it in our report.

Where incentive goods are necessary maybe in Germany because the value of the currency there has depreciated to such an extent that cigarettes are far more valuable as currency than the marks that are being issued. Germany is not involved in this legislation. Therefore when it comes to France and Italy, who are the two main beneficiaries of the provisions of this bill, they certainly do not need incentive goods to be provided at the expense of American taxpayers.

Mr. HERTER. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. HERTER. There was a recommendation made after our report was written with regard to incentive goods. That recommendation was circulated to all members of the committee. It was put in the report, as a recommendation, but only one member objected to it, and that is the gentleman now in the well of this House. Every other member of the committee was in favor of leaving incentive goods in the bill.

Mr. AUGUST H. ANDRESEN. I have no desire to question the chairman of the special committee. In fairness, we must keep the record straight. The committee did not reach any agreement on incentive goods, and, to prove my point, I quote from page 7, section C, paragraph 5 of the report which states as follows:

It is the committee's view that consideration should be given to suggestions which have been made to it that the Corporation should also be permitted to use a small specified portion of its authorized capital to provide incentive goods.

It will be noted that the committee simply stated that consideration should be given to the idea, and therefore no specific recommendation was made. Furthermore, the idea was to be considered in connection with the corporation recommended by the committee, which proposal is not embodied in the bill before the House.

I am glad to have that correction. I have not changed my opinion, because we did not reach any agreement as members of the Herter committee. In spite of my opposition and writing an amendment to it so that the Members would know that it was simply recommended to the committee, the clerk who prepared the report left my amendment out

and tried to correct it afterward. I believe the gentleman will also concede that that is correct.

Mr. COLE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. COLE of Missouri. I fully agree with the gentleman that starving people should not need any incentive to alleviate their suffering.

Mr. AUGUST H. ANDRESEN. Let us do this—if the people over there are hungry, and if they need incentives, let us give them an extra loaf of bread. Let us give them a pound of lard. Let us give them some flour, or let us give them some other of these vital commodities which are provided for here, so that they can do better by their families, and in that way do more work and produce more goods.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. JUDD. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, one of the great concerns that Members have quite properly expressed is that we do not denude America of commodities like grain, which are in short supply, and thereby increase the price of such commodities for American consumers. The whole purpose of this section is to husband as carefully as we can the commodities in short supply here in America. In France and Italy, there are farmers who are not willing to sell their grain for the only thing they can usually get for it, depreciated currency. They are hoarding it in their basements or under the floor, or more frequently are hoarding it in too numerous or too fat hogs and cattle, because they do not want to sell their grain for paper francs and lira, which won't buy much now and which they fear will go down even further.

But they will sell it for commodities they need or want. They will bring out their wheat and exchange it for something the family wants.

When we have something in long supply here, like tobacco, we could use this money to buy and send tobacco for sale to farmers over there, thereby bringing into circulation thousands of bushels of wheat. Then we would not have to send so much of our wheat, and increase the price of flour for the consumers in your home town. Inasmuch as we are going to spend a certain amount of money anyway, is it not wise to spend as much as feasible of it for commodities that we have plenty of, if sending such commodities over there will liberate such essential foodstuffs as they have and are holding back, which are in short supply here?

The gentleman from New York spoke about the possibility of sending automobiles. If he will look in line 18, it specifies, "Commodities not in short supply in the United States." Automobiles are in short supply in the United States. Obviously, they could not be sent over. The authority applies only to those commodities where our production has caught up with our domestic demand or there is already a surplus on hand here. To spend some of the money for the type of commodity for which the farmers of re-

cipient countries are willing to trade their grain or hogs or their cattle or butter, when they will not sell their commodities for a currency that is depreciated and that they do not have any confidence in, in one sense bolsters their economy and their currency. Secondly, it releases the goods they have hoarded so that it can get from the farms into the cities where the hungry people are; but, above all, it protects our own price levels in this country by not exporting a single unnecessary bushel of our own commodities in short supply.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to my friend from Minnesota.

Mr. AUGUST H. ANDRESEN. Will the gentleman name some of the incentive items that are in abundant supply in this country, excepting tobacco?

Mr. JUDD. There are not very many. So the program will not be extensive. But wherever there is a commodity in abundant supply and which they want, why not use it?

Mr. AUGUST H. ANDRESEN. Well, radios are in abundant supply. Would you say we should tax the American people to buy radios to send to France and Italy?

Mr. JUDD. If the cost in taxes to the American people is the same whether we send wheat or radios, and if the radios will produce the wheat over there, I would send the radios, in order to keep our wheat here. We are short on wheat. If we are long on radios, and sending the radios will release the wheat over there, certainly we should send the radios.

Mr. AUGUST H. ANDRESEN. Would it not be better to do something to require the stabilization of the currency in both France and Italy, so that the farmers would have confidence in their currency and bring in their wheat?

Mr. JUDD. That would be wonderful but just how do you require stabilization? When the governments of France or Italy has to pay its bills and the taxes are not adequate, the only way it can get it is by running the printing presses. They cannot stabilize until they have help in increasing the supply of commodities to be bought. It is not a case of stabilize first and then we will help. We have to help in order for them to be able to stabilize. What is the use in letting the patient die before you administer remedial treatment? I approve this provision, not because I don't want stabilization, but precisely because I do want it.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. OWENS. Is it not rather childish for us to say we have to send tobacco and pots and pans and textiles over to the people of Europe to have them give the grain and other foods, that they have in abundance, to their own folks who are supposed to be needing it there?

Mr. JUDD. Well, you know that human nature is the same in Europe as it is here. The only way governments can get these supplies is either by providing incentives, under the kind of system that you and I want, the system based on individual freedom, or by exercising com-

pulsion, that is, go out and seize them. If we want to force those governments into becoming police states, then we would need only to follow your advice. I do not want to force them into police states. With appeals to patriotism and humanitarian motives, a great deal comes in, but there are still people in every country who will not turn over their hard goods for currency in which they have little or no confidence.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JUDD] has expired.

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. KNUTSON]?

There was no objection.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield, of course, to my colleague from Minnesota.

Mr. KNUTSON. I wonder if my good friend, who is an eminent doctor, will tell the House just how many calories there are in a small portable radio.

Mr. JUDD. There are no calories in a small portable radio, but if a small portable radio produces 50 bushels or even 50 pounds of wheat, that is a lot of calories.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. BUFFETT. Whether this bill is for the purpose of buying these radios, or buying this wheat does not the bill itself represent the forcible seizure of the savings of the American people if they do not voluntarily care to give?

Mr. JUDD. Whoever intends to vote against the bill should vote against this provision because the whole bill could conceivably come under the gentleman's definition. Every time the gentleman votes for a tax bill he votes to take money away from the American people against the will of many of them. If I go down the street, meet your wife, seize her purse and take money out of it they can put me in jail; but if I vote to pass a tax bill which takes the same money out of her purse, they do not send me to jail. All taxes, in a sense, are legalized seizure.

Mr. BUFFETT. But there are legitimate costs of government. They should be met. Does not the gentleman recognize that there is a limit to Government spending beyond this field?

Mr. JUDD. Yes; and national defense comes high in the list of legitimate costs. If the Government of the United States and the people of the United States think it is in our own national interests to help free peoples stay free against the awful onslaught that is being made against them, and if we are going to mobilize our own resources for that purpose, I want to mobilize them in the most intelligent and effective way we can, in order to get the maximum benefit for our own security; and I want to see it done with the least dislocation of our own economy. That means using as little as we can of the commodities in short supply.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to my friend and colleague.

Mr. O'HARA. I would like for the gentleman to speak about goods in short supply and the provision of the bill dealing with them. Who decides what goods are in short supply?

Mr. JUDD. Since we adopted the Case amendment the section reads:

The President acting through such existing departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds to any such departments, agencies, or independent establishments—

And so forth. They would have control of purchase for export, and determine what goods are in short supply. I am sure the gentleman will agree that the Department of Agriculture is not going to buy and export any more wheat or other things in short supply in this country than it can help.

Mr. O'HARA. Does the gentleman know how many thousands of short supply articles there are in this country being purchased and exported by the Government now under its aid program and under individual export program?

Mr. JUDD. Yes, and this provision for incentive goods is set up precisely to restrict the export of articles in short supply, to correct the thing the gentleman is complaining about.

Mr. O'HARA. Mr. Chairman, will the gentleman yield further?

Mr. JUDD. I yield.

Mr. O'HARA. We have had a short supply control program in the hands of the President. Why has it not been controlled so far?

Mr. JUDD. This subsection states even more specifically the intent of Congress that he should reduce the drain on goods in short supply, and provides a means for that end.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. VORYS. The bill passed by the other body contains the words at this point "and other commodities," taking in almost everything.

Mr. JUDD. Yes; that is right.

Mr. VORYS. The amendment proposed by the gentleman from New York leaves in the words "incentive goods" but strikes out all of the limiting language which the committee had provided, and therefore leaves it as wide as proposed in the other body. It was the purpose of our committee not only to provide incentive goods but to say what we meant by it and to show that they must not be in short supply in this country.

Mr. JUDD. Yes; our purpose was not to expand but to limit the power of agencies to buy and export commodities in short supply.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. DONDERO. It is just a little bit discouraging to me while we are considering this bill to know that in France today there are 2,000,000 men walking the streets on strike, which is costing France some \$40,000,000 a day. They have been on strike 20 days; that is \$800,000,000;

while we are considering a bill of less than \$100,000,000.

Mr. JUDD. Of course it is discouraging, but that is in my judgment an urgent reason why we should pass this bill. There are also in France some 36,000,000 other people fighting against the efforts of the 2,000,000. We have got to uphold and strengthen the hands of the 36,000,000. The worse the situation is, the more help they need, and the more we need to give, if we can. The worse the disease the more drastic, usually, the remedy.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mrs. DOUGLAS. The gentleman did not mean to leave the impression that there is enough grain in Europe at the moment?

Mr. JUDD. No, indeed.

Mrs. DOUGLAS. If we could get every ounce of grain there by sending enough incentive goods to France, there still would not be grain enough to feed themselves. What the gentleman meant to say was that we hope by this amendment to scrape the bottom and get every last bushel of grain off the farms into the markets.

Mr. JUDD. Of course there will not be enough for their needs. The object is to bring out every single bushel of grain, every hog, every cow, every chicken, every egg, every pound of butter that we can and get them into the general food supply of the country. By equalizing the distribution, we can reduce the needs for our food supplies.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that the gentleman from Minnesota may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. VORYS. Mr. Chairman, I object.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New York.

Mr. COUDERT. Mr. Chairman, in drafting my amendment on this beautiful little white sheet of paper—the sponsor of the bill is quite correct—I did not accurately state what was in my mind. I did leave in a couple of words I meant to take out of the bill. I therefore ask unanimous consent that the form of my amendment be altered to conform with my purpose which is to strike out the entire paragraph relating to incentive goods.

The CHAIRMAN. The Clerk will report the amendment as now proposed.

The Clerk read as follows:

Amendment offered by Mr. COUDERT: On page 2, line 17, through line 24, inclusive, strike out all of lines 17 through 24.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, I was a member of the Herter committee, the members of which were appointed by the Speaker of the House. The committee was composed of 19 men. It was never my opportunity or pleasure to work with more sincere men than the members of this committee. The committee was made up of Democrats and Republicans, but, above all, the committee was composed of Americans and they went to Europe for a serious purpose.

After a careful survey of the situation in the European countries, and after we had visited many of the countries of Europe. I, personally, having visited 12 countries, and having conferred with the high officials of all of the foreign governments we visited and with our own officials, including our military and civilian personnel, in the places we visited, we came back and submitted to this body as your own special committee a report. I did not know until a moment ago that the report was not in all respects unanimous. I find now that of the 19 men, 1 objected to one part of the report. I refer to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], who is now in opposition to this provision in the committee's recommendation.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman's committee did not submit one report; it submitted eight reports.

Mr. COOLEY. That is true. The committee did a very complete job. It probably will submit additional reports as time goes on.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman knows that our committee never had any meeting on the subject. A memorandum was sent around. I do not know whether the gentleman ever saw it or not.

Mr. COOLEY. I am perfectly willing to agree that the gentleman does not favor this part of the report, but I heard no other member of the Herter committee object to it.

Mr. AUGUST H. ANDRESEN. Does the gentleman agree that there was only a memorandum sent around?

Mr. COOLEY. Yes.

Mr. AUGUST H. ANDRESEN. Did the gentleman see the memorandum?

Mr. COOLEY. Yes; I agree with it 100 percent and I am giving it the benefit of my full support. I went before the Foreign Affairs Committee and asked the Foreign Affairs Committee to approve this very provision in the bill. Now, I would like to read what the Herter committee said.

Mr. AUGUST H. ANDRESEN. Will the gentleman also read the memo-

randa that was attached to it correcting the error that had been made?

Mr. COOLEY. I read everything that is material to the provision.

Mr. AUGUST H. ANDRESEN. I know the gentleman is interested in being fair.

Mr. COOLEY. Here is what the Herter committee, headed by the gentleman from New Jersey [Mr. EATON] had to say after they had visited all parts of Europe, and certainly over Italy and France and Austria:

It is the committee's view that the corporation should also be permitted to use a small, specified portion of its authorized capital to provide incentive goods, other than food, fuel, and fertilizer to certain countries which are not in a position immediately to finance the purchase of such commodities either commercially or through the Export-Import Bank or the International Bank for Reconstruction and Development. One of the chief impediments to increasing European production of vitally needed commodities is the lack of consumers' goods which can serve as incentives to labor to work harder on the job and reduce absenteeism and to farmers to raise more food and deliver more of their produce to market. The extent to which European production of food and fuel can be increased by providing at reasonable prices incentive commodities, such as tobacco and cigarettes, shoes, clothing, and other consumers' goods to miners, key factory workers, and farmers in selected food-producing regions is the extent to which we can reduce the drain on our own resources of food and fuel.

Now, not only did the Herter committee approve that unanimously except for Mr. AUGUST H. ANDRESEN's objection, of which I was not advised, but your Committee on Foreign Affairs—and I submit there is no finer committee on Capitol Hill than the Committee on Foreign Affairs—has included this provision in the bill.

Now, what would be the sense in having a select committee and sending them out on a mission of this kind and having that committee come back to the House almost in unanimous accord and then have the House defeat this very important provision?

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Arizona.

Mr. MURDOCK. Do I understand that by voting down the amendment before us and retaining the language in the bill that these incentive goods will be able to meet the emergency in Europe and save us from a drain of wheat and other vital products and thus stabilize our own prices?

Mr. COOLEY. I agree with the gentleman's observation.

I would like to say this, as the gentleman from Minnesota, Dr. JUDD, has so well pointed out, in some parts of Europe, certainly in Italy and in France, the workers are not given much incentive to produce and put their products on the market. It is easy to stand here and say, "Why should we give incentives to starving people? Well, the fact is that the farmers of France are producing; they are working. All this talk about the people of France sitting down and folding their hands waiting for us to bring them food is a lot of bunk.

They are working, and they can actually teach us something about agriculture, even though they are going about it in the fashion of peasants. But the fact is when they have produce ready for market what can they receive for it in exchange? Only a basketful of francs of doubtless value, and they cannot eat francs. They cannot wear francs. They cannot smoke francs, and if you could make some incentive commodities available, then when they went down into the mines or out into the fields and they wanted to go to town and make some purchases of incentive goods there, it is only reasonable to suppose that they would bring their produce to market. I can say this without reflecting too greatly on the French. I think that one of the greatest troubles of France today is that the Government since liberation has been timid and afraid to force measures to make the people aware of their problem and bring about a fair and equitable distribution of food.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Chairman, there has been some controversy here as to just what the Herter committee recommended on this matter. I want to get it straightened out for the record. After we had had our last meeting here and the report was being printed, it was found that this particular item that is being referred to now had been left out. It had not been discussed in the committee. I circularized a suggested recommendation to the members of the committee, who had at that point scattered, and all the members of the committee approved of it with the exception of the gentleman from Minnesota, who had every right to object to it. As a result of that, there being a misprint in the report itself, an erratum was attached to every one of the reports that was sent out to the press or that had been distributed calling attention to that fact. Therefore, both gentlemen were correct in the statements they made.

I want to say just a word in regard to the merits of this amendment. The first time I ever heard of incentive goods being used to bring out production was from Mr. Lewis Brown, who is chairman of the Johns-Manville Co., and a very distinguished member of the Republican Party. He urged no us before we even went to Europe that we study the question of incentive goods because, in his opinion, with the currency's loss of value in country after country, and the fact that the production of the countries had been unable to produce the type of things that money could buy and which gave a man an inducement to work, the question of providing incentive goods would probably be the strongest inducement

that could be brought out for increasing production and for bringing from the farmer the last measure of grain that could be brought into the city.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I agree with what Mr. Brown had to say, but he made his statement with respect to restoring coal production and the industries of Germany rather than have that apply to France and Italy.

Mr. HERTER. That is quite true, but he also made that apply to the industries of England. He spoke about the coal production in England and the fact that after a man had worked 3 days he was able to acquire only the rationed goods that he was allowed, and thereafter his money was no good, so he took long leaves of absence and thereby curtailed production. He even recommended that special stores be set up in the coal regions with incentive goods, including nylon stockings, and so on, to increase production.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. JONKMAN].

Mr. JONKMAN. Mr. Chairman, this is not the first experience we have had with incentive goods. In the Greco-Turkish bill we included \$85,000,000 for incentive goods. My objection to it at that time was that it was a duplication, the theory being that we had already provided the money which the Greek government would pay out in drachma for industrial and agricultural reconstruction, but there was nothing for the Greek laborers to do with those drachmas, so we gave them another \$85,000,000 to make them work, by giving them consumers goods to buy for their drachmas when we might have given them the \$85,000,000 incentive goods in the first place and saved half the money.

In the present situation there is no provision for the money; in other words, the agency will have to use money it has received for instance for wheat, and it will have to be certain that it can pry loose more indigenous wheat with the incentive money that it uses, than what the American wheat would represent. This would of course ease up on our own short supply.

Something has been said here about cigarettes. You could purchase an awful lot of wheat with a carton of cigarettes in parts of Europe if you could put this relief plan in the hands of a smart operator. But the point is that this is going to be handled by governments. You are going to hand this money over to the governments of France and Italy, and for just what purpose are they going to use it? Are they going to be able to pry loose any additional materials?

The situation here is similar to that of a man on a desert island with a barrel of gold but nothing else. If you had a little stuff to offer him you could pry loose a lot of that gold.

It does seem to me the proposal in the bill has merit provided it is diligently applied and that it is handled in a business-like way, but if we are going to leave it

to the governments it is questionable whether it will work out that way. For after all, what most of these bills do is just provide additional revenue for the governments we are helping. If it seeps down to the people, all good and well, but unless the governments let it seep down, you are not going to help an individual who is destitute and needs food in any way whatsoever.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, the amendment is to strike the word "incentives" from the bill.

The reasoning for the use of incentives is difficult to understand. The bill states funds are to be allocated to furnish the people of France, Italy, and Austria with food, medical supplies, clothing, fuel, fertilizer and seed. Then it states further they are to be provided with incentive goods to increase production or distribution of locally produced commodities. It is explained these goods may or may not be goods that will directly increase production, but particularly to induce those who have supplies of their own to release them, bring them out of hoarding, to supply people of their own country.

This is, indeed, an odd situation. I have the highest respect for the membership of this committee. That is the reason I hesitate to support the amendment—although I am going to do so.

I wonder what you really mean by incentives. What things are you going to give to the heads of these governments to trade to the farmers for the wheat or other food they have on hand. One member said we would let them have pots and pans and other utensils. The only other item specified you are going to trade is tobacco. Liquor would probably be another incentive. But what about farm machinery, for example? Is that to be an incentive? What about refrigerators and other electrical gadgets? Radios have been mentioned. This is a strange way to handle the situation. We furnish food and other necessities and then agree to send these extras to be used to sort of bribe those people to furnish necessities to their own people. Not only that, but we deliver these extra things, not to the people, but to government officials and let them distribute them as they see fit.

You propose in this bill to hand over these extra gadgets and supplies, the kind and amount we do not know, and hand them over to the Government heads and let them have full control as to what shall be done with them. We say "We are handing them over to you to be used so your people will loosen up a little and help take care of your neighbors." You say it is because the governments are too weak to get it done in any other way. As I said it is a strange proposal. What about automobiles, trucks, farm machinery. Are they classed as incentives?

I yield to the gentleman from Iowa [Mr. GWYNNE].

Mr. GWYNNE of Iowa. When we furnished relief to our own people in this country, did we furnish them with incentive goods?

Mr. REES. Why, certainly not. We furnished them relief but we did not go out and coax them by giving radios and tobacco and things like that in order to get them to produce food or anything of that kind. There was a time when our people traded with the Indians and gave them things to get along with them, but I never heard of trading with people in foreign countries in that way. If the sponsors of this legislation can justify this proposal I shall be glad to hear it. I do have the highest regard for the membership of this committee, which makes me hesitate to comment. I shall vote to strike "incentives" from the bill.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. GWINN].

Mr. GWINN of New York. Mr. Chairman, I believe almost accidentally, certainly innocently, we have some truth here that has been brought out in the last few minutes. They do have rye and oats and barley and wheat in France and Italy. Listen to these figures which I just received. Perhaps you may know of them or have seen them, but they were a surprise to me. This is an analysis of the food situation in the 16 European countries interested in the Marshall plan. It is furnished by the Bevin committee, and is to be found in volume 2 of their report. Their production of wheat and rye is 95 percent of the 1934 or 1938 production. On barley and oats it is 103 percent of the 1934 or 1938 production. On potatoes it is 92 percent.

The trouble is that in Brittany the farmer is going around in rags because the people in Paris are striking and will not manufacture the pots and pans and pants for the folks in Brittany—the incentive goods referred to just now. Therefore, in order to get the folks in Brittany to send their wheat and oats and rye to Paris, we are asked to tax our people to send pots and pans as an incentive under section 2 of this bill to induce the farmers to send wheat to Paris. Gentlemen, it simply means that we are asked to finance their OPA. France is in the hands of their planners. They fix a ceiling on wheat and the farmers refuse to send the wheat to Paris. They fix the value of the franc so low the farmers will not exchange wheat for francs. But it is acknowledged they have the wheat in Brittany. They are hungry in Paris, so Paris planners ask Washington planners to come through. They have no intention of giving up their OPA in most of Europe. They are not going to accept freedom, freedom of enterprise, political freedom. They say to our planners at home, "You believed in the OPA over there, did you not? Well, send us help over here to salvage our OPA. We are devoted over in Europe to the idea of management and control of the world economy. Do not let us down. Send us some inducements, for God's sake, and save government management; save the police state that is already operating, and which we intend to keep on operating."

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Pennsylvania [Mr. RICH] for 2½ minutes.

Mr. RICH. Mr. Chairman, a few moments ago you heard that we should stabilize the currency of France in order that they might be able to do business.

About a year ago our time was very much taken up talking about the Bretton Woods agreement; about a stabilization fund that would be necessary in order to stabilize the finances of those countries. Now, where is that stabilization fund that we spent months and months talking about? We paid in millions to do the job—now you are at it again. Where is the agreement that you made a year ago with those nations, trying to get the plans of the United Nations set up so that all nations of the Western Hemisphere and the world would have some part to play in taking care of the needs of those countries over there in stabilizing their currency and market? Why do you not have the UN function? You have been working for 2½ years under laws set up during the war, and here you are, fumbling around. You have fumbled the ball. The New Deal is still in power. The first thing you know you will lose this game. You will lose it because you start one thing and you only get a little way on the road and the first thing you know somebody stumbles and falls down and then you start on something else. The way the Congress has been going the last 2 or 3 years you would wreck anything. If you do not wreck America, then I am badly mistaken. You should get down to brass tacks and let the people of Europe alone. Give them a little encouragement, but stop monkeying and trying to tell them what kind of a government they must have over there. The more we tell those people that we are going to demand the form of government they must have over there the more they will condemn America for meddling in their business. I am sick and tired of it myself and I think the rest of the people of this country are beginning to feel about the same way. If you will do some of the things that have been suggested in trying to help the people by letting the people of America make donations to the people of France and Italy in order that they may feed the poor of their own countries the job would be done through our charitable organizations, as it has been done before. I am sure you would succeed. Let the Salvation Army or some of the charitable organizations feed the starving. They could do a better job than the Congress. They could do it at one-tenth the cost and 10 times better. Are you for America or against her? I feel that too many of our legislators forget our own people, in order to get on this propaganda wagon for some foreign countries. With a \$260,000,000,000 debt what right have you to take \$860,000,000 out of the taxpayers when our people would do it without adding this \$860,000,000 to our national debt. Where are you going to get the money? Be wise and economize.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

(Mr. CRAWFORD asked and was granted permission to revise and extend his remarks.)

Mr. CRAWFORD. Mr. Chairman, I am in favor of the amendment to strike out subparagraph 2 on page 2 of this bill. Here is a piece of cold-blooded economic chicanery, wrapped up in a robe of fine fabric. Here is what this language does: It further economically guillotines our own people. Suppose I am running a factory, producing goods, and they are claimed to be not in short supply. Instead of reducing my price on the goods produced in this country to the people here who want to buy them, you give me an outlet by selling those goods to the United States Government to ship over to that country at a substantially high price. You make it possible for me to continue to maintain high prices in this country on that portion of the goods I sell to the people here instead of giving the people of this country the protection or assistance our competitive system is supposed to give them, namely, reasonable prices, good qualities, of sufficient quantity under competitive forces. Here you destroy the competitive force by moving out of this country excess goods, the goods in excess of the market demand. You would have the machinery rigged in such manner that I can continue to run my plant and produce those unwanted goods and absorb people in this country in short supply producing goods not needed, instead of producing goods that are badly needed to win the war in this country against the destructive inflation that is in progress and in order to promote a goody-goody proposition you propose for some other part of the world. It is a shame and disgrace for the Congress of the United States to sit here and further confuse and befuddle our people with such language as this. It ought to come out of this bill. Under our system the only protection we, as consumers have, is in competition. Here we have the unique situation where the Congress rapidly moves to erase this protection.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The gentleman from Illinois [Mr. CHURCH] is recognized for 2½ minutes.

Mr. CHURCH. Mr. Chairman, I do not care to use my time.

Mr. MURDOCK. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK. Mr. Chairman, not having been on any committee originally considering this complicated matter, I have only the thoughts that come to mind from the discussions pro and con on the amendment offered. I am inclined to oppose this amendment, especially now that I understand that only one member of the committee took the view of the author of the amendment and that virtually the entire committee favored the language in the bill which this amendment would strike out. Yes; I can see possibilities of the misuse of power granted by the language in the bill which the amendment would strike out, but on the other hand, assuming that that language in law would be properly administered, I can see great good coming from the pro-

vision which the amendment seeks to strike out. Therefore I shall vote against the amendment.

I notice that the language sought to be stricken refers to "incentive goods, consisting of commodities not in short supply in the United States." Now we can see great advantage in the use of incentive goods in this aid program, and I certainly can see great advantage in using properly such goods that are not in short supply in our country, if thereby we can reduce what short, vital supplies we must send them, and I can also see great advantage of including commodities in Government-owned stocks. Therefore, I favor this provision as it stands in the bill. To me it makes sense.

Much sarcasm has just been expressed and shown by those who think it worse than ridiculous that we should furnish farmers in the war-torn countries incentive goods to induce them to release, barter-like, their wheat and other food supplies to their fellow countrymen who live in the cities. I take it that that is because the country producers want something of real value for their food supplies so greatly needed in the cities, and I also take it that the currencies in those countries are not yet stabilized and that a pricing system does not satisfy the farmer-producer by payment of inflated currency. Therefore he looks for some other kind of satisfactory payment, such as "incentive commodities." Well, under a free economy, how else would the supporters of this amendment—other than through a sound currency—get the rural people to dispose of as much as possible of their wheat and other foods? Should we have a police state take food away from them by governmental action? Certainly not. That sounds very much like the very thing that we are trying to prevent being set up in any part of western Europe.

It surprises me to see gentlemen who recognize the importance and soundness of free enterprise and free exchange and who are opposed to communistic force now cry out against the use of incentive goods. I should think the matter as proposed here, in case this amendment is voted down, would be in conformity to a sound economic philosophy under free enterprise. Well, that is the way it seems to me. What I want is to draw as little as possible upon America's commodities in short supply and yet accomplish the great purpose and furnish the maximum degree of satisfaction of human needs in the war-torn countries of Europe consistent with the whole aid program. If by disposing of some of our surplus commodities to be used over there as "incentive goods" we can call out of hiding in those countries wheat and other more vitally necessary supplies, and thus save the more serious drain upon our own wheat and vital supplies, I think we ought to do it that way. As I understand the gentleman from Minnesota [Mr. JUDD] and also the gentleman from North Carolina [Mr. COOLEY], that is the philosophy and purpose of the language in the bill which the gentleman's amendment would strike out. I hope the amendment is defeated and the language remains in the bill.

The CHAIRMAN. Is any member of the committee seeking time? If not, all time has expired.

The question is on the Coudert amendment.

The question was taken; and on a division (demanded by Mr. COUDERT) there were—ayes 116, noes 121.

Mr. COUDERT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COUDERT and Mr. VORYS.

The Committee again divided; and the tellers reported that there were—ayes 132, noes 145.

So the amendment was rejected.

Mr. BRADLEY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BRADLEY. Mr. Chairman, during the general debate on this bill, I invited the attention of the House to the fact that the provisions of the bill as passed in the other body are so wide that expenditures can be made for practically any purpose under the sun. The provisions of this House bill now under consideration are more specific—sufficiently specific—so as to prevent the purchase of ships, or other types of overseas transport with the relief funds which will be appropriated pursuant to this bill. It is my hope that the House conferees will insist on the retentions of these specific provisions so the executive agencies which may be entrusted with its administration will be restrained from the purchase of American ships with relief funds.

The American merchant marine, its owners, operators, and seamen deserve the protection of their Government. They should not be treated as poor relations and subjected to acts which take their very livelihood away from them. They should be encouraged to carry American goods rather than being put into a position of having to struggle against their Government to get cargoes originating in the United States, paid for by the people of the United States, and shipped at the expense of the people of the United States. Some Members may think that these comments are unnecessary, but I invite your attention to the fact that there are now nearly one hundred ships operating under the Russian flag which were obtained from this Nation through the expenditures of lease-lend funds. We bought them from ourselves and presented them to Russia under whose flag they now compete with American ships on the high seas.

We do not want a repetition of such conditions.

Mr. CHURCH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CHURCH: On page 2, line 5, after the word "may" insert the words "subject to section 12 (a) of this act."

Mr. CHURCH. Mr. Chairman, I submitted this amendment, which I believe

to be a clarifying amendment, to the gentleman from Ohio [Mr. VORYS]. On page 2, line 5, after the word "may", my amendment would insert the words "subject to section 12 (a) of this act." Section 12 (a) of this act is merely the appropriation part of this bill. My purpose is that the allocation of funds shall be limited to the appropriation authorized in this bill.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CHURCH. I yield to the gentleman from Ohio.

Mr. VORYS. If the gentleman would make his amendment read, "subject to the provisions of section 12 of this act," I would agree, but putting in "section 12 (a)" limits it to these appropriations, and section 12 (c) provides for an advance on such appropriations. I understand there will be considerable discussion of that. If the gentleman merely wants to limit it to the funds authorized under this bill, by making it subject to section 12, I think he would achieve his result, and I at least would have no objection.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CHURCH. I yield to the gentleman from Minnesota.

Mr. JUDD. Is not all of an act subject to the rest of the act? Section 12 says, "This act." That includes section 3. If we say that section 3 is subject to section 12, does that not also apply to sections 5, 6, 7, 8, 9, 10, and 11 of the act?

Mr. CHURCH. No, I think it leaves ground for confusion, and this amendment is to clarify it. When I refer merely to section 12 (a), which is the appropriation provision, I believe I am correct. The rule waived all points of order. A point of order cannot be made to this provision. If it were clear that the President could allocate funds, those funds coming out of other funds than those contained in this appropriation under section 12 (a), then it would be subject to a point of order if we had not adopted the rule waiving all points of order.

I feel perfectly clear that "section 12 (a)" is correct. If the committee will accept it for the present, I will ask unanimous consent to modify the amendment to read "subject to section 12."

Mr. VORYS. I certainly have no objection. I have not had time to consult the full committee, but it seems to me that if the gentleman's object is to prevent the President from allocating any funds from any source other than funds provided under this act, his amendment, providing "subject to section 12," would simply state what is already in here, and, therefore, I at least would have no objection.

Mr. JUDD. If the gentleman will yield further, I am certainly in sympathy with the purpose of the gentleman's amendment, but I want to make sure that when he says this will be subject to section 12 it does not imply that it will not be subject to other sections, because we have 10 strings in section 5, and I want to be sure that any allocation will be subject to those limitations of the bill.

Mr. CHURCH. I think the gentleman from Ohio [Mr. VORYS] stated it clearly,

and I am willing to accept that interpretation.

Mr. VORYS. Would the gentleman agree to this, in order to take care of the point made by the gentleman from Minnesota? I am sure the gentleman from Illinois does not want to remove any of the limitations on the President but wants to make sure that no other funds may be allocated. Would the gentleman modify his amendment to read this way: After the word "funds", insert "provided by section 12 of this act," so that it would refer to the funds. This would limit the President as to funds but make all the rest of it apply, so the section would read:

The President, acting through such departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds provided by section 12 of this act.

Mr. CHURCH. I believe it is the same thing. Therefore, to clarify it, in order to obtain the consent of the gentleman from Ohio and the Committee, I make that unanimous-consent request, Mr. Chairman.

Mr. RAYBURN. Reserving the right to object, Mr. Chairman, I do not know that it is possible to clarify an amendment like this. As far as I am concerned, I have listened to this amendment, I have read section 12, and I have read the language in this section 3. With as much indefiniteness as there is in the mind of the gentleman from Illinois and as there must be in the minds of the gentleman from Ohio and others, I think the proper thing for the gentleman to do is to withdraw this amendment temporarily and have consultation to see just exactly to what extent this amendment goes. I do not know what this amendment does. It applies some part of the act to section 12. As the gentleman from Minnesota said, there are other sections of the bill. It does appear to me that without this language the other sections of the bill would apply anyhow. I am just a little fearful that the Committee is going to accept something here that might make all of us a little bit ridiculous.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CHURCH. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHURCH. May I say to the gentleman that there is that doubt in my mind that the province of the Committee on Appropriations may be invaded and that there could be an allocation by the President of funds other than those provided in the appropriation section. That is the only purpose of the amendment, to clarify that. If it may be understood that there are no other funds appropriated, I am satisfied with the language in the bill that I am trying to amend. But it does raise a doubt in my mind that that is the only purpose of my amendment to clarify the meaning.

Mr. RAYBURN. The gentleman is talking about clarifying this, but his amendment, as far as I am concerned, and as I read this, does everything ex-

cept clarify it. I do not know what the gentleman's amendment means, and he has not convinced me that his own mind is entirely clear on what his amendment means. So I believe that at least temporarily it would be a very good idea from a legislative standpoint and the safe and sane thing to do if the gentleman would lay this amendment aside so that we can look it over and come to some conclusion as to what it means. Of course if the committee wants to accept the amendment, that is all right.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. CHURCH. I yield.

Mr. HOLIFIELD. Do not the words on lines 10 and 11 on the same page refer to the provisions in the act, namely, "upon the terms and conditions set forth in this act"? Is that not a limitation upon the President?

Mr. CHURCH. There is some doubt in my mind about it. It just is not sufficiently clear, and this amendment would clarify it. I hope the committee will accept it.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CHURCH. I yield.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CHURCH. Mr. Chairman, I ask unanimous consent to proceed for an additional 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that this amendment may be passed at the present time, and that the gentleman may be permitted to return to the amendment after section 4 has been disposed of.

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, it seems to me as part of the legislative history it ought to be clear that the restrictions which would apply to the other funds which the gentleman from Illinois fears might be transferred by the President will be found in other acts, to wit, either in other authorization acts or in other appropriation acts—that is, the provision that funds appropriated in an appropriation bill are provided for the purposes of that act, and those acts would be controlling and would provide the restrictions which would prevent the President from transferring such funds for the purposes of this act. Whatever may be done with reference to the gentleman's amendment, it does not seem to me that his amendment does any harm. But I would not want the legislative history to indicate that the President could, even if nothing were done about this situation, take money appropriated in other bills.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio that the gentleman from Illinois [Mr. CHURCH] may offer his amendment after we have finished with section 4?

There was no objection.

Mr. WILLIAMS. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS: On page 2, line 16, after the semicolon, insert the following: "Provided, however, That no such item procured or purchased hereunder shall be in short supply in the United States, and."

(Mr. WILLIAMS asked and was granted permission to revise and extend his remarks.)

Mr. WILLIAMS. Mr. Chairman, I notice that the same provision was placed on subsection (2) of this section relating to incentive goods which we might send abroad. I thought possibly we could protect the American people by inserting this amendment against suffering from acute shortage of critical materials and commodities.

Throughout the country today there is a very critical shortage of fertilizer and farm machinery. The other day the gentlewoman from Massachusetts [Mrs. ROGERS] cited to the House the critical gas and oil situation in the North and East. I feel we should adopt my amendment in order to show to the American people, as well as to the people of Europe, that the needs of the American people must first be served before we serve the needs of the people of Europe.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. OWENS. May I say to the gentleman that I think he is absolutely right; we ought to support that amendment.

Mr. BLOOM. Mr. Chairman, I ask unanimous consent that the amendment again be reported.

There being no objection, the Clerk again reported the amendment offered by the gentleman from Minnesota [Mr. WILLIAMS].

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. SMITH of Wisconsin. Do you intend by this amendment to preclude the shipment of grains or fertilizer or fuel to Europe?

Mr. WILLIAMS. If we are suffering from a critical shortage in the United States of those items; yes, sir.

Mr. SMITH of Wisconsin. Then the answer is "yes."

Mr. WILLIAMS. Yes, sir.

Mr. SMITH of Wisconsin. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAYBURN. Mr. Chairman, this is another one of these technical amendments offered from the floor on a technical bill, and I feel it is a dangerous operation. The gentleman's intention may be entirely correct, but are we going to say by this amendment that you cannot ship anything to those countries that is in short supply, even though we buy it in another country outside the United States of America? I just do not know what position the committee wants to take about it. They have followed this bill. They ought to know the implications of this amendment. I do not know. I could not because I did not sit through the hearings or the executive sessions on the bill. I think it would be a very good thing if those in charge of

this bill would have somebody from the Legislative Reference Service or somebody else stay around here to tell us the implication of amendments that may be offered.

Mr. FULTON. Mr. Chairman, I should like recognition to answer the gentleman.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. FULTON. Mr. Chairman, I will take a short minute to explain this. I rise in opposition to the amendment.

Mr. Chairman, this amendment is offered by the gentleman from Mississippi to the main procurement clause of the bill which states:

The President * * * may * * * (a) procure or allocate funds or establish credits for the procurement of, from any source (1) food, medical supplies—

And so forth. This particular amendment offered at this particular place, if adopted, would be the equivalent of striking out the enacting clause of the bill.

It also, as the gentleman from Texas amply pointed out, prevents procurement from sources in outside countries if the article or commodity is in short supply in the United States, or if it is in short supply in other countries.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I am glad to yield to the author of the amendment.

Mr. WILLIAMS. I wish to clarify my amendment by asking unanimous consent to amend it.

The amendment I presented reads as follows:

Provided, however, That no such item procured or purchased hereunder shall be in short supply.

I should like to modify it to read:

Procured or purchased in the continental limits of the United States.

I ask unanimous consent so to do.

Mr. VORYS. Mr. Chairman, reserving the right to object, this is the third amendment in a row that we have had to modify after it had been read at the Clerk's desk. So that we may get the amendments from now on in the shape that the author means I am constrained to object to any amendment of this amendment at the desk.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. OWENS. I see little difference in whether or not, as the gentleman from Texas said, you can purchase goods elsewhere, because once you purchase them elsewhere we are no longer short in the United States.

Mr. FULTON. That does not necessarily follow because, as the gentleman knows, there are plenty of things that can be purchased elsewhere and sent and which would have no effect on the supply in the United States. Simply because you can get fertilizer, for example, from Chile, and it is short in the United States is no reason why an amendment should be added to the bill that is the equivalent of striking out the enacting clause of the whole bill. These are nec-

essary items and they must be sent to Europe.

The CHAIRMAN. The matter before the House is the request of the gentleman from Mississippi that he be permitted to re-form his amendment. This request has been objected to by the gentleman from Ohio. There is therefore nothing before the Committee but the amendment as originally offered. The question will be, of course, on the amendment without reformation, inasmuch as objection to changing it has been objected to.

Mr. PACE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PACE. Does not the gentleman from Mississippi have the right to offer an amendment to his amendment to perfect it?

The CHAIRMAN. No; and I am advised by the Parliamentarian. I think the Parliamentarian is right. The rules contemplate that when a Member brings an amendment before the House he knows what the amendment is and he stands on the amendment. However, some other Member of the House may offer an amendment to the amendment if so desired.

Mr. PACE. I shall be delighted to serve the gentleman.

Mr. WHITTEN and Mr. JARMAN rose.

The CHAIRMAN. The Chair must first recognize the gentleman from Alabama, a member of the committee.

Mr. JARMAN. Mr. Chairman, as the gentleman from Pennsylvania has so well said, the passage of this amendment would be tantamount to striking out the enacting clause of this bill. I suggest, therefore, that those Members of this House who are opposed to this bill, who do not wish this country to do what I and your Foreign Affairs Committee and the Foreign Relations Committee of the other body believe it should do in the interest of this country, should vote for this amendment. On the other hand, my opinion is that those who think this bill ought to become law should vote against this amendment.

Now, as to the amendment itself. "Anything that is in short supply in this country," may I say that the time may very well come, Mr. Chairman, if it is not already here, when circumstances will be such in this world that it will be very beneficial to the people of this country to tighten their belts a bit, if necessary, even if it becomes necessary to purchase a few items which are in short supply. I believe, if I interpret the sentiment of the people of the country aright, they wish to do that, if it is necessary. I repeat, if you want to kill this bill, vote for the pending amendment. If you want this bill passed I think you should vote against it.

Mr. WHITTEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, whether this amendment is the proper approach to defeating this bill or not, I do not know, but it does point up something that deserves comment from Members of this House. We have had admissions from most of the Members who have addressed this

body on the pending measure admitting that UNRRA has not worked. We have had nobody come to the defense of the administration of UNRRA; we have had no one come to the defense of the British loan. True, in each instance some good may have been done, but we had admissions from practically all Members who have spoken that something needs to be done to see this the aid this country will give under the terms of this bill be used in the proper manner and in the proper way to meet the purpose intended.

If the United States is going to do for these European nations what we can afford to do, the first thing to do is to take an inventory of what we have. Since the Congress was called back into special session I called on the Department of Commerce, on the Department of Agriculture and on members of the Appropriations Committee to conduct a hearing to see for instance what the fertilizer situation is in this country. I talked to them over the telephone and I wrote them as to what fertilizer would be available next year and as to whether the Department of Commerce was taking the entire output of the Spencer Chemical Co. and the Lion Oil Co. at present. But to this day I have not received a single reply as to what the fertilizer situation is in this country nor an answer to the other question. Yet this committee of splendid membership brings this bill in without a single control on that feature or any information on those important questions. It provides \$35,000,000 worth of fertilizer for foreign shipment, including \$14,000,000 of nitrogenous fertilizer. They may take the position we can afford that, but if so they do not know because they did not go into question, but if you take it up with several companies who supply fertilizer to the American farmers, many of them will tell you that the Department of Commerce at present is taking their entire output. Last year they gave the farmers fertilizer in my section of the country—but when? After the Army paid back the 110,000 tons it had borrowed from commercial producers and sent overseas, the Government took the 110,000 tons and gave it to UNRRA. It was distributed in foreign countries. The Department of Agriculture, the Executive Offices of the President and the Department of Commerce said that the American farmers could rely on the Chilean nitrate. The Chilean nitrate came in after most crops had been practically made, too late to do any good.

I know fertilizer would increase the production of the countries in Europe; but who can say whether it will increase their production one-half as much as the same fertilizer in this country with our high-production machinery would increase the food supply? This Committee does not know because the matter was not gone into in the hearings. I do not mean to say that it is not necessary to provide some aid, but I say the Committee on Foreign Affairs should have gone into the question of what we have and what we can afford to do not to mention what is best to do instead of coming in here and giving us the same old stuff when we find the other bills

and appropriations, with no controls to speak of, did not work.

We should have taken an inventory and the American people should have been told how much we have, how much we are going to have, and when we are going to have it so that they will know what part if any we can provide for foreign countries. I say to my very good friends on this Committee who are objecting to these amendments on the floor that it ill becomes you to complain of amendments offered to provide protection when you write a bill without a single protection in it based on hearings which give no facts as to the supply of this and other commodities that would be shipped abroad under the terms of this bill. You say you will provide such protection at some time in the future. When are you going to bring in such a bill? You know this Congress will adjourn when the money is appropriated to carry out the terms of this bill and the bill you talk about could not get here until these funds are expended. This is not a question of whether we would stop communism. Of course all are in favor of that. The question is how we are going to try to do it. Now is the time to see that we do it in a way that will be most effective, and not give a blank check to the President, who happens to be a Democrat and for whom I have the highest regard. Of course he does not handle the administration of such a program personally and all of us have seen how those who do handle such administration go about it; all to foreign shipment up to the quota, and what is left over, if any, goes to the people of our own country. That is not the way to do it and the reason I say it is not the way to do it, we all admit that it did not work under UNRRA the first, second, or third time and it did not work with regard to the British loan which we were told would be used to rehabilitate the country yet the British took a big percentage of the loan and spent it for luxury goods and not toward rehabilitating the country. If this Committee does not see fit to put the needed protections in the bill, certainly I am going to vote for amendments offered from the floor if that is the only place we can get it and try to put this protection in it.

I came back several days before our call to try to get this matter of fertilizer investigated prior to a vote on this bill. An investigation is to begin tomorrow of which my colleague the gentleman from Mississippi, TOM ABERNETHY, is a member.

For the information of the Foreign Affairs Committee I submit the information which I have been able to obtain. Apparently they need this information, for their hearings will disclose they did not go into the question of supply at all.

During the war the National Fertilizer Association channeled all sulfate of ammonia into mixed fertilizer through the War Production Board. Some sulfate was used prewar as straight nitrogen fertilizer material and as a side-dressing material. During the war imports of nitrate of soda were limited because of shipping difficulties, and since the war have been allocated to various

countries of the world through the international Fertilizer Allocation Board so that imports of Chilean nitrates could not be increased into the United States of America.

The synthetic nitrate-of-soda production produced at Hopewell, Va., which normally went into the Carolinas and nearby areas, for some reason has been greatly decreased or perhaps stopped by this time, which means extreme shortage of side-dressing material in the Carolinas. The production of ammonia solutions which go to the mixed-fertilizer industries known as wet mixers which includes the Big Six and the larger mixers, has been materially increased to mix with superphosphate and potash. The small mixers, known in the fertilizer industry as dry mixers, which use straight materials such as sulfate of ammonia, nitrate of soda, and similar products in their mixed goods, have been drastically curtailed in the nitrogen materials which they could obtain.

This has had a tendency to throw the mixed-goods business into the hands of the big mixers and the effect of this is shown in their financial statements. The policy referred to above has worked to the advantage of the big fertilizer mixers and to the disadvantage of the small fertilizer dry mixers, the farmers who use side-dressing material, and the farmers who use straight nitrogen material.

In international allocations a fixed allocation has been maintained and anything which happens to the plants comes out of the amount for domestic users and not out of the export allotments. For example, the Lion Oil Co. was graining ammonium nitrate at Defense, Tex., and Doyline, La. They were requested or perhaps required under their leases to build graining facilities at El Dorado, where the ammonia plant is located. They have erected such facilities and when they thought they would be able to start they shut down the graining plant at Defense, Tex. The graining plant at El Dorado has not yet operated successfully. The result is that the production of ammonium nitrate of the Lion Oil Co. since about August was 50 percent of its capacity, and is not yet successfully operated. Despite this fact export allocations must be made 100 percent which will require most if not all of their production for the next few months and the deficit will fall on the American farmers.

In the case of the Lion Oil Co., they developed shortage of gas at certain periods of the year in their graining facilities and have had to reduce their production. Despite any reduction in production of ammonium nitrate, they are required to complete the bill for export allocation, and any shortage must again be absorbed by American farmers.

There has been a huge demand for methynol, and some increased amounts of liquid ammonia are going into methynol and industrial productions. The Shell Co. in California has had considerable difficulties and, we understand, have had to greatly decrease or eliminate their production, whether from shortage of gas or some other difficulty. The Shell Co. is endeavoring to purchase material elsewhere to take care of its

customers, but difficulties such as outlined above and at Hopewell, Va., are not considered in the export allocations, since export allocations are made on a per-ton basis, and the number of tons allocated must be exported regardless of the number of tons of production.

The Army is manufacturing a substantial quantity of ammonium nitrate—quantity unknown—to be shipped to former enemy countries, Germany and Japan. The Army is using its most economical plants to manufacture this production on a theory that it must make the production as cheap as possible for the occupied areas. The result is that about 40 percent of its capacity is not used, which is the high-cost capacity. For example, the Louisiana ordnance plant at Louisiana, Mo., has been shut down, even though graining facilities are nearby to grain this ammonia. In theory, it is being operated by the Bureau of Mines for some experimental work, but actually, I think, very little is being done. It is retaining the production of the Cactus ordnance plant, where we understand the actual production cost of a ton of anhydrous are about \$20 per ton. The net result of the Army policy has been to furnish the cheapest production of the Army plants to the occupied areas.

A change in this policy of releasing the cheapest production to the United States farmers and operating the approximately 40 percent idle capacity, even at a somewhat higher cost, to satisfy occupied areas and relieve needs should increase the total nitrogen available; and while the Army material might cost slightly more for the occupied areas, it would not be denied material to American farmers at any price.

The Krug report shows that approximately 40 percent of the Army capacity is idle and the Harriman report recommends operation of all of these plants at 100 percent of capacity.

There is a shortage of tank cars to ship ammonia solutions for graining purposes and the supply of these cars should be increased. It is understood that the Office of Defense Transportation has placed the construction of such cars in the very lowest priority in the allocation of material for railroad rolling stock, and practically no additional cars have been added to the supply in the last 3 or 4 years. It would be interesting to know what allocations for freight cars and rolling stock have been for foreign shipment.

Several of the big producers of nitrate fertilizers are writing the farmers who have contracted for delivery of fertilizer that the Federal Government at the present is taking their entire output under order of the United States Department of Commerce. As I have said, I have tried for 3 weeks to get an admission or denial of these facts from that Department. They neither affirm nor deny. Of course, after this bill is passed, after the horse is gone, they will give me the information. Doubtless the same situation exists with regard to farm machinery and other commodities.

I think it is high time the Congress got such information before voting on such measures as that before us instead

of after. With full information then it is possible to vote intelligently on such measures.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. WHEELER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WHEELER. Did the gentleman's request include all amendments to this amendment or subsequent amendments?

The CHAIRMAN. The Chair thinks the gentleman's intention was to include this amendment and all amendments thereto.

Mr. WILLIAMS. He did not say that, Mr. Chairman.

Mr. WHEELER. I object, Mr. Chairman.

The CHAIRMAN. The Chair is advised that there is an amendment in the nature of a substitute for the Williams amendment at the desk. If the request of the gentleman from Ohio were granted, it would cut off all debate on that substitute.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes, reserving 2 minutes for the Committee.

The CHAIRMAN. May the Chair suggest, before the Chair puts that question, that the amendment in the nature of a substitute be read at the Clerk's desk so the House may be fully advised.

The Clerk read as follows:

Amendment offered by Mr. WHEELER as a substitute for the amendment offered by Mr. WILLIAMS: On page 2, line 16, after the semicolon insert "Provided, however, That no items procured or purchased in the United States hereunder shall be in short supply in the United States."

Mr. WILLIAMS. Mr. Chairman, in view of the substitute amendment that has been offered and which expresses more clearly what I intended to express in my amendment, I ask unanimous consent that my amendment may be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. VORYS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Was there not a question pending on the debate on these various amendments?

The CHAIRMAN. First, is there objection to the request of the gentleman from Ohio?

Mr. O'HARA. I object to the limitation of time, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi [Mr. WILLIAMS]?

Mr. VORYS. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Is the Wheeler substitute now pending before the committee?

The CHAIRMAN. The question is on the unanimous-consent request of the gentleman from Mississippi. Without

objection, the Williams amendment will be withdrawn.

There was no objection.

The CHAIRMAN. The Wheeler amendment is now before the Committee.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and amendments thereto close in 15 minutes, with 2 minutes to be reserved to the committee.

Mr. O'HARA and Mr. RIZLEY objected.

Mr. WHEELER. Mr. Chairman, I ask unanimous consent that my amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk again read the Wheeler amendment.

Mr. CHAIRMAN. Mr. Chairman, this is merely an attempt to clarify the amendment that was offered by the gentleman from Mississippi [Mr. WILLIAMS], the provisions of which have already been pointed out. All this amendment does is say to the President, that goods cannot be bought if they are in short supply in this country, but they must be bought from some place where they are not in short supply. They cannot be bought in this country so long as they are in short supply in this country, whether they be fertilizer, petroleum products, wheat, or what have you.

Mr. MATHEWS. Mr. Chairman, will the gentleman yield?

Mr. WHEELER. I yield to the gentleman from New Jersey.

Mr. MATHEWS. Under this amendment, who determines whether or not the goods are in short supply?

Mr. WHEELER. The same people who determine all the other provisions of the bill.

Mr. MATHEWS. The people who administer it?

Mr. WHEELER. Absolutely.

Mr. MATHEWS. Then what does it mean? It means nothing.

Mrs. DOUGLAS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if we adopt this amendment I really do not see much point in passing the bill. The President in his message to Congress recommended two subjects for this Congress to consider. One was immediate aid to meet the crisis in France, Austria, and Italy, and the other was to consider ways and means of checking the rise in the cost of living for our own people here at home.

Even if we had no interim program before us the rising cost of living would have to be faced. Foreign aid is not the cause of the high cost of living today. Prices are high because we scrapped price controls before it was safe to do so.

Our committee has gone very extensively into the effect the interim program will have upon our cost of living, the immediate impact of the interim program, and has begun the study of the long-range impact of the Marshall plan upon the cost of living here at home. We are satisfied that with the protections we have now in the bill, this interim program will not have a drastic effect upon our economy. But if this amendment

is introduced into the bill, I ask you fairly, how are we going to determine politically what is in short supply? We hear today that grain is in short supply. We are not in short supply of grain. We are able to meet the needs of our own people and at the same time carry out the provisions of this bill. But the moment it is rumored that we are going to have to send grain to Europe we begin to have gambling on the commodity exchanges. That is a problem that Congress is going to have to meet. If we are going to use the subterfuge that this interim program is the reason for the rising cost of living, we will fail to meet the challenge that confronts us on the international scene, and at the same time we will fail to meet the challenge that confronts us here at home. We have the brains to meet this problem if we will use them. We must take steps immediately after we pass this bill to check gambling on the commodity exchanges, and we must adopt whatever other measures are necessary to stop the rise in living costs.

Now, if we put into this bill that nothing in short supply shall be purchased, every time the price of anything goes up in a store, they will say, "You see, if we did not send aid to Europe, the price would not be going up." Thus, you will begin a hopeless political battle just on the eve of an election which will be based not on facts but on an abundance of misinformation.

Mr. Chairman, either we want to help democracy survive in western Europe or we do not—either we want to take the necessary steps here at home to keep our own economy in order or we do not wish to take those steps. If we write this amendment into the bill, we might just as well all pack up and go home now.

One other point, Mr. Chairman. Unless we do check the rising cost of living in this country, we are going to be too little and too late with aid to Europe, because every percent rise in the cost of living here not only affects our people here at home but also reduces the amount of relief material which the needy nations of Europe can buy with the dollars we appropriate.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, this amendment is just exactly like the Williams amendment, in that if it is adopted, we might as well give up this whole program, \$300,000,000 of which is estimated to be spend for grain which is in short supply in this country. The committee, wrestling over this proposition, and remembering that we are not the Committee on Banking and Currency, and it is not within our province to attempt to devise all of the measures necessary to protect our economy, are offering an amendment which will be a substitute for section 4, the next section of the bill. At this time, I merely want to read the first sentence of it:

The President shall promulgate regulations controlling the purchase or procurement of supplies under this act designed to minimize (a) the drain upon the national resources of the United States and (b) the

impact of such purchases or procurement upon the domestic price level.

We feel that this matter should be considered in connection with the next section. Under the present situation, the Williams amendment effectively hamstring the whole program which we have in mind. If there had been such an amendment in the relief bill which we passed last spring, there just would not have been any relief bill. Therefore, we hope that this amendment will be defeated.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. FULTON. Is it not true that the question here on this amendment is whether you wish to adopt it and effectively prohibit the purchase of any item in short supply in the United States or the question is whether you wish to take the committee's suggestion and put in proper safeguards under section 4 for the proper purchase of these items so that this program will not have too great an impact upon our economy?

Mr. VORYS. It seems to me that is the issue. But this amendment, if placed where it is now offered, simply would provide that no wheat for bread could go to the hungry people in Europe.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. HALLECK. Will the gentleman agree with me, however, that this amendment definitely recognizes a growing conviction based on true facts that these exports of goods which are in short supply are constantly driving prices higher and higher, and that whatever excuses or alibis may be offered as to the effect of certain other things that may or may not be going on in the country, the truth yet remains that the American people ought to know and understand that these exports are driving prices higher? I agree with the gentleman that the strict application of the amendment would probably mean the complete defeat of this program. Therefore, I question the advisability of the amendment, but I could not refrain from taking this opportunity to again point out the terrific impact upon prices at home as a result of exports to foreign countries.

Mr. VORYS. I certainly agree with what the gentleman says; we cannot dodge that responsibility. The Congress must act concerning that impact, but the way to act is not to paralyze the interim-aid bill by amendments stuck in it here on the floor.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. Vorys] has expired.

[Mr. O'HARA addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. MONRONEY. I move to strike out the last word.

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, I am in great sympathy with what I be-

lieve some men from agricultural States are attempting to do, that is, to retain for their own farmers fertilizer which is badly needed by American crops; but I do not think that this House at this late hour wants to enact an over-all amendment which I agree with the Foreign Affairs Committee would be equivalent and tantamount to striking out the enacting clause.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I am glad to yield to the gentleman from Mississippi.

Mr. WILLIAMS. I merely wish to say that I offered the amendment not for the purpose of sabotaging the bill.

Mr. MONRONEY. I know that was not the gentleman's intention. The gentleman wants to protect the supply of fertilizer in this country.

Mr. WILLIAMS. Not only fertilizer but any other item that may be critical and short.

It is my purpose through this amendment to let the people of the United States and the people of Europe know that if the items have to go either to the people of Europe or to the people of the United States and cannot go to both, they are going to the people of the United States.

Mr. MONRONEY. I cannot quite agree with the gentleman on that way of thinking. I think that some of those specialized items such as fertilizer could possibly be cut out of the bill without doing too much harm to the bill, but the gentleman's amendment would prohibit the export of any item in short supply. Wheat is in short supply; likewise coal and oil, but those things must be shipped to Europe.

The gentleman is particularly interested in fertilizer and is trying to protect it, but I remind the gentleman that many, many other countries not included in this bill have dollar exchanges with which they can buy fertilizer in the American market and keep it away from the American farmer.

The relief the gentleman seeks is to be found in the export control board. It has the power now to stop or reduce the shipment of fertilizer anywhere in the world; and prohibiting relief shipments in this bill will not result in the end he seeks.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. FULTON. If the gentleman from Mississippi does not want to wreck the bill by the equivalent of striking out the enacting clause why does he not then wait until we read section 4 where the committee itself had adopted a very long committee amendment to give just such protection and control to the various elements of the American economy. In that way there would be efficient control but not a knocking of the bottom out of the whole thing.

Mr. MONRONEY. I agree with the gentleman completely.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. WILLIAMS. I will tell the gentleman the reason I offered this amendment

here rather than at section 4. Three or 4 days ago in his speech to the House in support of this bill the gentleman from Alabama [Mr. JARMAN], who is a member of the committee, stated to me very definitely that there was nothing in this bill—and I took his word for it—there was nothing in this bill to protect the American people against shipping such critical materials abroad when the American people were needing them. That is the reason I offered it here.

Mr. MONRONEY. I think there is a point, though, that the gentleman overlooks. Wheat in America today is a critical material, yet we have got to ship a certain amount abroad to carry out our Nation's foreign policy.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I should like to use a little of my own time, but I yield to the gentleman.

Mr. GATHINGS. The gentleman knows that we have just had the largest wheat crop the United States has ever produced.

Mr. MONRONEY. And the gentleman knows very well that almost every bit of that wheat crop has already been sold on the grain market and nearly two-thirds of our exportable portion of it is on its way overseas. There is a shortage of grain in this country today; and the adoption of this amendment as it is written will deny any opportunity of getting it to the people of Europe.

Mr. GATHINGS. Thirty-three and a third to 40 percent of the grains produced in this country are being consumed in America.

Mr. MONRONEY. Much grain has been going overseas for months. We are now short in America and this amendment would stop the grain shipments that the bill provides for.

The only reason that we have had debate and hearings on the bill is to furnish the grain to the starving people of Europe. If we cannot ship the grain it will be the same as striking the enacting clause and killing the bill.

Let us face the issue. You cannot do both things. You cannot have an abundant supply in America and still do the job that is necessary to prevent communism from overrunning Italy and France. I think we better face that issue and meet it head on with this amendment. I think the time has come for the Congress to say which way it believes.

Mr. WHEELER. Speaking of the shortage of wheat, why is it that you cannot get from the Department of Commerce any information as to how much of this wheat in Europe is being used for the manufacture of alcoholic beverages?

Mr. MONRONEY. None of it is being used for the manufacture of alcoholic beverages, according to all testimony that I have heard.

Mr. WHEELER. The Department of Commerce is sadly wrong then. I asked for the figures and they told me that they did not have any.

Mr. MONRONEY. That is because none is being used.

Mr. WHEELER. Then they are mistaken.

Mr. MONRONEY. Yes.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 17 minutes, with the last 2 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. WHITTINGTON. Mr. Chairman, reserving the right to object, does that close debate only on the pending amendment?

Mr. VORYS. And all amendments thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. OWENS].

Mr. OWENS. Mr. Chairman, I was very much interested in the remarks of the preceding speaker when he said that two-thirds of our grain had already been shipped overseas, and we are now worrying about whether we are going to have to ship some of the remaining one-third. That really is something to worry about.

I do not want to be a party, and I do not believe anyone in this House wants to be a party, to anything that will make us look ridiculous in the eyes of the people of America. For that reason permit me call your attention to something here.

In connection with section 3 (a) 2, the same paragraph which we passed upon a few moments ago, we turned down an amendment which would have prohibited the sending of incentive goods which were in short supply. Now just think about that. If we were to leave this first paragraph in as it is without placing a limiting amendment in there, we would have a situation where we cannot send luxuries if they are in short supply, which would be shipped in order to prevail upon the farmers of Europe to release their grain and meat, but we can send goods that constitute our necessities of life. In other words, we can send our wheat and our meat and our fuel and our medical supplies and our lumber. Just think of that. We can send those things, but we cannot send luxuries or incentive goods if they are in short supply. Is that not a ridiculous situation?

How can anyone say that we are striking out the enacting clause by inserting a provision in there that we cannot send those necessities of life over there if they are in short supply? I say to you, Mr. Chairman, and I say it in all sincerity, and as one who has been investigating the housing situation with respect to veterans and others, that all through the Nation our boys are living in shacks along the channels and rivers. Your building contractors and your construction workers are turning out about 50 percent production in order to give the boys housing or, rather, failing to give housing to them. Why do we not give an incentive to those people to

work here? Why do we not give them something to encourage them to help our boys? Oh, no, we are going to give the incentive to the people over in Europe so that they may have the pots and pans, and we ask them to please take them and give the food and meat to the people there who are on strike and will not supply them to the farmers and the coal miners. They will not manufacture the clothes and other items which the farmers of France need, but we are expected to finance their strikes. But at the same time we are going to take from our own people the meat and the medical supplies that we need and send them overseas. I say it is time to think of America first and not to be thinking of all the world. Insofar as we have our builders, our contractors, our workers failing to supply our people with houses, and having gangsters rule our cities, as they do in many of the cities, it is time that we begin to take care of our people before we worry about what is occurring over in Europe, and I say as one Member of Congress I am not going to vote for a bill that is going to make me look ridiculous. I say, let us support this amendment and not be concerned about what is going to be done with the next sentence or the next paragraph. Let that take care of itself.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. OWENS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is the gentleman opposed to this interim-aid bill to send aid to Europe at this time?

Mr. OWENS. I voted for the \$350,000,000 relief bill. Would that be an answer to the gentleman? And I voted against the reduction of \$150,000,000 that most of this House voted for.

Mr. FULTON. If the gentleman is for this bill then he does not want to strike out the enacting clause.

Mr. OWENS. I do not agree with the gentleman as a lawyer. I see nothing to the point. That is just a plain statement with nothing behind it whatsoever; in fact, you state that in the very next section that you are talking about you are going to take care of it. Let us take care of it before we get that far. I say, ladies and gentlemen of the House, let us take care of this section first. If we can, because of a short supply of the incentive goods, refuse to ship such items, then we can put those words in the first paragraph with respect to medical supplies and food, in other words, we can protect the people of America. I say, support this amendment with all your hearts.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. HAND] for 5 minutes.

Mr. HAND. Mr. Chairman, I do not think I will take any 5 minutes. Let me preface my brief remarks by saying that I dislike to talk about veterans. Too often the veteran is paraded up and down the floor here for purely political purposes. But I must support this amendment, among other reasons, because of the fact that about 3 o'clock this afternoon I had a telephone message from Mr. William E. Sturm, of my

district, who purported to represent 12 or 13 of the veterans' organizations of southern New Jersey. He informed me that after many veterans, who had been seeking to get decent quarters in which to live for the last year and a half, had finally gotten those quarters, and are now unable to get oil to heat them, because they are new customers of the oil company. In effect they asked me, "What is Congress doing, preparing to support a program which will send \$22,000,000 worth of petroleum products to France," which, as the gentleman from New York [Mr. BUCK] advised the Committee on Foreign Affairs in his testimony, is still using automobiles for pleasure purposes. I must therefore support the gentleman's amendment, and if the effect is and I do not think it is at all as the gentleman from Pennsylvania [Mr. FULTON] has suggested, that it kills or at least partially kills the bill, that is still all right with me. I will not support the bill without this amendment to prohibit exports of goods in short supply. Charity begins at home.

Last week there appeared on the editorial page of the esteemed Washington Post a pitiful cartoon depicting the prostrate figure of France, bound hand and foot to the railroad tracks, facing imminent destruction by the oncoming Russian express, while Congress debated a rescue.

It might be pertinent to inquire how France got on the tracks, and who tied her?

On page 1, of the same edition of the paper, there was reported a threatened strike of 1,200,000 government employees. Now, if I mentioned the strike of the subway workers, or the other strikes involving a couple of million industrial workers that has prostrated French economy for some time, the reply would be that these are strikes inspired by Communists, but what can the reply be when the strikes affect the Government itself?

Parenthetically it is interesting to note the number of Government workers talking about striking. One million two hundred thousand government clerks is more than we can well afford, and it must be a rather extravagant luxury for a country one-third the size of the United States.

Mr. Chairman, I will tell you one reason why France is short of wheat. The French farmer has seen fit to plant 25 percent less wheat than heretofore because more profit can be made from other products. I did not get this figure out of the air, it is taken from official testimony before the Committee on Foreign Affairs on this very bill.

Mr. Chairman, I will tell you one reason why France may be short of dollars.

There are billions of French dollars hoarded in France, or safely deposited in this country.

Mr. Chairman, I will tell you something about oil and gasoline in France, too. Although gasoline is rationed, they are still pleasure driving, while the American people are being asked to stop or curtail their motoring.

Is the Congress aware that there is more livestock in France today than

there was at the beginning of World War I?

Is the Congress aware that the military expenses of the French Government is reported to be 24 percent of their entire budget?

Mr. Chairman, France put herself on those railroad tracks and as long as she knows that we will pick her up, she will probably lie there.

To help a prostrate country, which is still driving automobiles for pleasure, we are asked to provide \$22,000,000 worth of petroleum products. During 1947 we have continued to supply products to Russia in the present year of 1947, including petroleum, machinery, tractors, and other items in short supply, to the sum of \$113,000,000. And are you, as Representatives of the American people, interested in the fact that these petroleum exports are continuing notwithstanding the shortage of gasoline and oil, particularly in the East, which is assuming serious proportions?

Are you quite clear on the fact that aid is being suggested to Austria, notwithstanding the fact that the distinguished chairman of the subcommittee has reported that no such aid was suggested by Austrian authorities during his examination of affairs in that country?

I have examined the 353 pages of the hearings on this bill without finding any substantial evidence of starvation or dire distress. Indeed, witnesses for the administration were very frank in saying that this was not so much a relief bill as it was the first logical step in the \$20,000,000,000 Marshall plan.

Are you remembering that in the committee report on this bill there was a table inserted entitled "Index of Industrial Production," which shows that France's production is up to 90 percent of its 1938 effort, and that many of the countries involved in the Marshall plan are exceeding their 1938 production rate?

Great Britain, for example, is producing as much as she did in 1938, and is now building 53 percent of all the ships being constructed in the world. Does this indicate prostration?

Mr. Chairman, I must confess that I am unwilling to continue a program of exports which not only has been largely responsible for our present inflated prices but which has deprived, and in the future will more seriously deprive, our own citizens of the necessities of living to which they are entitled.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. Judd].

Mr. JUDD. Mr. Chairman, a lot has been said about the committee not having discussed this matter. If the Members will look in the hearings beginning on page 87, they will discover that we spent a great deal of time with the Secretary of Commerce going over these very questions in detail, item by item. And, we had other data before us from our own staff and the Herter committee. The Secretary discussed grain supplies, he discussed coal, he discussed oil, he discussed fertilizer, and he discussed cotton.

Let me read what the Secretary said with respect to oil, the commodity that

the gentleman from Pennsylvania was just speaking about. The Secretary of Commerce said:

The United States import and export of petroleum is approximately in balance, and shipments to Europe are a normal phase of the highly integrated and complex system of international supply.

That is, we send over certain amounts to Europe for which we get approximately equal amounts of oil from abroad.

Since the world demand for oil exceeds the supply, it is reasonable to assume that any drastic reductions in the flow of oil from the United States would be accompanied by a decrease in receipts from abroad, a necessary adjustment on the part of the international oil companies in order to accomplish equitable distribution of the limited world supply.

However, the Department of Commerce has taken steps to prevent the excessive export of much-needed petroleum products. Export quotas have been established for the fourth quarter of this year which are 40 percent below actual shipments in the previous quarter.

Then he discusses fertilizer, and recognizes that is one of the most acute problems. About \$14,000,000 of nitrogen fertilizer is authorized in this bill. He says:

Such requirements represents less than 5 percent of the United States supply, but coming in the months when domestic demand is at a peak, such shipments would create a special problem. However, requirements can be met in part by shipments from other producing countries. Here I would like to emphasize the desirability of obtaining the maximum flexibility in arranging for procurement outside the United States so as to lessen the strain on the United States economy in areas of short supply.

The justification for prompt dispatch of these requirements lies not only in the acute need for larger food production in the recipient countries, but also in the pressure on our own food supplies. Stoppage of fertilizer supplies during the war years resulted in serious depletion of the fertility of the soils of Europe. Each ton of fertilizer available to these countries during the spring months is estimated to make a twelvefold return in farm output. To the extent that interim requirements can be met, we could expect a decreased demand for food next season.

Then, to sum it up, the Secretary of Commerce says:

Although, as I have indicated, there are supply problems in some of the items, based on past experience and, on the analyses which have been made, I feel confident that the requirements can be substantially met. In my judgment, the alternatives to meeting them are such as vastly to outweigh the supply difficulties which they may present.

Mr. Chairman, this seems to me the crux of the question. I do not believe anybody will stand here and pretend this program is not going to cost us anything either in money or sacrifice. Our decision must depend on consideration of the alternatives. Will the temporary shortages and the hardships this bill will inflict upon us cause us more damage in the long run than not to make this effort and allow the nations of Europe and Asia to go down within a few months, as they will as surely as we sit here, if they do not have this help? Then the United States would have to

spend many millions and even billions of dollars more than this bill authorizes, in arming us to stand practically alone against a hostile world.

I do not like this bill any better than anybody else does. I too come from a consumer district where people would like to be able to get more food and other necessities at a lower cost. But the alternative to passage of this bill is not that, just defeat it and get lower prices. The alternative is to defeat this bill and stand alone in the world, spend far more on national defense, and ultimately have either higher prices in America or a return to rationing and price control, which I am sure my friends on this side along with myself do not want.

So in the face of the terrible alternatives we face, it seems to me the only thing we can do, from the standpoint of the protection of our country, is to try to get a reasonable balance in distribution of those commodities that are in short supply, export enough if possible to keep those nations free, and at the same time not too much to jeopardize our own domestic economy. Surely to shut off practically all exports, as the amendment provides, would increase rather than decrease the danger to ourselves.

Mr. PLOESER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. PLOESER. Mr. Chairman, today the Nation faces economic problems of tremendous proportions, which affect all our people and our posterity. The Nation is confronted with an economic dilemma, which if not solved properly can cause much injury to the competitive enterprise system.

In our zeal to lead the world in the establishment of peace, we have become paternal. In our desire to outwit Russia, whose actions spell clearly her motives of aggression, we are politically and economically in the danger zone of playing a game of international politics, which can easily fit right into the pattern of her plans. Coupled with the sincere motives and problems, the national administration of our government has allowed preoccupation of their thinking by the election year in the offing. In fact, election-year politics have become a major influence in the projection of the administration's foreign policy. Clouded with the desire for votes next November, our national economy has been pushed toward the edge of an international economic abyss.

If the Truman administration would forget vote-getting for 90 days, it might well be able to sound an international course which would serve both America and the world.

Russia is our antagonist in the battle for the future stability of Europe and the world. Russia represents international communism, which means Moscow dictatorship for all countries and governments falling within the sphere of their aggression and influence. The United States represents the ideology of individual autonomy for all nations and cooperation

among sovereign nations for the peace of the world.

Russia's greatest opportunity for fifth column aggression lies in the fertile soil of chaos and also in any economic weakening of the United States of America.

As long as the United States policy abroad provides exports from the United States to Russia, we are playing Russia's game.

As long as United States policy abroad in occupied Germany provides German reparations to Russia, paid for by the United States, we are playing Russia's game.

As long as United States policy abroad provides the type of relief to Europe which inculcates dependence upon the paternalism of any nation, including the United States, instead of the reestablishment of self-reliance and stability in the governments of Europe, we are playing Russia's game.

Such policy permits Russia to grow stronger while Europe continues in confusion, and the United States economy is weakened. Such a policy, however inadvertent, fits into the plans for Russian aggression.

Now the facts are these: The United States gave to Russia and Russian satellite countries, during the period of January 1, 1946, to August 31, 1947, in private relief, \$65,000,000; to UNRRA, \$640,000,000; and through lend-lease, \$168,000,000; for a total of \$873,000,000 plus. Parenthetically, I might add that the United States of America, since VE-day, has already contributed by furnishing aid to foreign nations and by funds invested in the International Monetary Fund, approximately \$57,000,000,000. This amounts to \$398 per person in the United States, and that is 13 times our per capita national debt in the year 1917. Each of you, since VE-day, has already contributed on the average of \$398.

In Germany our occupation policy in the American zone today has in progress the dismantling of nearly 200 German factories. Our own War Department admits that nearly one-half of these factories were never used in the production of war material of any kind. In the destruction of these factories, many of which are essential to the rehabilitation of the industry of Europe, the administration no longer even claims that they are being destroyed to halt any possible future war production. We are taking these factories apart and are distributing the equipment as reparations. Much of the machinery now being shipped out of the American zone in Germany is being shipped to Russia for reparations, while in the meantime, the American taxpayer is supporting the German economy.

It must be understood that the present bill before the Congress for winter aid to the hungry is not an adoption of the administration's projected foreign policy.

The type of long-range relief we are proposing to Europe is paternal. What Europe needs is to be allowed—yes; even to be incited—to go back to work and produce. What European countries need are demands from the United States to stabilize their currencies and to produce and consume their own production first.

Nothing would defeat communism faster than stabilized economies under governments strong enough to stand on their own feet. In this, the United States and the International bank can be helpful, but we are soon going to realize that there will have to be a return to sound money and free exchange. Our practice and projected policy of international paternalism is rapidly expanding American exports of products in short supply at home, and thereby accelerating our price structure.

Without doing good, the American taxpayer is paying twice: First, in higher price; and, second, in taxes. We export American goods which are in short supply, to be sold in foreign countries at a fixed rate of exchange. This fixed rate is in a greatly overvalued currency. It competes with the goods of that country which is being held for black-market prices. The result is that we are defeating the incentive of production in the very nations we are seeking to help. At the same time this action is running up American prices.

But then let us remember that the American planners had planned an immediate postwar depression for America. Their thinking and planning was radically upset when it did not come. Now they fear a preelection recession. By their proposed foreign policy, commonly known as the Marshall plan, inflation in America would be stepped up by increased exports, and yet I think I could confidently predict that within days after a successful election, the New Deal would forget the Marshall plan, just as it has already virtually forgotten the Truman doctrine and, before that, the Atlantic Charter.

It is my hope that the Congress will have the courage to be realistic in our foreign program, and that American industry and labor will have the courage to work harder and produce more. Only by this means can we maintain stability, and under any program, American stability must be number one on the agenda for both American and foreign aid.

This administration, in the eleventh hour before the Presidential message to the Congress on foreign relief, adopted the political stratagem of inclusion of price control and wage control to overcome the injury of the foreign program proposed. I am convinced, in regard to price and wage control, that even the present administration is fully aware of its futility, and is further fully aware of its influence for greater complication of economic matters, both abroad and at home. Recommendation for restoration of such controls is a tongue-in-cheek political flirt, with which they later hope to fool our people by shifting the blame for domestic high prices from themselves—the guilty. For example, the United States produces only 12 percent of the world's food supply. We need every acre of production we can get, and with every acre, it is clear that we cannot feed the world. Price control of food production would work against our own interests of increased production.

Our excess of exports of goods and services has already caused a dangerous price rise, and if the acceleration con-

tinues we cannot hope to maintain a stabilized economy at our present rate of production.

America, therefore, is at the crossroads where we must choose between the path of sound economic thinking—however practically harsh it may seem—and the path of economic planning influenced by political chicanery.

It should be made explicit that any vote that may be cast for this bill now before the House in no way causes the Member voting to subscribe to the so-called Marshall plan.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. WHEELER].

The question was taken; and on a division (demanded by Mr. WHEELER and Mr. WILLIAMS) there were—ayes 111, noes 122.

Mr. WHEELER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VORYS and Mr. WHEELER.

The Committee again divided; and the tellers reported there were—ayes 109, noes 136.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GROSS. Mr. Chairman, there are a good many things we and the country should know about this relief program before we vote away the accumulated savings of our people, raise our taxes, as well as the cost of living. So far as the needs on the other side are concerned, I am informed that one overnight trip from the Ritz Hotel to the diplomatic headquarters was all it took to knock \$7,000,000,000 off of the funds requested.

Now, if they did such rapid figuring as this, it is quite possible that they have made some real errors, or maybe they were playing for the highest possible stake and are willing to settle for what they can get, which is downright dishonesty. We have heard a great deal said around here recently about the dishonesty in the distribution of food and relief in Europe. But until we get more honesty in the gathering of these supplies here at home we might as well forget the dishonesty at the other end.

The Secretary of Agriculture, Mr. Anderson, is apparently laying awake at night trying to dream up new schemes of boosting prices here, while the President is crying out against the high cost of living and demanding that rationing and controls be put into effect. It is well known that there is a world-wide shortage of fats and oils, but the Government's program is bound to make them still more scarce. Peanuts, for instance, are one of our most important sources of fats and oils, yet the Secretary started a project to limit the acreage in 1948 and put into effect quota controls.

He is gambling with the taxpayers' money through the Commodity Credit Corporation and tinkering with ways to

maintain false prices. The Government has warehouses full of peanuts, prunes, apricots, dried peaches, and raisins.

They have purchased during the year 1947 for no other reason than to deliberately raise the price, 300,000,000 dozen of eggs, 7,746,011 100-pound sacks of potatoes, 23,875,072 bushels of sweetpotatoes, 558,036 gallons of concentrated orange juice, 67,850 bushels of snap beans, 59,450 tons of dried fruits, 26,450 tons of dried prunes, and other foods in large quantities, including 209,000,000 pounds of dried skim milk.

In their efforts to raise prices, they not only removed these large supplies from the market, thus causing prices to spiral, but they actually paid way above the market for much of it. For instance, they bought 255,000 bales of cotton at \$13.75 per bale above the market price of that day. They purchased 1,600,000,000 pounds of sugar at 1 cent per pound above the market. This was purchased recently, on October 15. That one purchase alone at a cent a pound above the market cost the taxpayers \$16,000,000, and no doubt was reflected in every household in America by an increase in price of sugar. At any rate, they are going out of their way to maintain or increase the price of sugar because the President has asked that marketing quotas be put into effect in 1948. These large supplies of food, now lying around the warehouses all over the country, should be put on the market immediately to stop inflation and bring down prices for the consumer. And certainly the administration would do this if they were sincere in what they are saying about the cost of living and the scarcity of food. Or, instead of asking for money to go into the markets and buy food for foreign relief, which will only create more scarcities here and a general rise in prices, they should release these supplies for relief in Europe. Every American citizen can rightly ask the question: What is the Secretary or the administration gambling for? The answer is simple. It is the farm vote of 1948.

And then they tack onto these false agricultural prices, price and wage control in the hope of grabbing the city vote. With all the double-talk going on within the Administration concerning grain, the demand that bread be saved, that livestock be marketed at lighter weights, and that breweries should close up to save grain, we are shocked and amazed to find that the Secretary of Agriculture now admits that he has purchased all the wheat that we need for our export program up until April 1, 1948. So, through this hidden transaction he caused a lot of speculation and then condemned the speculator. Not only that, but it created a fictitious price on grain which is causing a terrific and unwarranted drain on the housewife's budget.

If the farmers accept the advice of the administration or if Mr. Truman be given the authority which he has requested to enforce marketing of livestock at lighter weights we will find tremendous shortages in our meat supply, our greatest shortage in fats and lard, as

well as much higher prices in leather, which will reflect in the price of shoes.

I am not defending the distilleries or breweries, but they are not the dead-end for vast quantities of grain. It simply goes through them and comes out as our best dairy feed. Brewers' and distillers' grains are being used on practically every dairy farm in America, and when that important feed supply is restricted it will greatly reflect in our supplies of milk and dairy products.

So we find that every time the Government solves one problem, they create a dozen new ones.

Think of it. The wheat for this foreign-aid program was purchased last July while the first session of the Eightieth Congress was still in session, before there was any money appropriated for foreign relief, or even asked for. Truman, Anderson, and company purchased this wheat with one or two things in mind. Either they were going to raise the price of wheat in the hope of winning the farm vote for 1948 or they were going to export it for foreign relief, whether the Congress appropriated the money or not, using the Commodity Credit Corporation's fund.

All this proves the extremity to which the administration is willing to go to get the 1948 farm vote. They are willing to go just as far to keep the city people happy for a few months. And all the while they are trying to place the responsibility for high cost of living on somebody else.

The American people are willing to relieve misery and starvation wherever it may be. From the information that has been presented to this House, there are two things that would probably go further in relieving these people at the moment, and at the same time helping them to help themselves, and that is to send them some food immediately, and help them to get their transportation lines cleared up. I believe that the locomotives, freight cars, and equipment going to Russia should have gone into these stricken countries to help them move supplies. I understand there are a million and a quarter tons of coal piled up in the Ruhr, but they have no means of moving it. It might be a good thing to give them a hundred thousand Army trucks that we have standing all over the world to help move this coal.

Surely we should not give Europe dollars to buy anthracite coal at \$30 a ton when their miners are refusing to work more than 30 hours a week. And we should not give them money to buy Argentine wheat at \$5 a bushel which the Argentine Government commandeered from their people at \$1.35 a bushel.

The millions of dollars that we put into Greece admittedly has been mispent and accomplished nothing. The three and one-half billion we gave to England which was to last 5 years is admittedly exhausted and squandered. Now it might be well to go into the record and find out who is thinking up all of these schemes that are draining our finances, our resources, and our energies. We know that lend-lease had its origin in the White House; that it cost us \$66,-

000,000,000 thus far, and that it fulfilled a campaign pledge of full employment and high wages. We know who was the author of the Morgenthau plan and what the object was. It was a plan of revenge and ruthlessness.

As for the Marshall plan upon which we will be asked to act in the near future, I know of no one who is admitting authorship. I have been informed that Secretary Marshall is denying that he has had anything to do with it. Could it be that it is a continuation of lend-lease under a different name, that its object is to guarantee full employment and high wages to win an election and guarantee prosperity through another New Deal administration? Could it be that the administration has sunk to such depth that they are willing to bankrupt us or starve us in order to win that election?

These questions may sound like an indictment of the present administration but in the light of past performance they do present themselves.

The debate so far has not convinced me that this legislation is necessary or wise. My doubt and mistrust in the administration as well as those governments who are to receive this aid grows out of mismanagement, abuse, and misuse of former aid given, such as lend-lease, UNRRA, the Greek loan, as well as the British loan. With these experiences fresh in my mind, realizing what it has cost us and how little it has accomplished, also the extent to which it will raise our already excessive cost of living, I cannot support this bill unless it is amended so as to guarantee that the relief and food goes to the needy.

Mr. Chairman, it gets down to this in the final analysis: In the light of past performances we should scrutinize these things more closely than we have. There is no reason in the world why we should continue the spiraling of prices and rout our own economy to the extent we are unless we can accomplish something at the other end, which we have not yet done.

Mr. Chairman, unless this bill is properly amended to give me a guaranty that this relief will go to those for whom it is intended, I cannot see my way clear to support it. I sincerely hope that will be accomplished, but unless that is done I cannot support the bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. PRIEST. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, during the course of debate on this tremendously important bill my own thoughts have returned many times to the proceedings in this chamber exactly 6 years ago today.

As I have reviewed in retrospect that historic and dramatic scene of December 8, 1941, memories of the months and years that followed have crowded into my consciousness.

They are memories shared by all of us and they remind us of an achievement of such magnitude that we wonder, even now, how America did the job that was done between Pearl Harbor and VJ-day.

In many ways, it almost seems like something out of a dream.

But the job was done, because Americans of all creeds and faiths and colors and political philosophies, aroused by a challenge to our way of living, united in spirit and purpose and determination, and marched together, all one way, through the trying months of defeat and discouragement to lay the foundation for turning the tide, and then surging on to victory.

We grapple today and we shall grapple in the future with other problems that have grown out of those years of fighting and sacrifice.

There is discouragement in many quarters today and in many respects the road ahead seems beset with giant boulders of obstruction.

But is there anything we face today any more discouraging than those early months of 1942 when we read the tragic story of the march of death?

Do the problems of 1947 require any more courage to keep our chins up than was required during those fateful days when the Allies were driven back in every quarter? When Bataan and Corregidor fell and we were pushed all the way back to Australia in the Pacific, and when Rommel was knocking at the gates of Alexandria.

Mr. Chairman, during those darker days of the war we doubled the productive capacity of this Nation. We poured millions of tons of war munitions across the seas. We trained millions of men, equipped them with the best weapons in the world, and deployed them on fighting fronts around the globe.

Our civilian population cheerfully accepted the restrictions of gas and food rationing, high taxes, and many other things that mean some sacrifice of the luxuries and even the necessities of a normal life.

The home front swung into action behind our military forces and American fighting men on flaming fields of fire around the world fought from island to island, they fought from battleship and submarine, planes and tanks. They opened a new front in Africa to help drive Rommel into the sea. They bombarded southern Europe and landed in Italy. An ever increasing number of bombers and fighters crossed the English channel until the axis had been softened and then on that historic day of June 6, 1944, they stormed the beachheads of Normandy to take the offensive and carry the war to the Reich.

I shall never forget the feeling that swept over me with almost overwhelming force in the early morning hours of that June day a little more than 3 years ago, when Robert St. John, speaking from the New York newsroom of the National Broadcasting Co. said in a voice that trembled with emotion:

Men and women of the United States, this is a momentous hour in world history. This is the invasion of Hitler's Europe—the zero hour.

On that day, as you well recall, sirens sounded and bells rung across the country, a prearranged signal in many cities and hamlets, for church doors to swing open for prayer, and millions of Ameri-

cans reverently bowed to ask divine protection for other Americans who were baring their breasts to the bullets and literally walking into burning barrages of unleashed lightning. That was D-day and the beginning of the end.

I shall not attempt in the time I have today, Mr. Chairman, to review the further course of the victorious advance of our armies in both theaters of war.

I have referred thus briefly to the problems of the war years and the spirit in which they were faced and solved by the American people as a basis for suggesting to the House that the present and future problems of peace, or if you wish of a cold war can be solved if undertaken in that same spirit.

Mr. Chairman, I am sure that I share with other members of this body a feeling of great responsibility in these days when at times we feel that we are being moved on by the inexorable tides of destiny.

In the past few days we have heard many members state in one form or another that we are now at one of those crucial periods in world history. I agree that we are and we cannot escape the seriousness of the decisions that we must make, in this special session and in the regular session beginning a few weeks hence.

This time of testing not only is serious because of the possible consequences of what we shall do or fail to do, but I believe it presents the most serious test to the workability of our system of government in all the history of the Nation.

While it is not new in this country to have a situation in which the executive branch of the Government is directed by one political party and the legislative branch by an opposing party, it is safe to say that at no other time under such circumstances have so many destiny-shaping decisions faced the Government of the United States.

Since last January we have had a Republican House and Senate and a Democratic Chief Executive.

In less than a year from today the American people will elect a President, 435 Members of the House, and 32 Members of the Senate.

We are, in short, on the eve of a national election at a time when very grave national and international issues crowd upon us for consideration.

And since Members of the House are human beings, to say nothing of being Democrats and Republicans, it will be extremely difficult, of course, to prevent, at times, purely political considerations from entering into our deliberations on legislative matters.

We do not expect nor desire everybody to see eye to eye on every matter. But I believe, Mr. Chairman, that one of the most noteworthy achievements of the Eightieth Congress in the first session was the fact that on most major foreign-policy matters we were able to maintain a bipartisan policy.

The question now arises as to whether, under circumstances which I have pointed out, we shall be able to continue such unity of purpose and action on matters that transcend in importances the fortunes of any political party.

That question is far more than the-

oretical. It is a very real question, in the minds of many persons of all political persuasions.

Having fought to a victorious conclusion the shooting war that began 6 years ago today, we presently have before us the question of how to preserve the fruits of victory for freemen. In essence, that matter resolves itself into the question of doing what is necessary to prevent starvation, chaos, anarchy, and communism in western Europe and at the same time to curb and control a dangerous inflation that even now runs rampant across this country and is felt in every household.

Mr. Chairman, I am sure that no one Member of this body has the complete answer to this double-barreled problem. But I believe the answer can be found in the collective intelligence of this body just as the answers were found to the very pressing problems of war.

We cannot find them if the course of our search is charted through purely political fields. And the stakes are too high for us to run the risk of failure.

When we finish the present consideration of interim aid, we only pave the way for still more far-reaching decisions that must be made in the first few months of the new year.

And with the passing of each month we come closer and closer to nominating conventions.

I am fully aware that it is far more difficult to maintain national unity of will and purpose in attacking the problems of peace than it is in days of war. But for whatever it might be worth, I express the fervent hope today that here in the Congress and across the country we may recapture the spirit that prevailed on December 8, 1941, and through all the ordeal of grim and tragic war that followed.

A majority of the present Members of the House were here 6 years ago today when the only choice we had was to accept as a hard fact the war that literally dropped out of the sky on the quiet beaches of Hawaii.

We recall the high tension of that hour when a tired and grim Franklin Roosevelt came before a joint session in this Chamber to speak for 7 minutes and to ask for a declaration of war.

President Roosevelt smiled only once during his appearance here that day. As he was about to leave the chamber, there was a great demonstration on both sides of the aisle. Recognizing this show of solidarity, President Roosevelt turned and waved a hand to the gentlemen on the left, and smiled.

Mr. Chairman, the spirit of America on the day after Pearl Harbor lifted all of us far above the petty differences that are rooted in different political parties and philosophies.

Like a cleansing flame, the inferno that blazed at Pearl Harbor burned out the self-interest impulses from our souls.

And if I could have the answer to a prayer today it would be that here in the Congress, and in every home, and every heart we might recapture the spirit that called us to such high purpose and firm resolution 6 years ago today.

(Mr. PRIEST asked and was given permission to revise and extend his remarks.)

Mr. ABERNETHY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ABERNETHY: Page 2, line 15, after the semicolon, insert the following: "Provided, however, That no fertilizer shall be produced or allocated hereunder in or from the United States so long as the supply is inadequate to meet the needs of the agricultural producers of the United States as certified by the Secretary of Agriculture."

Mr. ABERNETHY. Mr. Chairman, this is a very important amendment. If the people of this country are interested in food, if the world is interested in food, if you appreciate the food crisis then my amendment will be of interest to you.

This amendment is important to the agricultural industry of this country. It is extremely important to those of you who represent farm areas. It is important to you who represent city districts, where your constituency has so vigorously complained about the cost of food.

In proportion to the need for increased food production, fertilizer is shorter today than ever before.

Fertilizer is essential to the production of food. Without it there would be hunger throughout the world the like of which you have never seen. Our farmers cannot feed the world without fertilizer to maintain production.

The Secretary of Agriculture announced goals a few days ago for agriculture that will require 9,000,000 more acres of land in 1948 than was utilized in the bumper crop produced during the year 1947. Without adequate fertilizer they cannot reach those goals.

War plants capable of producing fertilizer are lying idle in the United States today. Forty percent of the capacity production of all of these plants is as idle as the rug on this floor. With the hue and cry from abroad for food I cannot understand why the members of this committee have not made some effort to put those plants in operation.

I would like to ask any member of this committee to tell me whether or not there was one single, solitary word before their committee with reference to the exact quantity of fertilizer on hand and that which would be produced this fertilizer year? Will you answer that? Well, from pause and silence I assume you will not. Therefore, I assume there was no investigation, no inquiry, and that you have no knowledge of the stocks available or to be made available.

Mr. FULTON. Mr. Chairman, will the gentleman please repeat his question?

Mr. ABERNETHY. I asked if the committee made any inquiry of the quantity of fertilizer stocks and the quantity that would be made available during this fertilizer year.

Mr. VORYS. Mr. Chairman, if the gentleman will yield, if the gentleman had been paying attention when we were just debating this same subject, the gentleman from Minnesota [Mr. JUDD] read Secretary Harriman's statement on fertilizer about 15 minutes ago.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Georgia.

Mr. PACE. The gentleman's statement was as to the effect, not as to the amount of the shortage, but that there would be a critical shortage if this \$35,000,000 worth of fertilizer were shipped out of this country.

Mr. JUDD. Fourteen million dollars.

Mr. PACE. I thank the gentleman.

Mr. ABERNETHY. Well, of course, I was paying attention. Now I ask the gentleman to pay attention to me. Listen to this. The word "fertilizer" has no place in this bill. Already this Government has sufficient authority under the War Powers Act to allocate and to prohibit the exportation of fertilizer to Europe. Already the Government is allocating in some instances and prohibiting in others the allocation of fertilizer to Europe. So why put fertilizer in the bill at all? It is directing the export of fertilizer every month out of the year to Europe, every month. To my thinking too much is being exported; yes, too much. Rather than authorize more exports they should be reduced.

Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ABERNETHY. On tomorrow morning before a subcommittee of the House Committee on Agriculture, of which I am a member, we will begin an investigation into the fertilizer situation. The investigation was scheduled several weeks ago, not today, not since my amendment was offered, not since the amendment offered by the gentleman from Georgia and just debated at length, but several weeks ago. The hearings begin in the morning before the Committee on Agriculture. Realizing the seriousness of the situation, they were scheduled at the instance of the gentleman from Mississippi [Mr. WHITTEN], myself, and others. He, I, and others who have a deep interest in this matter want to get the facts. We want you to have the benefit of them.

We have sent requests all over the country, to the fertilizer industry, to the War Department, which has plants capable of manufacturing fertilizer, to the ODT, whose authority it is to make available tank cars and the rolling stock necessary to transport fertilizer, to the Maritime Commission, whose authority it is to provide the ships necessary to import nitrogen from Chile, and to the Departments of State and Commerce, which have power over international allocations of fertilizer. We have called in everyone interested in the fertilizer industry. We begin hearings in the morning.

I beseech you to adopt this amendment. You cannot lose by so doing. The provision is already in the Senate bill, so give it this safeguard. Let the House bill go to conference with fertilizer stricken out. Give us an opportunity to make a real, honest-to-goodness investigation of the situation. Give us a chance to bring an unbiased report to you or to the conferees. Nothing will be lost by your so doing. I ask you to do that for

the good of American agriculture, for the good of the hungry stomachs around the world, and for the good of those of you who live in the cities and contend that your food is so short and so high.

One other thing: Fertilizer is used heavily not only in the South, as was indicated by my friend from Minnesota [Mr. O'HARA], but all up and down the eastern shore, throughout New England, the Midwest, and far West. It is becoming more essential every day to the production of good and bountiful crops. Our farmers bled their land white during the war meeting high-production goals. Their land needs a rest. But the world needs food. The use of fertilizer has expanded year by year throughout the Midwest in the last 7 years. They are using larger and larger and larger quantities. They have found a definite need for it.

I ask you again, adopt this amendment. Give us a chance to do what our committee has proposed to do. You cannot lose by it. The issue can again be considered in conference and the conferees will have the benefit of our findings.

Mr. H. CARL ANDERSEN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. H. CARL ANDERSEN to the amendment offered by Mr. ABERNETHY: After the word "fertilizer" add the words "farm machinery and petroleum products."

Mr. H. CARL ANDERSEN. Mr. Chairman, I am offering this amendment in behalf of the farmers of this Nation, so that they may have the opportunity to produce the wheat that is so much needed. I also offer this in order to protect thousands of families from suffering from the lack of fuel oil. I know from personal correspondence that today that there are fuel dealers in my congressional district in Minnesota who cannot supply their patrons. There are many GI's among those patrons who cannot secure enough fuel oil to keep their houses warm. I know also from personal experience that it has been practically an impossibility, on my farm at least, to secure the machinery that we should have had the past 6 or 7 years to try to do the job we want to do, and that is, to produce at full capacity. An inflationary market in farm machinery today holds back production all through the great Midwest.

I agree with the gentleman from Mississippi in his anxiety concerning fertilizer. Having worked for 2 years in Alabama, I know that fertilizer is the lifeblood of the South when it comes to producing a crop. You just have to put in so much fertilizer down there per acre or you just do not get a crop.

Out in Minnesota we need desperately the tractors and the farm machinery. Out in that country, where just the other morning, the temperature was 17 below zero, there are plenty of GI's trying to construct new homes who cannot even get onto the lists of the fuel dealers in order to get fuel oil to keep their families warm. Fuel suppliers have cut their quotas to our fuel dealers and our people this winter will suffer if we permit our precious supplies to go abroad.

I voted against the preceding amendment for the simple reason that it was too inclusive. I do not want to prohibit the exportation of wheat, if there are starving people in Europe or China, or anywhere else who we can help. At the same time, I do not want to make it impossible for our own farmers to produce this necessary food. Keep in mind in connection with this interim program that it is impossible for the people in Europe to do any farming before this will take effect, so why not put in a prohibition against the useless sending over there of fertilizer and farm machinery and fuel oil that we so dearly need in this country?

Today, as we are considering this bill a press release from International Falls, Minnesota, tells of hundreds of families there being endangered by the lack of fuel oil for their furnaces. These same press releases say that tomorrow morning far below zero weather is expected.

We have no moral right, Members of the House, to permit the shipping abroad of necessities of life which are in such short supply from the lack of which our own people suffer.

Many of us have protested against the short-sighted policy of the Truman Administration in permitting machinery and petroleum products to go to Russia at this time. We are arming a potential enemy in so doing. Many of us in 1939 also protested to an un-heeding administration against the shipment of scrap iron and fuel oil to Japan.

We must place certain prohibitions directly in this legislation, having little confidence in those in whom this power has in the past been vested.

I sincerely hope that the House will see fit to accept my amendment as well as that of the gentleman from Mississippi. Shall we not protect our own people, at the same time helping those others as far as we can without wrecking our own Nation's economy?

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield.

Mr. SMITH of Ohio. There is strong talk of rationing of petroleum products now, is there not?

Mr. H. CARL ANDERSEN. There absolutely is. A cartoon in today's Washington Star well illustrates that possibility. Remember, families in Minnesota are without fuel today.

Mr. SMITH of Ohio. Then that ought to determine our vote on your amendment.

Mr. H. CARL ANDERSEN. I thank the gentleman.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield.

Mr. REES. While the gentleman is discussing this question of agriculture, it might be well to observe that about 20 percent of the farm lands in France at the present time are devoted to the raising of grapes to produce wine and things like that. It might be better if they raised wheat and other grain.

Mr. H. CARL ANDERSEN. I think our farmers in this country can make far more effective use of this farm machinery than can the farmers in Europe. Let

us send them the grain, but let us also give our own farmers an opportunity to produce the food as they will. Let us help our own in order that we can help starving peoples in other lands. Fuel oil under present circumstances should not be shipped from our country. We owe a duty to our own here.

Mr. WHITTINGTON. Mr. Chairman, I rise in support of the amendment offered by my colleague the gentleman from Mississippi [Mr. ABERNETHY].

I think that fertilizer should be stricken from the bill. I say that as a supporter of the legislation. The War Powers Act was extended as far as fertilizer is concerned, and under the terms of that act in order that the Members may have a concrete case, ammonium nitrate, a nitrogenous fertilizer, is manufactured in this country, by TVA, the Spencer Chemical Co. and the Lion Oil Co. in former war plants, that Congress understood would be operated to manufacture ammonium nitrate. Under the power extended in the War Powers Act, agencies of these countries across the seas have already been allocated 16 percent of the production of those three companies. That was the production for 1946. Two of those companies, Spencer and Lion, are producing far less now than they produced in 1946, so that the allocation already made means that 30 percent of their production for 1947 will be allocated for shipment overseas under legislation we have already passed. Thus there will not be available to the farmers of the United States, where the demand for fertilizer is increasing and the supply is decreasing, as much as was available in 1946, when there was a shortage. There is no good reason, therefore, why fertilizer should not be stricken from this bill, because allocations have already been made, and shipments have already been started across the seas for the current year. Why add to the allocations we have already made.

May I say further that the war plants are now producing as much ammonium nitrate as the three plants that I have indicated. All of the war plants production is going overseas to the occupied and conquered countries. Have we not done enough when we provide for our war plants to be continued to be operated, so that as much can be sent overseas as is being made available to our farmers? The Spencer and Lion plants, instead of producing the same amount of fertilizer that they produced last year, are now producing far less. They are diverting to wood or synthetic alcohol because they can get more for their product by changing their machinery. Spencer is diverting it to ammoniating superphosphate. So that while they have been required to allocate for shipment overseas, they are diverting, and there will not be available as much for your domestic growers as there was last year. I do insist that inasmuch as there is a shortage, inasmuch as the shortage has been admitted during the debate under this section, and inasmuch as we have already provided for allocations that have been made, and which are already on the way overseas, we should not increase those allocations by enabling the United States to buy and

furnish fertilizer when they have already allocated to the agencies of those governments more in proportion than our own farmers are receiving this year or at the expense of our farmers. I insist that the word "fertilizer" should be stricken from this bill.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I am glad to yield to the gentleman.

Mr. ABERNETHY. I call attention of the Members to this pertinent fact, that present plans call for the export of about one-third of United States production to the farmers of Europe and other regions of the world this year.

Mr. WHITTINGTON. That is 30 percent. I so stated. I would like to say this: I have read these hearings and I do not know of any good reason why those German plants and other plants should not be rehabilitated so that fertilizer can be manufactured in Europe for European needs. Nor do I know of any reason why the war plants in the United States, one of them at Cactus, Tex., and the other at Louisiana, Mo., should not be rehabilitated by the War Department so that at least the War Department can provide for the manufacture of fertilizer that may be needed in rehabilitating France and Italy, or, for that matter, making it available to the growers in the United States, just as you have made it available to the occupied and conquered areas.

Mr. ABERNETHY. Will the gentleman yield further?

Mr. WHITTINGTON. I yield.

Mr. ABERNETHY. Is it not true that with this item in this bill as it is, this would be regarded and accepted as an additional allocation over and above the one-third output already allocated?

Mr. WHITTINGTON. Certainly, and that would deprive the American farmers of the already short supply of fertilizer.

I do insist, in all fairness, that without injury to the bill, the word "fertilizer" should be stricken from the bill.

Mr. Chairman, the pending bill is to provide funds largely as grants. I am advised that the countries of Europe in need of fertilizer are able to buy and pay for all of the fertilizer that has been allocated under the extension of the War Powers Act. The allocations are not made to the governments, but to institutions for resale to farmers. The domestic requirements are large, and the domestic supply for ammonium nitrate or nitrogenous fertilizer is small. In fairness, therefore, to the American grower, fertilizer should not be included in the pending bill.

The Spencer Chemical Co. and the Lion Oil Co. have advised their dealers in the District that I represent that they will not be able to supply more than one-third or one-half the amount of ammonium nitrate they supplied in 1946. In fairness, however, this is due to the fact that these two companies have reduced their production of ammonium nitrate. They are diverting it to synthetic alcohol and to other purposes. The farmer is the sufferer.

I repeat that the ordnance plant in Texas and the ordnance plants at Louisiana, Missouri, should be rehabilitated and that these plants should produce ammonium nitrate for use by American growers to relieve the admitted shortage of domestic ammonium nitrate.

I have been advised that no more Chilean nitrate will be available to the cotton growers in the Mississippi Delta than was made available in 1946. There was a shortage then. There will be no more cyanamide available from Canada than in 1946, and there was a shortage then. The taxpayers are dealing generously with the conquered and occupied areas. The war plants are producing as much anhydrous nitrate for shipment to the occupied areas as the TVA, Spencer and Lion are producing in the United States. Spencer has advised my constituents that his company cannot furnish more than one-third the ammonium nitrate furnished in 1946. Lion advises that they hope to furnish substantially one-half.

What I have said with respect to fertilizer applies to oil and mechanical equipment. If tractors are not in the bill, it should be made clear that tractors, as well as oil, are stricken with fertilizer from the bill.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WHITTINGTON] has expired.

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MICHENER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 4604, had come to no resolution thereon.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

VETERANS' LEGISLATION

Mrs. ROGERS of Massachusetts. Mr. Speaker, I am going to press for action on three bills that were not passed during the last session of the Congress. One is increased subsistence allowance for the men taking institutional training—the Mead bill passed by the Committee on Veterans' Affairs unanimously. The men cannot really take their training and keep it up. They are dropping out. Two tried to commit suicide recently in California because they could not meet the expenses of the family.

The other measure is for an increase in subsistence allowance, plus the allowance from the employer, in on-the-job training—the Kearney on-the-job training bill.

The other is the automobile bill, which takes in certain men that should have been included before. That bill is the

Mathews bill which did not pass in the last session. The doctors in the hospitals in California tell me the legislation granting automobiles to certain paraplegics and amputees was the finest rehabilitation measure that had ever passed the Congress of the United States. We have argued today and for many days about giving millions of dollars in relief for the countries that our veterans saved. I believe every Member of the House would want these bills passed before we adjourn for the holiday season. All these bills passed unanimously and the Committee on Veterans' Affairs sought tirelessly to secure their passage. The Senate had the vision to pass these bills. So it would be easy to pass them in the House and have them become law. I believe the President would sign them.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

EXTENSION OF REMARKS

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to extend my remarks further in the RECORD, and I have an estimate from the Public Printer that the cost will be \$195. Notwithstanding the additional cost, I ask unanimous consent that the extension may be made.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. SMITH of Ohio asked and was granted permission to extend his remarks in the RECORD and include an article by Sid J. Hughes, vice president of the Industrial Bank of Commerce of New York.

Mr. REES asked and was granted permission to extend the remarks he made in the Committee of the Whole.

Mr. JUDD asked and was granted permission to extend his remarks in the Appendix of the RECORD in two instances and in each to include some printed material.

SPECIAL ORDER GRANTED

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that on Monday next I may address the House for 30 minutes, after the regular business of the day and any other special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

HOOR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. MUNDT asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Sioux Falls Argus-Leader.

Mr. ABERNETHY asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today.

Mr. KLEIN asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. GORE asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Pittsburgh Post-Gazette.

Mr. MADDEN asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. JACKSON of Washington (at the request of Mr. GRANGER) was given permission to extend his remarks in the Appendix of the RECORD and include letters and documents.

Mr. EBERHARTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the St. Louis Post-Dispatch.

Mr. ALBERT asked and was given permission to extend his remarks in the Appendix of the RECORD and include two editorials.

Mrs. SMITH of Maine asked and was given permission to extend her remarks in the Appendix of the RECORD in two instances and to include extraneous matter.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 8, 1947.
Hon. JOSEPH MARTIN,
Speaker, House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: Please accept this as my resignation as a member of the District of Columbia Committee.

Sincerely yours,

F. EDW. HEBERT.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. AUCHINCLOSS (at the request of Mr. SUNDBSTROM), for Saturday and Monday, on account of official business.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 36 minutes p. m.) the House, pursuant to its previous order,

adjourned until tomorrow, Tuesday, December 9, 1947, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1137. A letter from the Public Printer, United States Government Printing Office, transmitting a record covering the activities of the United States Government Printing Office during the war and emergency period; to the Committee on House Administration.

1138. A letter from the Attorney General, transmitting a report reciting facts and pertinent provisions of law in the cases of 83 individuals whose deportation has been suspended for more than 6 months; to the Committee on the Judiciary.

1139. A letter from the Secretary of the Interior, transmitting a report of the Migratory Bird Conservation Commission for the fiscal year ended June 30, 1947; to the Committee on Agriculture.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of December 5, 1947]

Mr. BISHOP: Joint Select Committee on the Disposition of Executive Papers. House Report No. 1157. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BRADLEY:

H. R. 4654. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. CASE of South Dakota:

H. R. 4655. A bill to increase the normal-tax and surtax exemptions of a single person to \$1,000 and of a married person to \$2,000; to the Committee on Ways and Means.

By Mr. HEFFERNAN:

H. R. 4656. A bill to amend the Armed Forces Leave Act of 1946 to permit certain payments to be made to the estates of former members of the armed forces; to the Committee on Armed Services.

By Mr. MacKINNON:

H. R. 4657. A bill to amend the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. PRICE of Florida:

H. R. 4658. A bill to provide for assistance by the Federal Government in the repair of damage caused by erosion by waves and currents to the shores of the State of Florida and in the prevention of future damage to such shores; to the Committee on Public Works.

By Mr. SIKES:

H. R. 4659. A bill to ratify and confirm amendments to certain contracts for the fur-

nishing of petroleum products to the United States; to the Committee on the Judiciary.

By Mr. THOMAS of Texas:

H. R. 4660. A bill to exempt certain proceeds of life insurance from the Federal estate tax; to the Committee on Ways and Means.

By Mr. VAN ZANDT (by request):

H. R. 4661. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. CELLER:

H. R. 4662. A bill relative to maximum rents on housing accommodations; to repeal certain provisions of Public Law 129, Eightieth Congress; and for other purposes; to the Committee on Banking and Currency.

By Mr. VINSON:

H. R. 4663. A bill conferring jurisdiction on the United States District Court for the Middle District of Georgia to hear, determine, and render monetary judgment upon the claims of the city of Macon, Ga.; to the Committee on the Judiciary.

By Mr. MILLER of Nebraska:

H. R. 4664. A bill to provide for a National Institute of Industrial Training of Negro Youth; to the Committee on Public Works.

By Mr. PFEIFER:

H. R. 4665. A bill to admit to the United States as nonquota immigrants certain displaced Polish citizens who have rendered service to the United States Army; to the Committee on the Judiciary.

By Mrs. DOUGLAS:

H. R. 4666. A bill to amend the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. GRANGER:

H. R. 4667. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. PRICE of Illinois:

H. R. 4668. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. KEATING:

H. J. Res. 270. Joint resolution requesting the President to designate December 7 for annual observance as Gold Star Mothers' Day; to the Committee on the Judiciary.

By Mr. POULSON:

H. Res. 396. Resolution relating to the immediate distribution of foodstuffs abroad through church and eleemosynary institutions; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS of Louisiana:

H. R. 4669. A bill for the relief of Maurice J. Symms; to the Committee on the Judiciary.

By Mr. CORBETT:

H. R. 4670. A bill for the relief of Sister Anna M. Alzbeta Sijarto-Hajdukova (also known as Sister M. Elizabeth); to the Committee on the Judiciary.

By Mrs. DOUGLAS:

H. R. 4671. A bill for the relief of Margo G. Merriman; to the Committee on the Judiciary.

By Mr. MICHENER (by request):

H. R. 4672. A bill for the relief of John Cameron Henry; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

872. By Mr. BRADLEY: Petition of 24 voters of the Eighteenth Congressional District of California, urging legislation establishing a system of universal military training for American young men, as recommended by the President's Advisory Commission on Universal Training; to the Committee on Foreign Affairs.

873. By Mr. CASE of South Dakota: Petition of Mrs. Dewett Olsen and 14 others, of Willow Lake, S. Dak., urging legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

874. Also, petition of Mrs. J. Bernhofson, secretary, and 28 members of the North Ladies Aid, Canton, S. Dak., urging legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

875. Also, petition of Mrs. L. Fossum and 26 others, of Baltic, S. Dak., urging the enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

876. Also, petition of Mrs. W. A. Eitrem and 23 others, of Garretson, S. Dak., urging the enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

877. Also, petition of Mrs. Omar Langloss and 22 others, of Lyons, S. Dak., urging the enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

878. By Mr. GILLIE: Petition of Local No. 915, United Electrical, Radio, and Machine Workers of America, CIO, Fort Wayne, Ind., to (1) raise tax exemptions for working people; (2) put curbs on profiteering; and (3) stabilize prices at lower levels; to the Committee on Ways and Means.

879. By Mr. GRAHAM: Petition of 28 residents of Butler and Beaver Counties, Pa., favoring legislation establishing a system of universal military training; to the Committee on Armed Services.

880. By the SPEAKER: Petition of St. Cloud Townsend Club, No. 1, St. Cloud, Fla., petitioning consideration of their resolution with reference to signing of Discharge Petition No. 7, relative to the Townsend plan; to the Committee on Ways and Means.

881. Also, petition of the James M. Power Regular Democratic Club of the Thirteenth Assembly District, Kings County, N. Y., petitioning consideration of their resolution with reference to requesting appropriation of funds for construction of a motion-picture theater in the Manhattan Beach Veterans' Hospital, Brooklyn, N. Y.; to the Committee on Appropriations.

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued December 10, 1947
For actions of December 9, 1947
80th-1st, No. 160

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HIGHLIGHTS: House debated foreign-aid bill: Agreed to Vorys amendment limiting off-shore purchase prices, under 25% provision, to 10% above U.S. prices; and Case amendment prohibiting purchases, except in regular CCC operations, at prices higher than U.S. market, so far as domestic purchases are concerned; rejected Abernethy amendment prohibiting fertilizer shipments and Andersen amendment prohibiting farm-machinery and petroleum shipments. House received USDA recommendation to amend tobacco acreage-allotment provisions. Reps. Murray (Wis.) and Granger introduced bills authorizing RACC loans to fur farmers. Rep. Rankin introduced bill making additional REA appropriations. Rep. D'Ewart introduced bill to encourage 1947 and 1948 wheat and rye sales.

HOUSE

1. FOREIGN AID. Continued debate on H. R. 4604, the interim-aid bill (pp. 11307-49). Agreed to a committee amendment, presented by Rep. Vorys, Ohio, to amend the off-shore purchase provision so as to provide that prices paid in such purchases, under the 25% provision, shall not be more than 10% higher than the U. S. price (pp. 11332-41). Agreed to a further proviso, presented by Rep. Case, S. D., providing that U. S. purchases under the program, other than those made by CCC in its regular operations, shall not be higher than the current market price at the time and in the area where they are made (pp. 11333-9). Rejected, 107-135, the Abernethy amendment prohibiting fertilizer shipments; after rejecting, 107-145, the Andersen amendment to this amendment, prohibiting farm-machinery and petroleum shipments (pp. 11307-27).
2. TOBACCO; A.A.A. Received from this Department a letter recommending passage of S. 1530, to repeal certain minimum acreage-allotment provisions regarding tobacco, and recommending further that the amendments become effective for the 1948-9 marketing year (p. 11350).
3. HOUSING. Received the fifth annual report of the National Housing Agency. To Banking and Currency Committee. (p. 11350.)
4. FOREIGN TRADE. Rep. Celler, N.Y., spoke in favor of a trade treaty with the Dominion of India (p. 11306).
5. RELIEF. Passed without amendment H.R. 4627, to authorize an appropriation for the relief of the Navajo and Hopi Indians (pp. 11306-7).
6. NOT IN SESSION. Next meeting Wed., Dec. 10.

SENATE

BILLS INTRODUCED

7. GRAINS; MARKETING. H.R. 4680, by Rep. D'Ewart, Mont., to encourage sales of wheat and rye during 1947 and 1948. To Ways and Means Committee. (p. 11350.)
8. RURAL ELECTRIFICATION; APPROPRIATIONS. H.R. 4684, by Rep. Rankin, Miss. making an additional appropriation to carry out the provisions of the Rural Electrification Act of 1936. To Appropriations Committee. (p. 11350.)
9. FURS; FARM LOANS. H.J.Res. 271, by Rep. Granger (Utah), and H.J.Res. 272, by Rep. Murray (Wis.), to authorize the RACC of Washington, D.C., to make loans to fur farmers. To Agriculture Committee. (p. 11350.)
10. OLEOMARGARINE TAX. H.R. 4681, by Rep. Mitchell, Ind., to repeal the tax on oleo-margarine. To Agriculture Committee. (p. 11350.)
11. PERSONNEL; LEAVE. H.R. 4678, by Rep. Clason, Mass., to amend the act entitled, "An act to provide for vacations for Government employees, and for other purposes." To Post Office and Civil Service Committee. (p. 11350.)
12. VETERANS' BENEFITS. H.R. 4673, by Rep. Barrett (Wyo.), H.R. 4674, by Rep. Crow (Pa.), H.R. 4683, by Rep. Ramey (Ohio), to amend the Servicemen's Readjustment Act to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor. To Veterans' Affairs Committee. (p. 11350.)
13. FOREIGN AFFAIRS; POSTAGE RATES. H.R. 4685, by Rep. Sadowski, Mich., to provide free postage for gift packages of food and clothing mailed to certain foreign countries. To Post Office and Civil Service Committee. (p. 11350.)
14. CLAIMS. H.R. 4682, by Rep. Carr, Ga., to amend the Federal Tort Claims Act to increase the time within which claims under such act may be presented to Federal agencies or prosecuted in the U.S. district courts. To Judiciary Committee. (p. 11350.)

ITEMS IN APPENDIX

15. FERTILIZERS. Rep. Fernandez, N.Mex., inserted H.N. Albright's (U.S. Potash Co.) statement on the need for and present and future supplies of potash (pp. A4949-50). Rep. Douglas, Calif., inserted C. Tyler Wood's (State Dept.) letter stating the situation with respect to nitrogenous fertilizers (pp. A4957-8).
16. FOREIGN AID. Speech in the House by Rep. O'Hara, Minn., in favor of the foreign aid bill amendment to restrict export of commodities in short supply (pp. A4958-9). Reps. Javits (N.Y.) and Douglas (Calif.) inserted New York Times articles on problems of aiding the children of Europe (pp. A4947-9, A4959-60).
17. FOOD PRODUCTION. Extension of remarks of Rep. LeCompte, Iowa, including an Ottumwa Courier article, on Iowa crop production (p. A4951).
18. FREIGHT FORWARDERS. Extension of remarks of Rep. Bland, Va., including Marvin J. Coles' statement, explaining the Freight Forwarders Act (pp. A4945-7).

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COMMITTEE HEARINGS ANNOUNCEMENTS for Dec. 10: H. Appropriations (ex.) and S. Appropriations, foreign aid; Joint Committee on Economic Report, inflation control; S. Judiciary, export control; H. Agriculture, fertilizer situation; H. Banking and Currency, credit controls (ex.); H. Expenditures in Executive Departments, GAO audit of RFC; H. Education and Labor, public library service.

half of all Navajos die before they are 5 years old. For the estimated 61,000 people there are no field doctors or nurses; only one school nurse and one full-time dentist. There is 16 times more tuberculosis on the reservation than the national average.

There are 24,000 children of school age on the Navajo Reservation and not over 8,000 have had any schooling, and the average schooling of the 8,000 has been approximately 3 years. Thus, it will be seen that 16,000 Indian children are being denied school facilities, which is an absolute violation of section VI of the treaty entered into between the United States and the Navajo Indians. The selective-service records of 4,000 Arizona Indians for the period between 1943 and 1945 show that although born and reared in this country, only 12 percent of them could speak English.

It is the unanimous recommendation of the Committee on Public Lands that the primary purpose and first consideration of the appropriation recommended in this bill shall be to use it with other supplemental aid for the relief of hunger and to provide clothing and shelter for the destitute Navajo and Hopi Indians.

The committee intends to recommend such legislation as is necessary in the regular session of Congress in 1948 for a long-range program dealing with the problems of all Indians on Government reservations.

The Committee on Public Lands unanimously recommends immediate favorable consideration of this legislation and urges that the necessary appropriation be made forthwith to meet this deplorable situation.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to take immediate action for the relief of the deplorable conditions now prevailing among the Navajo and Hopi Indians on their reservations.

SEC. 2. In taking such action, the Secretary of the Interior shall—

(1) make available immediately funds in addition to those now available for the relief of the needy children, the blind, the aged, and the disabled among the Navajo and Hopi Indians;

(2) institute immediately a program to expand the medical facilities on the Navajo and Hopi Indian Reservations;

(3) institute immediately construction programs to provide useful employment for needy, able-bodied Navajo and Hopi Indians on their reservations; and

(4) institute immediately a program, with the cooperation of the United States Employment Service, to foster and encourage the employment of Navajo and Hopi Indians in positions off their reservations.

SEC. 3. The Secretary of the Interior is authorized to appoint a staff of not more than 12 persons, and to train such staff in labor-management relations, with special reference to problems peculiar to the employment of Navajo or Hopi Indians. Such staff shall assist in (1) securing employment for Navajo or Hopi Indians in positions off their reservations, (2) informing the Navajo and Hopi Indians of opportunities for such employment and explaining to them problems relating thereto, and (3) interesting

local organizations in the welfare of the Navajo and Hopi Indians so employed. Insofar as it is practicable to do so, Navajo and Hopi Indians shall be appointed to such staff.

SEC. 4. There is authorized to be appropriated the sum of \$2,000,000 to carry out the immediate purposes of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. WELCH asked and was given permission to revise and extend his remarks.

Mr. WELCH. Mr. Speaker, I ask unanimous consent that all Members be given five legislative days in which to extend their remarks on the humanitarian measure just passed by the House.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BROWN of Ohio asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the Ohio Department of the Disabled American Veterans.

Mr. LECOMPTE asked and was given permission to extend his remarks in the RECORD and include an editorial from the Ottumwa (Iowa) Courier.

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD and include an article from the Missouri-Kansas-Texas Railroad Employees Magazine of November.

Mr. OWENS asked and was given permission to extend his remarks in the RECORD and include an article from the Times-Herald of today.

Mr. FERNANDEZ asked and was given permission to extend his remarks in the RECORD and include a statement made by Mr. Horace M. Albright, president of the United States Potash Co.

Mr. MITCHELL asked and was given permission to extend his remarks in the RECORD and include an editorial from the Washington Post.

CORRECTION OF RECORD

Mr. ABERNETHY. Mr. Speaker, on yesterday I offered an amendment to the pending bill, and I find the amendment printed in the RECORD on page 11301. In the printed amendment I find the word "produced" is used, whereas it should be "procured." I ask unanimous consent that the RECORD be corrected to reflect the proper wording of the amendment.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

INTERIM AID BILL, 1947

Mr. FULTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further

consideration of the bill H. R. 4604, with Mr. MICHENER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Committee was discussing section 3 of the bill and an amendment offered by the gentleman from Mississippi [Mr. ABERNETHY] was pending. To that amendment, an amendment had been offered by the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. BLOOM. Mr. Chairman, I ask unanimous consent that the amendments be read at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. ABERNETHY: Page 2, line 16, after the semicolon, insert the following: "Provided, however, That no fertilizer shall be procured or allocated hereunder in or from the United States so long as the supply is inadequate to meet the needs of the agricultural producers of the United States as certified by the Secretary of Agriculture."

Amendment offered by Mr. H. CARL ANDERSEN to the amendment offered by Mr. ABERNETHY: After the word "fertilizer" add the words "farm machinery and petroleum products."

Mr. VORYS. Mr. Chairman, we have already spent considerable time on this amendment. We hope to move forward in the consideration of the bill today. I ask unanimous consent that debate on this amendment and all amendments thereto be limited to 20 minutes, and that the gentleman from Mississippi [Mr. ABERNETHY] may have 5 minutes and the committee 10 minutes.

Mr. H. CARL ANDERSEN. I object, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, when we adjourned on yesterday afternoon, we had before us what I think is one of the most important issues relating to food. Those of you who represent farm constituencies represent a people who have been called upon to produce during 1948 one of the greatest crops ever for the purpose of feeding, not only the people of the United States and the cities of this country, if you please, but the people of many foreign countries, very nearly the whole world. They cannot possibly meet these goals unless they have two things, and these are adequate supplies of fertilizer and farm implements. We are told that 1 ton of fertilizer produces a ton of food. Europeans are not in position to utilize fertilizer and farm implements as do we. Europeans cannot produce a ton of food with a ton of fertilizer, but the American farmer, from the production goals attained during and since the war, has proven to the world that he can and will produce the food which the world so greatly needs.

Last fall this Congress reduced the soil-conservation appropriations. Whether that was wise or unwise, I will let you answer to yourselves; but I must call your attention to the fact that while the farmers of this country were meeting

these tremendous production goals they were bleeding their land white. Unless the soil-conservation program is expanded, unless something is put back in the way of nitrogenous fertilizer, then not only will the farmer suffer but so will the people in the cities who complain of food scarcities and its high cost, as well as the people of Europe who contend that they are so hungry and cold.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. COOLEY. Does the gentleman's amendment embrace production by the plants operated by the War Department?

Mr. ABERNETHY. No; it does not embrace production by plants operated by the War Department, because the Congress is committed to a policy that every single ton of fertilizer produced in the war plants will go to the occupied countries of Germany, Japan, and Korea.

Mr. COOLEY. Yesterday the gentleman said the war plants were idle. What is the situation?

Mr. ABERNETHY. I am sorry, I do not have time to go into that, but I am reliably informed that they are producing at only 60 percent of their capacity. They contend that the cost of production in some plants is too high. Considering the need, I differ with them.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I am delighted to yield.

Mr. DONDERO. Can you give the House any information on whether the fertilizer plants in Europe are operating or could be made available?

Mr. ABERNETHY. I am very glad the gentleman asked that question.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ABERNETHY. I notified the House on yesterday that this morning the committee, of which I am a member, would begin hearings investigating the fertilizer situation. In answer to the question of the gentleman from Michigan [Mr. DONDERO], we have sent out inquiries to determine what plants in Europe have since the war been put into operation; of the plants in the Marshall plan countries, where we understand there was prewar operation; we have sent out inquiries to determine which, if any, of these plants are now operating and manufacturing fertilizer. The sensible solution of this problem is not to send them our fertilizer year after year but to get their plants into operation.

There was a room full of people at the committee hearing this morning. Farmers, farm leaders from all over the country, agricultural leaders from here and there, people from the War Department who have the authority to operate the war plants, from the State Department, the Department of Commerce, and the ODT, all associated with this problem. We heard four witnesses this

morning. I am asking you to adopt this amendment if for no other reason than to just give us a little time to develop the facts and bring them to you. If you will do so, then no harm can come therefrom, for this reason: The Senate passed its bill with the items which we seek to temporarily eliminate. If you leave them in this bill then the Congress will be denied the benefit of the information which my committee is now endeavoring to gather. If you will adopt the amendments offered by myself and the gentleman from Minnesota [Mr. H. CARL ANDERSEN] then the conferees will have full opportunity to peruse and study our report which we will bring to them no later than Saturday. If you vote down the amendments I am afraid our investigation will be of little value.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. JUDD. The committee went into this very carefully, and we were advised in the Krug report and the Harriman report that the difficulty in getting those fertilizer plants in Europe back into operation is lack of coal and lack of power. When we can solve the problem of adequate mining machinery, coal, and power, then we can get those plants back into operation. The Krug report says, "Although European production of nitrate is almost back at prewar levels, the total produced is insufficient."

So we are working on that.

Mr. ABERNETHY. I am glad to have that information. We will have far more for you in about 2 days.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. AUGUST H. ANDRESEN. Would it not be far better to see that people over there produced more coal so that they could manufacture fertilizer for their own use?

Mr. ABERNETHY. That is important, yes.

Mr. CASE of South Dakota. Current strikes are costing them a million tons of coal a week.

Mr. ABERNETHY. I am certain something is costing them a great deal. They certainly are not working as they should be.

Mr. Chairman, I desire to read a few statements and I urge the Members to follow me closely.

The United States is now the world's largest producer of nitrogen. Now, listen, for this is most reliable information:

Present plans call for the export of one-third—one-third—of our production right now. The Government today has the authority under some act—I understand the War Powers Act—to requisition and export fertilizer to Europe. Therefore the fertilizer item has no place in this bill. It could only be construed to increase our exports.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. JARMAN. I know the gentleman from Mississippi wishes to be fair.

Mr. ABERNETHY. I certainly do.

Mr. JARMAN. And in order to do so I know he realizes that it is necessary to

tell the House that in the 30 percent there is included the production of phosphate.

Mr. ABERNETHY. That is fertilizer also. We could use some of it down my way. Most assuredly that is fertilizer. We could use it all over the country.

Mr. JARMAN. But the gentleman stated a while ago that it was going to foreign countries, Germany, Japan, Korea. The gentleman said that a while ago.

Mr. ABERNETHY. Certainly large quantities of fertilizer is going abroad. Too much. And much too much if we pass this bill.

Mr. JARMAN. If the Government already has the power under another act to allocate that production how could the gentleman get it to use in Mississippi if its export were prohibited in this program?

Mr. ABERNETHY. The gentleman has missed my point. While I have a complaint regarding previous and present exports, what I now complain of is authorizing an increase of the export program as the bill unquestionably proposes.

Mr. Chairman, I do not yield further.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. Please, not now. The statements I am reading from are very important, although I am sure what the gentleman has to say would be important too. I will yield later to my good friend.

I have before me now a letter from one of the large producers of fertilizer of Kansas City, Mo. Listen to what they say in a letter dated December 6:

We are quite certain that we are not in position to supply even 10 percent of the most urgent demands and needs of our home area.

Heretofore the people in my area have been able to secure a reasonable amount of fertilizer from this company, but none for 1948. They say they are not even able to supply 10 percent of their own local area. Listen to another statement from another large producer whose sales representative dropped into my office this morning and confirmed every word of it. This is their statement:

Effective immediately we are shipping our entire production of ammonium nitrate under CXN priority shipping order issued by the Department of Commerce. It will take us from 60 to 90 days at our present rate of production to complete these Government shipments. Because of the above it is impossible for us to offer any ammonium nitrate fertilizer for shipment to our domestic market until we have completed shipments against all Government rated orders.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended to five additional minutes.

Mr. VORYS. Mr. Chairman, reserving the right to object, I think the gen-

tleman has already had sufficient time. I do object.

The CHAIRMAN. Objection is heard. The gentleman is recognized for two additional minutes.

Mr. ABERNETHY. The representative of this same company states that beginning the 26th of October every ton of fertilizer they produced up until the 30th day of November went abroad. He also told me that beginning with the 8th day of December, yesterday, the total production of his plant would go beyond the shores of the United States, and that this particular export is on commitments not made for fiscal 1948 but on those made for fiscal 1947. So we are not only going to ship a great quantity of our 1948 production but we are making up that which they claim we did not export in fiscal 1947.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Pennsylvania.

Mr. GROSS. The shipment of these fertilizers over there will work a serious hardship on the South, will it not?

Mr. ABERNETHY. Yes; and it will work a serious hardship on the people of the country who complain of the high cost and shortage of food.

Mr. GROSS. And the whole bill will work a hardship on all of the country, will it not?

Mr. ABERNETHY. I am not speaking as to the whole bill. I have my opinion about it. I expressed it yesterday, if the gentleman heard my speech. He knows what I said. I am today interested in fertilizer.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Minnesota.

Mr. JUDD. If they do not have fertilizer enough to grow this food for themselves and we have to send more food, will that not be a load upon the American people?

Mr. ABERNETHY. We can grow more food with the fertilizer here than they can grow over there and, after all, they are getting 30 percent of our output now. I think we are being rather liberal in parting with 30 percent. I do not see how they can complain. Now you want to export more. There must come an end someday.

Mr. JUDD. We had testimony to the contrary. It was to the effect their soils were so depleted that a ton of fertilizer over there would increase production a great deal more than the same ton of fertilizer would do here. Today we are using twice as much fertilizer in this country as before the war.

Mr. ABERNETHY. They cannot produce as much per ton of fertilizer as can we. And the gentleman did not have testimony before his committee as to the short stock piles in this country and how they are being depleted. You did not go into that. Now, all I ask is that you give us a chance to do so.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. JARMAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. JARMAN asked and was given permission to revise and extend his remarks.)

Mr. JARMAN. Mr. Chairman, the farmers of Alabama also need great amounts of fertilizer. The farmers of Alabama are also confronted with the unfortunate shortage of fertilizer to which reference has been made. The farmers of Alabama have also been misled into believing that shortage of fertilizer results largely, if not entirely, from the relief program.

I yield to no man in my desire to appropriately represent the farmers of my district, but I also want to represent the merchants, the bankers, the professional men, the miners, and the others, and I also want to try as I go along to represent the best interests of my whole country. In doing so, the chances are that I will also be representing the best interests of the farmers. I want to represent my farmers completely, not just from one angle or side. Let us assume they are men with four sides, square men, and the farmers of my district are as square shooters as there are in the world. I do not want to represent just one of those sides. I believe that in voting for this amendment to eliminate fertilizer and farm implements from this bill I would be voting for one of the four sides of that farmer only.

Mr. Chairman, the gentleman who preceded me spoke of the necessity of growing huge crops. I want to discontinue the necessity of growing so much food in this country to send to the soup kitchens in Europe. I prefer to send them some fertilizer and machinery so that they can begin to grow their own food, which will be much cheaper for all concerned. Cheaper in dollars for us and cheaper in the matter of their self-respect. Yes, I want to discontinue the relief load on the farmers, which is another side of the interests of the farmers in my district. Furthermore, I wish to lower their taxes when such is feasible and this cannot occur either so long as this relief load continues, or if it becomes necessary to fortify this continent and maintain for years the tremendous standing army which domination of the rest of the world by communism would make absolutely mandatory. A continuation of sending food year after year would not contribute nearly so much toward the relief of the tax burden as a little fertilizer will. While such a necessity might be profitable to our farmers, this profit would be offset by taxes and furthermore I just do not believe they are that selfish. I also wish to think of the children of those farmers, especially the little boys who are in such grave danger of dying on the battlefields of World War III. That is another of the four sides of the farmers of my district that I wish to represent. I want to do everything I possibly can to prevent domination of the world by communism and the death of their boys in battle. Yes, Mr. Chairman, attention was called by the gentleman from Minnesota yesterday to the fact that Secretary Harriman testified a ton of fertilizer sent to Europe produces twelvefold. I suppose he meant in value. Therefore, I would much prefer to send this \$14,000,000 of fertilizer provided in this bill than to have to send next year and again the year after next and thereafter

\$168,000,000 worth of food that the farmers of my district would have to contribute toward the production of. This is particularly true, my colleagues, when the fact is considered that the fertilizer provided in this bill is 1.6 percent only of the consumption of fertilizer excluding that manufactured in ordnance plants. I believe that the farmers of my district, the farmers of Mississippi, the farmers of the entire United States are willing to sacrifice 1.6 percent of the fertilizer they would otherwise get to continue this program, relieve themselves in the future of the burden that would otherwise be on their shoulders, and contribute toward the safety of their sons.

Now, the gentleman referred to his Committee on Agriculture meeting this morning to secure information about war plants, and he asked us to defer action on this matter until they do it, when they have been here since November 17—and they are now meeting on December 9—and he comes here and asks us to defer action on one of the main purposes of the session to permit them to gain some information. I am glad they will do this. I regret that they have not done it before, because I regard it as the duty of that committee, not ours. Of course, they are going to find that the reason 40 percent of the ordnance plants are idle is because it is so expensive to produce fertilizer in those plants that no civilian fertilizer concern would be interested in them, and therefore the other 60 percent would not be in operation but for the fact that their entire output is necessary for use in occupied countries.

I do not wish, however, to await the findings of this committee to clear the record about this fertilizer shortage. I cannot permit the inferences to stand that it results to any great extent from previous relief programs. On the other hand I am advised by those I consider competent to advise me in the premises that this shortage results almost entirely from the tremendous increase in demand, which to illustrate was 1,000 percent in Illinois last year. Farmers have more money, just as everyone is prosperous and they would gladly use a great deal more fertilizer than they have ever used if they could get it. Of course, we think that commercial fertilizer concerns should think more of their old customers than they apparently do and not sell so much to this new demand. However, this is their business and I know of nothing either the Congress or its Agriculture Committee can do about it. Certainly, it has no connection whatever with any relief program.

The statement was repeatedly made yesterday, it was made by at least three gentlemen, that the provision for fertilizer in this bill would be in addition to the allotments heretofore made. I challenge either of these gentlemen to prove that statement, which is simply not true. They have been misled, just as the farmers have been misled, into believing that the fertilizer shortage results largely from the relief program. On the other hand this bill merely provides for the allotment to France only from the United States, which was set up by the International Emergency Food Council in June 1946. It merely provides for the amount of fertilizer that France could

purchase under that allotment if she had the dollars. It merely provides that this amount of fertilizer be given her. This is the purpose of the bill, gentlemen.

I might add, however, with reference to the allotments of this Food Council, the fact that under them the United States imports more fertilizer than she exports. Consequently, should we fail to carry out the agreement solemnly made by our representative in 1946, the farmers of Alabama, Mississippi, and Georgia would lose instead of gain. I, therefore, inquire who is really representing their best interests?

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. JARMAN. Mr. Chairman, in view of the liberality heretofore gladly indulged in by the Committee, I ask unanimous consent that I may proceed for three additional minutes.

Mr. WHITTEN. Mr. Chairman, reserving the right to object, I assume that the members of the Committee on Foreign Affairs will have the same feeling toward other Members that may want additional time.

The CHAIRMAN. The Chair has no information as to how the members of the Committee on Foreign Affairs feel.

Mr. JARMAN. Mr. Chairman, I withdraw my request.

Mr. D'EWART. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. D'EWART. Mr. Chairman, this is an important amendment. I believe it should be adopted, both as a safeguard for our own economy and, if you please, in order to insure that the other materials which it is proposed to send abroad may be made available in sufficient quantities to permit exports. After all, if we deny fertilizer to our farmers, if we deny them farm machines and parts, how can we expect them to continue to produce the gigantic crops which the administration demands in order to fulfill its enormous foreign commitments and leave a safe balance for home consumption, a large enough balance to hold prices down? Similarly in the case of petroleum products, our farmers and our manufacturers must have all of the fuel oil they need if they are to fulfill the production goals set for them.

Throughout the war and since the war the farmers of this country have labored under great hardships to produce the record-breaking crops which made possible our great war effort and the aid programs of the past few years. Little or no new farm equipment was available, their sons had gone to war, and their usual labor supply was attracted to the coastal centers of war industry, yet the farmers of Montana and the other agricultural States continued to produce. They cannot continue to produce great crops unless they are given new farm machinery and parts. Probably they should have had a large share of the \$158,367,229 worth of farm machinery

and parts which was shipped abroad last year. Surely it would be unwise to send any more of it out of the country, for the lack of these items will mean less food produced and will certainly result in more inflation.

The same great food production effort of which I speak has seriously depleted the soil of our country in many regions, and continued productivity is dependent to a large extent upon the proper use of fertilizer. The Government has permitted many of our fertilizer plants to close, there is no prospect of an adequate domestic supply, more than 400,000 badly needed tons were shipped out of the country last year, and it is now proposed to ship another \$35,000,000 worth. This shipment is to be made at the very season when domestic demand is highest. Our farmers cannot be expected to increase or even maintain high production under these circumstances.

The newspapers every day are filled with dire predictions of a serious petroleum shortage in this country. There is talk of rationing gasoline and fuel oil. Yet we know that we have shipped more than 143,000,000 barrels of petroleum products out of this country last year, and it is now proposed to ship another \$36,000,000 of oil in the interim-aid program. This is another essential product which should not be shipped abroad until we have adequate supplies at home.

For these reasons, and because only production and more production will keep food costs from going higher and we cannot have increased production without fertilizer, farm machines and parts and fuel oil to propel the machines, I will vote in favor of the proposed amendment.

Mr. RIZLEY. Mr. Chairman, I move to strike out the last four words. I ask unanimous consent to proceed for two additional minutes and to revise and extend my remarks.

Mr. JARMAN. I object, Mr. Chairman, to the additional time.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma revising and extending his remarks?

There was no objection.

Mr. RIZLEY. Mr. Chairman, I am terribly sorry that the distinguished gentleman from Alabama, who has taken so much time, and I have not said a word on this bill, deems it necessary to object to me having two additional minutes of time. I always thought that he wanted to be fair, and I am wondering now, in view of the things that he said yesterday and in view of his objection, whether he does want to be fair in the consideration of this bill.

Mr. JARMAN. Indeed, the gentleman is correct, and I wish to be fair, but my objection resulted from the fact that the gentleman from Mississippi from the State of the proponent of this amendment, who spoke 10 minutes on it yesterday and 15 minutes today, objected to my request for three additional minutes when I am a member of the committee and the proponent is not. He did not object finally but raised the question which I considered ridiculous and quite selfish under the circumstances.

Mr. RIZLEY. I refuse to yield further.

Mr. Chairman, this happens to be a very important amendment, not only to the agricultural people of this country who have to have machinery and fertilizer, but I would think that it would be very important to the members of the Committee on Foreign Affairs to see to it that the agricultural people of this country are permitted to produce the foodstuffs that we are to send over there under this bill, and for the life of me I cannot understand the attitude of this committee in seemingly trying to defeat the very purposes for which the bill is supposed to have come before this House, namely, to get food and grain and other things to those people over there during the winter months and hereafter.

I happen to represent one of the great wheat-producing sections of the United States. Grain is one of the important things under this bill. I might say to the distinguished members of the Committee on Foreign Affairs that the farmers in my section of the country and my county—and by the way, they produced 12,000,000 bushels of wheat this year—are unable to get tractors, combines, parts, and all the other things that farmers must have to produce wheat. Many of them are compelled to pay premiums over and above the regular retail prices now. If we continue to send out of the country our necessities, I wonder just how high prices will finally go.

Let us look at this fertilizer situation just a moment. I propounded this question to the members of the Committee on Foreign Affairs when they were before the Committee on Rules. Their report shows that they are sending \$1,000,000 worth of fertilizer to Austria. That is part of the Austrian program. On the next page of the report, page 9, Austria in turn is shown to be exporting \$2,500,000 worth of fertilizer to Germany. I asked the Committee on Foreign Affairs to explain that. The only explanation they had was that the kind of fertilizer Austria was exporting was different from the kind it was receiving, but no member on the committee knew for sure about that. If any member of the committee can now tell the House exactly the kind of fertilizer Austria is getting in this \$1,000,000 allocation and the kind they are exporting to Germany in the sum of \$2,500,000 worth of fertilizer, I will yield to him.

Mr. FULTON. Austria under this program, under the bill we are talking about, is getting no fertilizer.

Mr. RIZLEY. I am referring to the interim European aid program, draft legislation and background information, submitted by the Department of State to a joint session of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. On page 7 of that report appears a complete break-down of the things Austria is to receive and the things in turn of which Austria now has an exportable surplus.

Mr. FULTON. We are talking of fertilizer from the United States. Austria is getting from Belgium and Switzerland 14,000 short tons of phosphates costing \$518,000, and from Germany 14,000 short tons of potash totaling \$504,000, making

a total of \$1,022,000. There is the exact answer, first, phosphate from Belgium and Switzerland, and, second, potash from Germany. That information is from the Committee on Foreign Affairs.

Mr. RIZLEY. All I am going by is the report of this committee on the aid we are sending to Austria, and it also attempts to set out what Austria in turn is able to do for itself in regard to materials sent somewhere else.

Mr. FULTON. I pointed out that Austria is getting nothing from the United States under this program.

Mr. RIZLEY. What is the purpose of this program? Is it actually to have a condition obtain in the United States where prices may go so sky-high that we know not what may happen? We in this country cannot long afford to have higher prices. I represent a great wheat-growing district. You refuse to put any limitation on the amount of items you are going to send out of this country that are in short supply. Wheat may go up to \$5 or \$6 a bushel if you keep sending it out of this country. There are a lot of people in this country who cannot afford to buy bread with \$5 or \$6 wheat. There are a lot of farmers in this country that cannot afford to buy farm equipment if they have to pay premium prices over and above the retail prices. There are a lot of people in this country that cannot afford to buy a lot of these other things that are in short supply. We had better use some common sense in connection with this bill.

Mr. PACE. Mr. Chairman, I rise in support of the amendment of the gentleman from Mississippi and the amendment of the gentleman from Minnesota.

Mr. Chairman, I hope no one will gain the idea that this is a southern problem as to fertilizer. It is not. In 1940 we were consuming 1,766,000 tons of nitrogen, phosphates, and potash, and this year the supply is 3,566,000 tons, or twice as much as in 1940, yet we are facing the most critical need agriculture has ever faced. Why? For the simple reason that throughout the Nation, not only in the South, our lands have been badly depleted. Let me say a word about the fertility of the soil. I think the best illustration is to liken it to your bank account. Put a thousand dollars in the bank and start writing checks on your account without replenishing it. Of course, you will soon exhaust your balance. It does not make any difference where the soil is. It can be the rich black land of Iowa or the fertile fields in the State of Maryland nearby. When you cultivate that land year after year, you are going to gradually decrease the fertility of the soil.

The war came on, and the Department of Agriculture and the War Food Administrator asked for increased production. Give us more, give us more, give us more they urged, and throughout that period there was not only inadequate labor and insufficient farm machinery, but there was a serious deficiency in fertilizer supplies and no opportunity to rest the land and rebuild its fertility with cover crops.

What do we face in the coming year? I want to give you the official statement. The Department of Agriculture on November 21 set national goals for 1948

calling on farmers for top production not greatly different from wartime totals. The goals seek a total of 356,000,000 acres.

Here is what the Secretary of Agriculture has to say about that:

Today more than ever United States farm production is a key factor in world recovery.

Now listen to this, please:

If this Nation is to provide a good share of the food needed so desperately by hungry nations abroad, it will mean an inevitably heavy drain on our already-strained soil resources.

You have been drawing on the bank of fertility for six long years. Today by the passage of this bill, you are writing another check on the fertility of our soil. All in the world that those who produce the food and fiber, not only for this Nation, but to feed the hungry people over yonder, are asking you to do is to help preserve the fertility of their soil by making available an adequate supply of nitrogen, phosphoric acid, and potash and assure them a fair price for their crops.

I have here the official figures, and anybody who wants to see them can do so.

Here is what we are objecting to. The Army, your Government is manufacturing 250,000 tons of nitrogen. Every ounce of it is going to three places, Germany, Japan, and Korea. That is quite a liberal contribution considering the condition in the other countries about which you are concerned. But in addition to that, they are also taking for export 61,000 tons of commercial nitrogen. We are objecting to this plan to take even more of our short supply of nitrogen. If the Government insists on exporting more, then they should at least operate to full capacity the ordnance plants at Louisiana, Missouri, and at Morgantown, W. Va.

The farmers of this Nation have a profound interest in maintaining peace throughout the world. Many of their sons are buried on foreign battlefields and they want no more of war. They hate communism and want to see it driven from the face of the earth. They are anxious to help prevent hunger and want wherever it may exist. They are ready and willing to produce the food and fiber to feed and clothe the hungry and ragged people of western Europe. But they know they cannot continue to meet this need and remain strong here at home unless they maintain and preserve the fertility of their soil, are supplied with necessary farm implements and machinery, the petroleum products to operate them, and receive fair prices for their products. They ask no more—we should assure them no less.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, only by conserving our soil and water resources can we continue to properly feed ourselves and also help feed other peoples who need our food. Commercial fertilizer is a necessity to successfully accomplish needed production.

The need for aid to Europe, particularly foodstuffs and other products of the soil, is one of the outstanding and urgent

problems facing Congress today. That this need is real cannot be doubted. Many individuals, many officials of the executive branch of the United States Government, and many Members of the Congress have brought back disturbing reports of the situation in which the peoples of many foreign countries find themselves.

Most of Europe is looking to America for help in this desperate situation, for until their own agricultural facilities are once more in full production, they cannot produce the food and other crops they need. America is going to help. This makes the problem not only a problem of money or the will to help—it makes it a problem affecting deeply our fundamental productive resources of soil and water. Remember the economy of any nation depends upon its soil.

All of you here in this House, I believe, are well aware of the vast amount of once-productive farm land that we in the United States have destroyed in the past century and a half through the mining of our soil, soil erosion, soil exhaustion, and floods. Millions of acres of farm land have been ruined as far as further economic production is concerned. We are not alone in this. Many of the nations of the world are hurrying along the path toward ultimate, chronic dearth of the essential products of the soil, simply because they, too, are neglecting their agricultural land. Unless this situation is bettered, the world faces a lot of trouble. All around the globe the area of good, producing farm land is dwindling as erosion advances. At the same time the population of the world is steadily increasing. Increasing also are the demands of industry and commerce on the land for raw materials, for new fabricated products such as plastics. All the people of the world are enrolled in this headlong race toward destruction and poverty of resources.

For us in the United States it is extremely important to take heed of the situation. Not only are the people of Europe depending on us for food and other help until they get on their feet again and can resume normal agricultural production, but we will be called upon to help other parts of the world, I have no doubt, before the difficulties of peace all are smoothed out and humanity again is moving steadily forward. But there are more reasons than that for Americans to be alert to the present situation, for we not only want to help feed the world for a time, and no doubt will to the very limit of our ability, but we have also to feed our own people. With weather permitting, and a good price for agriculture products at the market place, the American farmers, if given free rein, will produce enough for all, if they are given a helping hand to conserve their soil.

During the war years farmers of the United States produced, on the average, 143,000,000 tons of foodstuff a year from an annual average acreage of approximately 452,000,000 acres. When one realizes that this was enough food to provide a 3,500-calories-a-day diet for one hundred and sixty to one hundred and seventy million people, the magnitude of the production becomes truly impressive.

With this food we fed our own population of approximately 143,000,000 Americans and, in addition, many more millions in foreign lands. However, we cannot continue to mine our soil, so we cannot keep on feeding so many people from so few acres indefinitely. Now the Bureau of the Census tells us that the United States has a population of more than 144,000,000. We are told also, that $2\frac{1}{2}$ acres per person of productive cropland are needed to provide a normal standard-of-living diet in the United States, and that one-half acre more per person is needed to provide other essentials—products of the soil for clothing, shelter, and other agricultural and industrial uses. This is a total requirement of 3 acres per person, or a total cropland requirement of something over 432,000,000 acres to meet our day-to-day needs at the present population level. However, there is every indication that the population will not remain at its present level, but will increase. The Bureau of the Census estimates that by 1960 the population of the United States will have grown to more than 153,000,000 persons by increase of the birth rate alone. When we add to this the people who may be expected to enter the United States by immigration the problem becomes tremendous.

And here is another consideration: That increase of 153,000,000 by birth rate alone is reached by computations of the Bureau of the Census on the basis of medium birth rate and medium mortality of our people. It we should have high birth rate and low mortality—as we well may—we will approach a native-born population of 159,000,000 persons by 1960, again plus a possible several millions of new citizens via migration.

In the first instance, allowing the necessary 3 acres per person, we will scarcely have enough good cropland to provide our own people with the food and other farm crops they need. If the population goes to the higher extreme—as it may—we will not have enough good, productive cropland to provide each of our people with the products of 3 acres. We might, by use of hybrid seeds and more fertilizer, still be able to feed our own people the 3,500-calories-a-day diet, but certainly we would have little or no food left for the rest of the world. If the population continues to rise—and the Bureau of the Census thinks it will—by 1970, or even sooner, we may no longer be able to provide even our own people with the well-rounded diet provided in the 3,500-calories-a-day standard. We could not do this because we would not have enough good cropland to do it—that is, if we want to keep on eating steaks, chops, bacon, eggs, butter, and fruits like we Americans have generally enjoyed. Of course, we could get along in a fashion on less of these things by eating more corn bread, mush, and cereals, but would not like it.

Our land situation, in fact, is not good enough to warrant complacency. The 1945 census lists our total area of cropland at something over 450,500,000 acres. However, the best information I have been able to get indicates that more than 60,000,000 acres of this area is not suitable for use as cropland; it should be retired to grass or trees. Thus, we find

ourselves with something in the neighborhood of only 390,000,000 acres of suitable land in crops. This is not enough alone to feed our present population at the standard to which they are accustomed, and to which we believe they are entitled.

However, there are other lands that could be added to our cropland by drainage, irrigation, and conversion from grass or trees. Development of these areas could add more than 70,000,000 acres of good cropland to our 390,000,000, giving us a total for the United States of around 460,000,000 acres of good productive cropland. This, you see, at 3 acres per person, would be barely enough to supply the food and other needs of our population by 1960 without taking into consideration at all increases by migration. It would be far from enough to take care of our population if the birth-rate continues to climb and mortality rate goes down.

There is one point about that 460,000,000 possible acres of good cropland that we must all understand. That is this: All but about 72,000,000 acres of these 460,000,000 acres are subject to erosion if the land is not farmed properly and protected by soil and water conservation measures.

It is essential that this land be protected if we are to help feed humanity in other parts of the world and also to live up to our obligations to our own people. We dare not export our topsoil. And the way to avoid exporting our topsoil is through the application of soil and water conservation methods on every acre of our cropland and on every acre of our other productive farm land. The prospect which lies before us if we do not protect our good farm land is appalling. It most emphatically does not include a 3,500-calories-a-day diet, or anything like it.

Let us look for a moment at what the good, adequate, well-rounded diet is. Generally we in the United States take that to include a good proportion of meat, milk, dairy products, green and yellow vegetables, and fruits, in addition to certain amounts of cereals and other predominantly starchy foods. Even if conservation practices were in effect on every acre of our farm land needing them right now, and our population continued to increase as Bureau of the Census officials believe it will, we should not have enough cropland to provide this sort of diet. As the population grows more and more people have to get their food and other essential crops from our 460,000,000 acres of cropland. As a result we will find our diet shifting more and more from the important high-protein foods to cereals and starchy foods which provide little energy of a lasting sort, and few of the vitamins and other needed nutritious elements. We would find steaks, pork chops, and bacon, butter, milk, cheese, and eggs, and the essential vegetables and fruits disappearing from the tables of all but the most wealthy. This must not happen in America.

When we cut down the consumption of meat, when we cut down the consumption of all of these essential foods,

we cut down the productivity of the American people and the American Nation, which always brings unreasonably high prices. We cut down the will and the strength to work physically and mentally. We cut down the vital power of initiative which has been such an important factor in development of the American people and the Nation. We cut down our fighting power in armed conflict. Peoples who live predominantly on starchy foods do not have the reserves of energy and strength nor the initiative and inventiveness of peoples who have better balanced, more adequate diets. All of these things make it imperative that we protect this cropland area of 460,000,000 acres because it cannot be stretched or extended. We owe it not only to our children but to ourselves to keep America vigorous, strong, and prosperous.

We must stop erosion on this land. We must stop the mining of the soil. We must stop bad land use and bad water management now.

We must prevent dust bowls and gullies and give to every acre of farm land in the United States the treatment it needs to protect it and make it productive, and we must use it for the crop it is best fitted to produce for unless we get going on this job, and quickly, we best forget all about exporting food abroad.

These are the reasons that I introduced H. R. 4417, known as the national land policy bill, on July 26 this year. H. R. 4417, you will recall, was designed to provide for a national land policy based on the conservation of our soil and water resources, the orderly development and protection of the Nation's agricultural lands, and for other purposes. Here are some of the important things that H. R. 4417 would do if enacted into law:

First. It would establish a new national land policy, recognizing the conservation of soil and water resources and the orderly development and protection of the Nation's agricultural lands as a basic consideration of American agriculture. Just as a prosperous agriculture is the basic essential to national welfare and prosperity so productive land is essential to a prosperous agriculture. However, not since pioneer days has the United States Government had a definitely stated and publicly accepted land policy. Today, more than ever before, American farmers must be encouraged and assisted to become stewards of the land and to use it wisely, according to its capabilities for production and according to its needs, rather than to exploit it. This under H. R. 4417, would be done effectively and primarily with the aid of trained conservation technicians of the Soil Conservation Service working through the farmers' own organizations, the soil conservation districts. Under the national land policy as established in this bill, annual production goals could be geared to the capabilities of the land, as well as to demand; and land capabilities could be used as a guide for all types of rural improvement. Such a national land policy, based on conservation of soil and water resources, would provide an established basis for adjustments in agricultural credits, taxation, and land tenure.

In the second place, H. R. 4417 would safeguard the interests of the Nation and of the people of the United States in the conservation of America's land and water resources upon which the Nation and the people depend for their wealth, and—in the end—for their very existence.

Third. H. R. 4417 would get the basic conservation job done in time to prevent further large-scale irreparable damage and loss to America's agricultural land, and this is a vital consideration.

Fourth. H. R. 4417 recognizes the urgency and the size of the conservation job. You should know that land damage in the United States still is proceeding at a faster rate than conservation. In other words, our progress is still too slow, although we have a program that is unmistakably proving its worth.

The fifth point is this: This bill recognizes the interrelationship of soil conservation, erosion control, drainage, irrigation, land use, soil fertility maintenance and improvement, control of sedimentation, conservation and proper management of water resources, and flood control on agricultural lands. We must keep in mind that any work to maintain and improve soil fertility is ineffective without corresponding work of soil and water conservation and erosion control. All of the production problems of agriculture are closely tied up with land use and soil and water conservation, and this must be taken into consideration in national land policy.

For the sixth point, H. R. 4417 would recognize the technical nature of the job ahead. There is no more uniformity in land and water problems than there is in the landscape. Conditions, as we all know, vary with almost every field we cross. Often there are extreme differences between adjoining acres. The soils may be different, or the slope, or the degree of erosion, the amount of rainfall, the availability of plant nutrients. Some of the land on the farm is to be treated as cropland, some as grassland, some as woodland. In some instances engineering measures are required. In others agronomic measures, and so on. It is an out-and-out technical job, requiring sound specialized technical knowledge and experience, and this bill recognizes that.

My seventh point is the provision of this technical assistance to farmers and ranchers in handling their soil- and water-conservation work. Many farmers and ranchers are unprepared by training and experience to analyze their complex land and water problems, or to deal with them effectively alone. Through this bill, technical assistance of the Soil Conservation Service technicians is made available to individual farmers and ranchers through soil-conservation or other qualified districts.

My eighth point is that increased educational work in conservation is necessary and would be provided for under this bill. This would be provided largely through the Federal and State extension services.

My ninth point is that this bill would provide grants-in-aid, but no cash payments, wherever such grants-in-aid are

necessary to supplement the contributions of the farmers themselves in dealing effectively with their physical land and water problems.

Tenth. By making this work available through soil-conservation districts and other authorized districts, H. R. 4417 would stimulate self-government, strengthen the soil-conservation districts of the United States, and give more local farmer control of soil-conservation work.

My eleventh point is that this bill would assure a conservation program of technical excellence based on fact-finding surveys, investigations, and research in cooperation with the State agricultural experiment stations, thus bringing to the solution of soil- and water-conservation problems methods and materials best adapted to the areas in which the work is to be done.

The twelfth point is this: H. R. 4417 would provide for rapid completion of a conservation survey of the Nation's farm and ranch lands. This type of analysis provides the factual basis on which present-day soil and water conservation operations are carried out, and it is an important basic factor in the national soil and water conservation program. Therefore, it should be carried out on all of the country's agricultural land.

My next point is—and this is extremely important—that this bill provides for the development and protection of new agricultural land. You will recall that of the 450,000,000 acres now in crop production, approximately 60,000,000 acres should be retired to grassland or woodland use, leaving only 390,000,000 acres of good productive cropland. You will recall, also, that I pointed out that there are 70,000,000 acres that can be added to our good cropland area by drainage, irrigation, clearing, and conversion from grass or trees. Such development must be done in careful, orderly fashion with full regard to the susceptibility of the land to erosion and similar damage, and that is provided for in this bill.

Finally, H. R. 4417 recognizes the desirability of having all technical action programs and grant-in-aid programs involving conservation, drainage, water development, and flood control on farm and ranchlands technically directed by one agency. This would include the technical aspects of irrigation work on the land as well as the development of new agricultural lands. This bill would assign that responsibility to the Soil Conservation Service. In assigning these basic responsibilities to the Soil Conservation Service, the bill recognizes the agency of Government that has pioneered in the development of effective soil conservation measures, as well as in the procedures for getting them applied with full farmer-understanding and without any semblance of regulation. That service, it may be noted, is one of the most efficiently administered agencies of the Federal Government, and I firmly believe that the Soil Conservation Service can be depended upon to administer the work that would be assigned to it under H. R. 4417 as effectively as it has carried out its work to date, which certainly has been commendable, especially when the compara-

tively small amount of funds this agency has had to use, is considered, which is now being used over 1,900 districts Nation-wide.

There are several other important things about H. R. 4417 that I want to make clear. This bill does not propose that the Soil Conservation Service shall take over any other agency of Government. If this bill becomes law, the Soil Conservation Service will not take over anybody; it will not take over the work of the Army engineers, or of the Bureau of Reclamation, or any other bureau, agency, or department. The sole function of the Soil Conservation Service is to get on with the job of conserving our soil and water resources as rapidly as possible and at a price which can be justified for your dollars expended—to get this done by men schooled in the art and science of soil and water conservation—that is the Soil Conservation Service's sole function. I say this important job must be done by these experienced doctors of the soil; it must not be handed over to a bunch of political quacks.

Neither, under this bill, would the Soil Conservation Service take over the land of any public agency, but it would supply technical aid and grants-in-aid to any public agency whose lands needed conservation work. It would cooperate with these agencies in much the same way it functions now in helping farmers carry out work on their individually owned farm lands.

I have been asked by farmers, and by others as well, "What about AAA? What about the Agricultural Adjustment Agency in the event H. R. 4417 becomes law?" The truth is that this bill says nothing whatever about the AAA program, but the answer is, "No; H. R. 4417 will not destroy the Agricultural Adjustment Agency." The purpose of H. R. 4417 is to get going at a much faster speed on the job of conserving our precious soil and water resources, and to use every instrument available to do the job. I am convinced that a majority of farmers want to keep a strong farm organization, such as the AAA, intact, and I believe that the AAA or the PMA—whatever one cares to call it—should be kept intact to do a number of important jobs. It should be kept intact to disseminate information of interest and value to the farmers of America, to administer commodity loans, to give counsel. The AAA should be maintained to handle necessary incentive payments for proper rotations, fertilizer, or other purposes, that the Congress may see fit to appropriate.

The AAA should be retained and be ready in case of any emergency in peace or war—to step in with needed assistance to farmers, and carry on such activities as might become necessary under emergency conditions, in order to help maintain and preserve a prosperous American agriculture, the only guaranty for a prosperous Nation, as every enlightened American must know. I already have pointed out, no cash payments are proposed in H. R. 4417, only grants-in-aid. Such grants-in-aid would include conservation material, planting stock, seed, the use of equipment, and the like, necessary for the establishment of conserva-

tion practices. Such grants-in-aid would be made available when necessary to supplement the contribution of the land owners where the cost of reclaiming the land is greater than the owners can bear, and they shall be made, according to the bill, on the basis of degree of assistance needed to prevent irreparable damage to or loss of the Nation's basic soil and water resources.

I want to make clear another thing—H. R. 4417 does not take away any duties or responsibilities from the Federal and State Extension Services. On the contrary, it adds to the duties and responsibilities of Extension. The eighth point I made in my analysis of the bill, a moment or so ago, you will remember, provided for increased educational work in conservation. Obviously, this is the function of the Extension Service. The Soil Conservation Service is not authorized to carry on a broad program of agricultural education—that is the field of the Extension Service, and the bill clearly provides that the Extension Services are to be used in conservation education of the agricultural public, both in areas which need conservation treatment but which are not now in districts, and in areas now in soil and other conservation districts, preparing the way for conservation action on the land. This is a highly important function. I have already pointed out that the rate of erosion in the United States still is more rapid than the rate at which we are applying conservation measures to the land. Proper educational work is an extremely important factor in closing up this gap between erosion and conservation. Under this bill, the Extension Services can help to a greater degree to speed up the rate of conservation farming. At present, county extension staffs are too frequently overburdened with the many and varied duties of the broad educational program they already have on hand. County agents often have very little time available to devote to soil and water conservation education among the people of their counties. As a result in many areas this important work has been neglected. In others, it has been undertaken by conservation technicians, at the expense of their own work. Authorization in this bill for the employment of additional extension personnel to carry on conservation education work should quickly overcome the lack in those areas where the work has been neglected. At the same time, it would help in another way to speed up conservation application, by enabling conservation technicians to devote their whole time to that work.

That, after all, is the whole purpose of this bill—to speed up the soil- and water-conservation work. Within the limits prescribed by the personnel available and the many other demands on their time, the Extension Services already have done an excellent job in this field. Given adequate personnel for the work, they can and will contribute very materially in accomplishing what we must accomplish unless we wish to face eventual poverty of resources in the not-too-distant future—establishment of sound conservation measures on farms and ranch lands throughout the United States, especially on our precious 460,-

000,000 acres of cropland, but also on our vital range and pasture lands.

Some may ask me what all this urgency is about, in view of the amazing agricultural production of the United States during the war. I want to remind you that this peak production in the war years was due to a number of factors on which we cannot count every year or forever. One of the most important factors in the high crop yields which American agriculture attained in order to reach its wartime production of 143,000,000 tons of food per year was the weather and tons of honest sweat. During that whole period the weather was exceptionally favorable to good agricultural production, but we know from sad experience that we cannot depend on the weather to perform so nobly for us year after year. That would be too much to expect of the good Lord. We know that, inevitably, there will be periods of drought and other climatic disturbances which can cut our production way below normal.

Another factor in this high wartime production was what we might call excessive agriculture; farmers plowed up and farmed many millions of acres of land that should not be cultivated. It was necessary, in order to meet an emergency, but that is not sound, normal agriculture, for it is most destructive of the very soil and water resources on which we depend for our very lives. The high production achieved in this way is too much like killing the goose that laid the golden egg. We cannot afford it.

A recent comprehensive study of the erosion situation indicates that our problem farm lands may be divided into three rough groups. The first group consists of about 25 percent of the cropland of the country, which is being damaged at a rapid rate by erosion. This is an area of approximately 110,000,000 acres, located on farms totaling about 260,000,000 acres. The productive capacity of much of this valuable and highly vulnerable land will be permanently damaged, and some 500,000 acres a year will be ruined for further cultivation unless it is placed under a safe conservation farming system in the very near future. To be on the safe side to prevent such unnecessary and irreparable waste conservation treatment should be completed on these 110,000,000 acres no later than 1960.

On the second large area—around one hundred and ten to one hundred and twenty million acres of cropland—erosion is proceeding at a less rapid rate, but it is still serious. This cropland is located on farms totaling from two hundred and fifty and two hundred and eighty million acres. To prevent serious or irreparable damage to these lands conservation treatment must be completed by 1970 at the latest to be safe.

Then there is a third group of land. This group includes some two hundred to two hundred and twenty million acres of cropland on farms which total about 600,000,000 acres in extent. These two hundred to two hundred and twenty million acres are being damaged at a considerably slower rate. While a somewhat longer period of time could be used in treating such land, we are convinced

that it would also be more economical to complete the planning and application of basic conservation measures on these lands by 1970. They often are so intimately associated with areas that are being damaged more rapidly that frequently they cannot be economically treated separately.

I have brought this matter before the House at this time because it seems to me to be crystal clear that the problems of the American farmers and ranchers using their land wisely—getting the utmost possible production from it and at the same time maintaining its fertility—are unseparably bound up with the problems which the Congress now faces in the matter of providing food to feed the hungry peoples of the world. We cannot help feed those hungry people, and we will not even be able after a few years to feed our own people adequately, unless we take these protective measures to preserve the Nation's basic productive resources of soil and water.

Today, the United States of America stands as the leading nation of the world. Our greatness is based upon two things—upon the abundance of natural resources which our forefathers found here when they came to the New World, and upon the indomitable free spirit of our people. We should not lose sight of the fact that the spirit of our people is kept indomitable and free only because we have been so richly blessed with resources. Once those resources have dwindled or disappeared, so will our freedom and our American indomitable spirit and strength.

Mr. Chairman, as most of my colleagues know, during the summer recess of Congress, I traveled over a great portion of the United States, especially over the western half of the United States, with two members of the Interior Subcommittee of Appropriations of which I have the honor of being chairman.

Along with the gentleman from Pennsylvania, Congressman IVOR FENTON, and the gentleman from Oklahoma, Congressman GEORGE SCHWABE, we traveled by automobile 9,500 miles for seven solid weeks from early morning until late night, inspecting reclamation and irrigation projects and other Interior Department agency functions in 15 Western States, where water is gold. It was a strenuous but a most enlightening trip, I can assure you. On that trip we saw millions upon millions of acres of rich, fertile soil which has layed barren and worthless ever since God made it. All it needs is water to bring it into profitable production. I sincerely hope, Mr. Chairman, that we will not spend America into bankruptcy before we get many millions of acres of that land into production to help solve our food problem and to insure a more prosperous and balanced economy in the Western States, which will of course help to bolster our whole national economy, also enable us to safely send some food to needy people abroad. There is much to be done in those Western States to conserve our soil and water resources, possibly to a greater degree than in other sections of our country. My bill, H. R. 4417, is so written as to provide doing the things necessary to conserve our soil and water

resources in every State of the Union. Let us get this job started now. We are 50 years late already.

(Mr. JENSEN asked and was given permission to revise and extend his remarks.)

Mr. FULTON. Mr. Chairman, because I am stating the position for the Foreign Affairs Committee on this amendment, and may have some questions to answer, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. WHITTEN. Reserving the right to object, I would like to know the attitude of the committee with reference to those others of us who would like to have a little additional time.

Mr. FULTON. I want to answer your questions specifically and to give you the facts and figures on the phosphate, nitrogen, and other fertilizer produced. I want to show the unused plant capacity in the United States, to show what we are exporting and where it is going, and give the whole story so the House will have it. It will take more than 5 minutes.

Mr. WHITTEN. Reserving the right to object, I still renew my request as to the attitude of this committee with regard to others of us who would like to have additional time.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. I will try to get the gentleman additional time, and full time, so that both sides on this question can be heard.

The House must decide in this bill whether it is going to have a bill set up as the committee deems advisable, after hearings that were very extensive, after hearing Government departments, and after hearing Members who had been in Europe. If you are going to gradually whittle this bill down by taking out necessary products one by one, then you are going to come to the point where you might as well, as we said yesterday, strike out the enacting clause of the bill. You have to estimate the danger there is in France and Italy due to lack of food right at this very minute. We all know it, because we have read the newspaper headlines how the civil unrest is rising and how food production has gone down and how food consumption is just above the starvation point.

Mr. RIZLEY. Mr. Chairman, will the gentlemen yield?

Mr. FULTON.* Will the gentleman allow me to make my statement and then I will yield a little later?

Mr. RIZLEY. I am afraid it will be too late.

Mr. FULTON. The question is how much of this program may require a reduction of fertilizer available to the American farmer. The answer to it is specifically: This is only 1.7 percent of United States production of fertilizer ex-

clusive of the ordnance program. The program under this bill will reduce our own consumption of fertilizer only 1.7 percent, considering just its effect on American production. Think of it. The whole amount of this fertilizer that we are talking about in this program is only 1.7 percent outside of what we are producing under the War Department ordnance program for occupation areas. That is a mighty small sacrifice to ask of any group of the public and I am sure the farmers of the country want to do their part. I, myself, have a farm south of Pittsburgh and I have raised farm products, vegetables, and sheep. I know I have been short of fertilizer, but I am willing to give up that 1.7 percent I might otherwise have in order to help people who are starving, and in order to help overcome this crisis that is threatening all of us.

In addition, it can be pointed out that the fertilizer that is in this program is only 1.3 percent of the total American production. Let us see what each country gets.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I cannot yield until I get to the figures, then I will if I have time.

Mr. ABERNETHY. I yielded to the gentleman.

Mr. FULTON. I will yield but let me get my figures in.

Let us see what this proposed fertilizer program is:

Fertilizer provisions under H. R. 4604
FERTILIZER TO BE SUPPLIED UNDER H. R. 4604,
AS INCLUDED IN DEPARTMENT OF STATE
SCHEDULES

	Short tons	Dollars
By destination:		
To France:		
From United States, ammonium nitrate	36,900	2,952,000
From Canada, ammonium nitrate	28,900	2,601,000
From Chile, sodium nitrate	84,700	3,349,200
Total	150,500	8,902,200
To Italy:		
From United States	None	None
From Chile, sodium nitrate	42,000	2,688,000
From North Africa, phosphate rock	440,000	5,588,000
Total	482,000	8,276,000
To Austria: ¹		
From United States	None	None
From Belgium and Switzerland, phosphates	14,000	518,000
From Germany, potash	14,000	504,000
Total	28,000	1,022,000
Grand total	660,500	18,200,200
By source:		
From United States	36,900	2,952,000
From others	623,600	15,248,200
Total	660,500	18,200,200
By type:		
Nitrates	192,500	11,590,200
Phosphates	454,000	6,106,000
Potash	14,000	504,000
Total	660,500	18,200,200

¹ Austria exports nitrates on a considerable scale.

Fertilizer provisions under H. R. 4604—Con.
FERTILIZER TO BE SUPPLIED UNDER H. R. 4604,
AS INCLUDED IN DEPARTMENT OF STATE
SCHEDULES—continued

	Short tons of contained nitrogen	Equivalent in ammonium nitrate
Prewar production	284,000	874,000
Present production, exclusive of the ordnance program	689,500	2,120,000
Imports	187,200	576,000
Exports	61,000	187,000
Ordnance program	253,400	784,408
Estimated consumption, 1947-48	815,700	2,500,000
H. R. 4604 exports	11,340	36,900
As percentage of United States production, exclusive of ordnance program		1.7
As percentage of United States consumption		1.3

Let us look at it from the source. We are putting up of ammonium nitrate under this program from the United States only 36,900 short tons, 1.7 percent of our total production of fertilizer. From other countries the recipient countries are getting 623,600 tons.

If we in America will not put up our little share of 1.7 percent from our great supply, how can we ask the others to do it, who are also in short supply?

Now, by types, let us see what we are doing. The total is 192,500 short tons of nitrates, 454,000 short tons of phosphates, and 14,000 short tons of potash, making in all 660,500 short tons from the sources I have given above. The total fertilizer program is only \$18,200,000 on this particular program.

Let me show you what the American farmer is getting. The American farmer right now is clear above his consumption for prewar years. We are now using over double what we got in the prewar period. For example, our prewar production in short tons of contained nitrogen was 284,000 tons. The present production is 689,500 tons exclusive of the ordnance program, which is the Army capacity. The imports are 187,200 short tons. Our exports are 61,000 tons. The ordnance program is about a quarter of a million tons, just the way it has been said here. The exact figure is 253,400 tons. The estimated consumption for 1947-48 is 815,700 tons in this country. So you see we are doing about twice as well as we did prewar, and we are only going to give up 1.7 percent of what we have got now. It is a very small sacrifice to ask of anybody in the United States for his own protection.

We have heard considerable argument about farm machinery. I defy any Member on this floor to point out anything in this legislation that authorizes the shipping of farm machinery. That is dragging a red herring across the trail, because there is no such authorization here. I will yield to any Member who can point it out to me. Nobody can do it because there is no farm machinery being sent.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. H. CARL ANDERSEN. There certainly is such authorization. There is authorization to send farm machinery parts out of the country, I may say to the gentleman.

Mr. FULTON. Surely, replacement parts only.

Mr. H. CARL ANDERSEN. Oh, certainly, sure, sure.

Mr. FULTON. But that is a very small amount.

Mr. H. CARL ANDERSEN. Now the gentleman is admitting the authorization.

Mr. FULTON. But not new farm machinery. It is simply to keep going the machines they have. That is economic, certainly.

Mr. H. CARL ANDERSEN. Take the drive chain from Minnesota corn pickers and the corn pickers cannot operate. That is what they are doing.

A point has been brought out by the gentleman from Mississippi [Mr. WHITTEN], and I think it is a very fine point. He says on page 11293 of the RECORD of yesterday that a change in policy of releasing this production has to be made by the administration because right now there is 40 percent of our fertilizer production lying idle in Army hands.

Who is doing that? Why, the current Democratic administration that all these Democrats are complaining about. Their Congressmen are raising the issue that 40 percent of our fertilizer production is lying idle in administration hands. The problem is not to keep from sending any fertilizer at all to Europe, but we should increase production in America and protect the American farmers.

If the Democrats want the extra production let the farmers write to their Democratic Congressman here and ask them to see that the administration runs these fertilizer plants at 100 percent capacity and we will get the 1.7 percent extra production that you need, but do not deprive these poor starving people over in Europe of this necessity. Let the Democratic administration take the responsibility of running these plants at only 60 percent capacity.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. FULTON. Mr. Chairman, may I point out that if you cut out this program of fertilizer that is so small—1.7 percent—from this bill and you continue to send a quarter of a million tons to your former enemies, Japan and Germany, you are certainly not measuring up to the postwar world I thought we would measure up to. Do not cut out your friends when you are sending a quarter of a million tons to your enemies.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Is it the purpose of this bill to increase the export of fertilizer that has heretofore been exported under the War Powers Act?

Mr. FULTON. It is not. The nitrogen fertilizer provided by this bill simply represents existing allocations that were agreed to in the International Emergency Food Council by all interested United States agencies. It is exactly the same allocation—no increase whatever.

Mr. ABERNETHY. If it is not, why not take it out of the bill then?

Mr. FULTON. We have to have the authorization to send it. We have made the international commitment but we need the authorization.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The Chair may say that a number of Members are seeking recognition. Some have already spoken on this amendment as well as the pending amendment. The Chair hopes that Members who have spoken on the pending amendment or the amendment to the amendment will not ask to be heard again until the other Members who have not had an opportunity to speak at all on either amendment are recognized.

Mr. H. CARL ANDERSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. H. CARL ANDERSEN. Does the Chair hold then that because the gentleman from Minnesota now addressing the Chair spoke to a few Members here last night on behalf of his amendment to the amendment the Chair will not recognize the gentleman from Minnesota on behalf of the amendment offered by the gentleman from Mississippi?

The CHAIRMAN. No.

Mr. H. CARL ANDERSEN. That is what the Chair is holding.

The CHAIRMAN. The Chair has not held anything. The Chair has appealed to the fairness and the discretion of the Members of the House; however, recognition in these cases is within the discretion of the Chair. There are 435 Members and every one of them is entitled to, and will, be recognized, unless the Committee decides otherwise. The gentleman from Minnesota will be recognized in due time.

Mr. H. CARL ANDERSEN. And I am sure he will be fair.

The CHAIRMAN. That answers the question the gentleman is asking.

The Chair recognizes the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS. Mr. Chairman, the gentleman from Pennsylvania has answered some of the questions that were in my mind and I am sure all of us who have agricultural constituents have been somewhat disturbed by this problem. I accept as a pleasantry his parting suggestion to the Democrats.

I think the fact that only 1.7 percent of the fertilizer production is going abroad under this program should allay our fears.

I think I know how our farmers feel. Some of them are taking it on the chin and perhaps their sacrifices have been somewhat disproportionate at times.

Yet if we are right on the basic proposition that this is to help save our way of life, in which the farmers have a tremendous stake, we cannot go home and say to them that we were unwilling for them to share the total sacrifice. Now, they want to bear their share of the burden and I do not believe, if your assumption is right that only 1.7 percent is exported, that we are asking anything unreasonable of our farmers, and I am inclined to go along with the committee on that. Goodness knows, I want to be fair about this thing when our farmers are involved. I want enlightenment, too. If the motion prevails, would we be in the attitude under peacetime and the War Department policy of sending fertilizer to Germany and Japan and withholding a proper amount for France?

Mr. FULTON. That is right.

Mr. HAYS. Is that the position we would be in?

Mr. FULTON. That is exactly what it is.

Mr. HAYS. Does it provide fertilizer for German farmers who have helped wage war against us twice in one generation? I do not want to appeal to feelings, but I am talking about the beneficence of America, if it is to be beneficence, and at the proper time I am going to say something about the need of rehabilitating Germany. The industrial reconstruction of Germany is imperative, but surely we do not want to provide for the German farmers and withhold exports from the French farmers. I know the individualism of the French farmer. He is one of our best hopes against communism.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Alabama.

Mr. JARMAN. I will say to the gentleman that if this amendment fails, not only would we continue to send fertilizer to former enemy countries and deny it to our friends, but it would prevent us carrying out our agreement, an agreement made back in June, I believe, to these French, when the International Emergency Food Council in June 1946 provided for exactly this allotment. Now, the statement has been repeatedly made on the floor here yesterday by at least three gentlemen that the fertilizer provided in this bill would be in addition to that allotment.

I challenge any of those gentlemen to prove that, and I tell them that they simply cannot do so. They are entirely mistaken. On the other hand, it is the same allotment that we agreed to, and under that agreement of this International Emergency Food Council we receive more fertilizer by import than we export. Now, if we do not carry it out, do you not see that the farmers in Alabama, Mississippi, and Georgia will lose instead of gain? They will lose, not only in the respects to which I referred, but they will also actually have less fertilizer. I want to represent all four sides of this problem, not just one, but the gentlemen who are in such statesmanlike fashion trying to represent them on

only the side of fertilizer are not really appropriately doing so.

Mr. HAYS. That is the point.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman be given three additional minutes so that he can speak.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. RIZLEY. Mr. Chairman, as much as I love my friend from Arkansas, I am constrained to object.

Mr. VURSELL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. VURSELL. Mr. Chairman, after listening to the debates here for the last 3 days with so many speakers so deeply concerned about saving Europe, a foreign citizen or a casual observer sitting in the gallery might wonder whether or not this might be an European Congress instead of the Congress of the United States, elected as the representatives of our people.

With the inflation crisis and a shortage of supplies generally here at home, with the request of the administration for probably \$40,000,000 to defray our expenses of government for the coming year, with little or no hope in sight for a reduction of the unbearable high war-time taxes and with the high cost of living, with the national debt of over \$250,000,000, it would appear it is about time for the Members who have their minds and thoughts across the seas to return their thinking and efforts to the serious problems confronting our own Nation.

And may I suggest to the conservative Republicans and Democrats alike who have, for several years, opposed the course that the famed liberals, radicals, and the administration has taken that has brought us to a crisis at home, and the worse relations we have ever experienced with the world at large, that the time has arrived when we should seriously consider reversing our course before it is too late.

We have tried to save Europe twice in two costly world wars and Europe and the world is in worse condition today, including the United States, than before these two attempts were made.

The liberals, spenders, and do-gooders have failed to achieve their promised objectives after spending \$21,000,000,000 to revive Europe since we won the war. They now ask to keep the same doctors and ask for \$20,000,000,000 more from the American taxpayers to revive the patient. Their medicine prescribed at Yalta, Potsdam, and Tehran has prevented the patient from normally recovering. It is time to change the medicine and the doctors.

Mr. Chairman, may I suggest to the Members of the House we cannot possibly raise sufficient funds in the billions required to correct the mistakes that the State Department and the administra-

tion has made in their agreements at Tehran, Yalta, and Potsdam, and the agreements in the future they seek to write into the Marshall plan. If we do attempt to keep up with them the end result is most likely to be final bankruptcy for our own Nation and its people.

Mr. Chairman, now I want to turn my attention for a minute to the amendment to this emergency aid bill with reference to fertilizer and farm machinery.

Mr. Chairman, several war plants have been making vast amounts of fertilizer, which has been shipped largely to Europe, and some to Japan. One-third of all the fertilizer of the Nation during the past year and more, has been given away and shipped to foreign countries. This bill provides that more fertilizer shall be exported. The Crab Orchard War Plant, at Marion, in southern Illinois, last spring was shipping trainloads of fertilizer to the coast for export to be given away, when 50 miles away in the great fruit belt of southern Illinois farmers were clamoring for fertilizer and could not get it. I contacted the Navy Department and urged them to spare just a few cars for our emergency in that section and could not get it diverted when the railroad side tracks were jammed and blocked with carloads of fertilizer, more than they could transport at that time to the seaports to be shipped overseas. The Secretary of Agriculture is now urging farmers to plant 9,000,000 additional acres for the growing of crops. We are depleting our soil. Those who would include fertilizer in this bill are taking the position of not only shipping away our grain but shipping away our soil and production. The amendment also provides to stop the gift and shipment of farm machinery wherever in short supply so that the farmers of our country who are in desperate shape for farm machinery due to the war may be able to plant and harvest the grain you agree to ship away and give away in this bill.

We are not only giving away the oil of this country when there is an oil shortage everywhere, and the steel of this country when there is a steel shortage everywhere, 38,000,000 tons of coal this year, but we are, in fact, mining the soil by overproduction and giving it away. Serious results throughout the years to our own Nation and our own soil and our production will follow unless fertilizer and farm machinery are stricken from this bill.

Because of the shortage of steel the veterans who won the war cannot get houses in which to live. Housing is so scarce that 2,764,000 married couples are compelled to share living quarters with other persons. To show you how bad this steel shortage is, I have a letter from Ralph Hawn & Son, crossroads blacksmiths in a little town of Boos, Jasper County, Ill., which reads as follows:

We are writing you in regard to the steel shortage. In our little shop here we serve the farmers. We have not been able to get the small amount of steel we need to make repairs on machinery the farmers bring to us. If you vote to send more steel abroad the shortage will be greater. We cannot repair machinery without steel. There are many parts of machinery the farmer is unable to buy, and we have to make them. We are not

telling you how to vote, but we want you to know how the situation is before you vote.

Yours truly,

RALPH HAWN & SON.

So, you see this steel situation is so bad that the little country blacksmith out in the grass roots of the country appeals to us to remember him and the local farmers. He is one of thousands throughout this country who knows how serious conditions are.

I have another letter from Joe Steckler at Mount Carmel, Ill., which I quote, in part:

DEAR MR. VURSELL: In regard to the Marshall plan, may I say I have a welding and machine shop. I have already laid off some men because of the steel shortage. I have many orders for fuel-oil tanks, gasoline tanks, etc. I am unable to build because of no steel.

I had an order from one firm from Centraalia and Salem for 4,000 fuel-oil tanks, but every place no steel.

It appears that I must quit business so that this steel may be sent to foreign countries who may shoot it back at us. I think you Congressmen should soon wake up and think about the people in this country. How much longer can we stand this? High taxes and, not only that, but taking our living away from us and sending it overseas.

Mr. VURSELL, I am not much good at writing, but would like to hear from you so I will know you are listening to the people that are back of you. And, for God's sake, think of the people in this country and stop sending steel and farm equipment so much needed here to other countries. I beg to remain,

Very truly yours,

JOE STECKLER.

This letter represents the thinking, the desire, and the need of millions of people whom the Members of this Congress are elected to represent. What hope have they if we fail them in these critical times? We must not fail them. We must make certain that we protect the interest of our own people first, who make up this great Government of ours. I hope both of these amendments to limit the shipment of fertilizer and farm machinery are approved.

Mr. HOEVEN. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. HOEVEN. Mr. Chairman, it looks as if we have now gotten to the point where the Committee on Foreign Affairs of the House of Representatives tells us what the agricultural policy shall be in the United States of America.

I happen to be a member of the Committee on Agriculture. I am also a member of the special committee on fertilizer, about which the gentleman from Mississippi [Mr. ABERNETHY] addressed you a few minutes ago. It seems that with fear and trembling the members of the House Committee on Agriculture must await the green light from the State Department. I say to the Members of the House of Representatives that it is high time the Committee on Foreign Affairs of this House started thinking a little bit of the needs of American agriculture and its welfare.

Most Americans are realists. We do not want to rob Peter to pay Paul. In

the first committee report of the special committee on fertilizer, issued in February of 1947, we made the following significant statement:

Fertilizer consumption has increased at the rate of about 1,000,000 tons a year during the war, reaching a peak of more than 14,000,000 tons in 1946, compared to an average of 7,300,000 tons in the years 1935-39, and is responsible for much of the increased food production achieved by American farmers during the war.

There is not anyone present today who will not say that the answer to our economic problem is production, more production, and full production. That is the very thing the American farmer is called upon to do right now. The farmers of America who did such a magnificent job during the war are again being called upon to produce food for the entire world. They are truly generous as evidenced by the fact that when the Friendship Train crossed this continent a few weeks ago the people of my own State of Iowa furnished more corn and cereals and grains than any other State in the Union. In one of the counties of my district, the people, through their churches, raised \$13,000 to buy corn and cereals for Friendship Train. And now while everyone is expecting the hungry people of Europe to be fed during the coming winter months, it is proposed to take away from the farmers of America the very tools they need, to wit: fertilizer, farm machinery, and fuel oil. Someone said very aptly on one occasion, "Give us the tools and we will do the job." That is what our farmers are saying today.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. If this is supposed to be an interim-aid bill, why is it so necessary to send fertilizer, farm machinery, and production tools, as far as agriculture is concerned, for a crop that cannot be put in in time to have any effect as far as the effective time of this bill is concerned?

Mr. HOEVEN. I agree with the gentleman. The farmers of America now are planning for the next crop season. They are short on fertilizer. The demand is 20 percent above the supply. Our farmers are asking for farm machinery, for tractors, and for farm-machinery parts. How can they produce food without tools? Everyone knows that our farm operations have become highly mechanized. Our farmers need the oil for their tractors and they need it throughout the planting season and the harvest.

Now let me refer once more to the report of the committee on fertilizer wherein it made a recommendation as follows: "That there be an immediate and careful review of Government export commitments and adjustments to the end that fertilizer requirements of American farmers may be more amply fulfilled." We so recommended in our report last February and the situation has not changed.

So here we are going into a new crop season in need of fertilizer, farm machinery, and fuel oil. With our system of

mechanized farming today we need the tools if we are really going to do the job of feeding the people of the whole wide world. Let us not permit ourselves to be caught short.

Mr. GRANT of Alabama. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am aware of the fact that the members of the Foreign Affairs Committee have given much study to this bill and I appreciate their efforts. However, at the same time, the bill covers many subjects and some are subjects to which members of other committees have given long study. The amendment offered by the gentleman from Mississippi, I feel, should have the support of, this House. For the past year, I have served with him on a Fertilizer Subcommittee of the House Agriculture Committee. For the past year, we have gone into all phases of this question.

It just does not make sense for us to ship fertilizer to Germany, regardless of whether it is made in private or Government plants. I have no argument against material made by the Army being shipped abroad, except when it is sent to places where it could be manufactured.

As to Germany, the answer is given that the German plants must be dismantled because they could be used for the production of war material.

When we take this attitude, it seems to me we are just cutting off our nose to spite our face.

I take it that as long as we ship this material to Germany we will be in control of the situation there. If this be true, why cannot we operate these plants under our control and when we withdraw our army of occupation and have no further responsibility for feeding the people there, then dismantle these plants.

The farmers of this Nation have depleted their soil. They are again being called upon to produce food as they did during the war. The best way to aid this production is for us to do everything possible to secure fertilizer for our own farmers. This amendment offers one small hope—let us adopt it.

The amendment will not apply unless the supply of fertilizer here proves inadequate to meet the actual needs of the farmers of this Nation.

Mr. PHILLIPS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to ask three questions of the committee because under the circumstances I feel that it would be better to ask for them on my own time this morning than to ask some other Member to yield for that purpose.

First of all, in the statement of figures given by the gentleman from Pennsylvania, he recited the tons of fertilizer to be provided from other countries, but he omitted France. It was given in figures on the floor of the House during the past year that as a provision of the division of the occupied area, France was supposed to deliver fertilizer into the British and American areas, and that France had violated that agreement and was not delivering any fertilizer, but instead had been, and I have seen this in other reports, delivering phosphates to Russia in

exchange for things France wants from Russia. It seems to me that ought to be explained by the committee in a discussion of the general fertilizer question.

My second question is, and I believe the gentleman from Pennsylvania and the gentleman from Ohio have certainly both stated, and certainly the gentleman from Alabama has definitely stated, that the amount of fertilizer is already determined and that only that much and no more will be shipped. What assurance has this House that there is such a limit? We are dealing with a department in which all of us do not have the most complete confidence.

My third question, which has already been asked, and properly so by the gentleman from Minnesota [Mr. H. CARL ANDERSEN] is, Why is this in the interim-aid bill at all? Why is this part of the bill?

There has been a very determined effort on the part of certain administrative agencies to make it appear that this bill which we are acting upon today is part of the permanent aid program.

I now yield to the gentleman from Minnesota [Mr. JUDD] and then I shall yield to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. JUDD. If I may answer the last question first, the gentleman knows that the time when fertilizer is put in the soil is during the spring months, at the beginning of the crop season.

Mr. PHILLIPS of California. The gentleman does not know that; in Minnesota perhaps it is, but not in California.

Mr. JUDD. That may be true in California, but in the countries covered in this bill, where they have early springs and early growing seasons, the farmers will have to have fertilizer within the next 4 months if they are going to have a crop next year, and require less food from us. That is the basic reason why it has to be in this bill.

Mr. PHILLIPS of California. That does not answer the question asked by the gentleman from Alabama, why is that not carried in the previous export arrangements that have already been made?

Mr. JUDD. It has already been allocated in accordance with those arrangements. This bill merely provides the dollars with which to buy, mostly elsewhere, the fertilizer already allocated. That brings up your second question of whether or not the agreements will be kept. Phosphates and potash are not under international control, but allocation of nitrates is under the control of the International Emergency Food Council. It has allocated to each country a specified amount of the world's supply, and the United States, as was stated, is supposed to supply to France about 37,000 tons of nitrate, Chile about 80,000 tons, and Canada about 26,000 tons. That is the allocation already made, and we are merely providing here the money to make possible the purchase of the quantities allocated by the international body. I am sure we want to keep our part of the agreement.

Your first question had to do with France. No phosphates or potash will

be sent to France from anywhere under this program.

Mr. PHILLIPS of California. My question is, What about fertilizer she did deliver to Russia, which she was supposed to deliver to the other occupied areas?

Mr. JUDD. If it was phosphates or potash to or from France it is not covered in the bill, so I cannot give you the answer to your question. It is my understanding France is manufacturing phosphates. They have a surplus of it there.

Mr. PHILLIPS of California. But France is not delivering the phosphates to the countries she is supposed to deliver them to, but instead to the Russians.

Mr. JUDD. We did not go into that because it was not involved in our bill. If we had done so, the gentleman from Iowa could properly object to our interfering with the work of his committee. We have gone into this question, only insofar as we had to in order to provide the commodities required in this particular bill.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. WHITTINGTON. I maintain that this is a duplication of our international food agreement. That agreement was made some 2 years ago. Shipments are being made, and under that agreement we do not agree to pay for the fertilizer. We agree that the fertilizer may be allocated for export. It is being shipped now and being paid for by the agents that represent the farmers in the Allied countries. This bill would authorize a gift or loan for additional fertilizer. We might as well understand it.

The CHAIRMAN. The time of the gentleman from California [Mr. PHILLIPS] has expired.

Mr. PHILLIPS of California. Thank you, Mr. Chairman, I got an answer to at least one question of the three.

Mr. FULTON. Mr. Chairman, may I rise in opposition to the other amendment? I spoke on the other amendment.

Mr. RICH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RICH. Can a member of the committee speak twice on the same amendment?

The CHAIRMAN. The point of order is made and it is well taken.

Mr. FULTON. I will withdraw the request, Mr. Chairman.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. FULTON. Mr. Chairman, will the gentleman yield to me to answer the gentleman from California?

Mr. MANSFIELD. I will be delighted to yield.

Mr. FULTON. In answer to the gentleman from California [Mr. PHILLIPS], if the agreement has not been lived up to previously, by passing this bill the committee feels you will prevent France from doing it in the future, because under subsection (h), on page 6, we have this provision:

The recipient government agrees not to export or permit removal from such country,

while need therefor continues, of commodities made available under the authority of this act or commodities of the same character produced locally or imported from outside sources.

So we will restrict France.

I think the gentleman from California [Mr. PHILLIPS] may have brought up a good question on the limitation of authority. Would the gentleman agree to an amendment that provided that procurement from the United States production of fertilizer shall be restricted to an amount not to exceed \$3,000,000, which is a very small amount in a \$590,000,000 bill?

Mr. MANSFIELD. Mr. Chairman, I have listened with a great deal of interest to this debate on the fertilizer amendment. I have heard several members of the Committee on Agriculture state that they had given this matter a great deal of consideration; that they had various individuals, both in and out of the Government, before their committee, and that this country was facing a crisis insofar as fertilizer supply was concerned. I should like to ask those members of the Committee on Agriculture if they have not been aware of the fact that for the past 2 years a great deal of phosphate from Montana and Idaho has been going to Japan in an effort to rehabilitate the soil of our former enemy. In December of last year it was stated that between five and six hundred thousand tons of Montana-Idaho phosphate would be sent to Japan in 1947, for the rehabilitation of Japanese farms. I would like to also bring out the fact that under the direct orders of General MacArthur the entire phosphate output of the island of Anguar in the Palau Islands, estimated at about 3,000,000 tons, is being shipped to Japan at the present time in Japanese ships. That entire supply will be exhausted within 3 years. So, as far as an enemy country is concerned—and this is important—for the year 1946 we have sent at least between five and six hundred thousand tons of American phosphate from the mainland, and we contemplate sending in the years 1946, 1947, and 1948 1,000,000 tons of phosphate from the island of Anguar in the old Japanese mandates, which are now American possessions. Why should not the phosphates from Idaho, Montana, and Anguar be sent to our friends in Europe rather than be used entirely for the rehabilitation of the soil of our former enemies?

Mr. Chairman, I have listened attentively to all the debate on this measure now before us. I have wondered if this House is really aware of the task ahead. The issue is plain. We are either for or against this bill and the Marshall proposals to follow. Every person in this Chamber is fully aware of the questions involved and the need for meeting them. Everyone knows that the needs expressed in this measure are based on humanitarian, economic, and strategic considerations. Not one of these factors alone but all of them together are tied to this proposal. We know that the success of this interim-aid proposal and the Marshall plan to follow cannot be guaranteed and we know what the alternative is. If we do not go through with the aid and rehabilitation measures are we pre-

pared to lose western Europe by default to Communist minorities; are we prepared to bypass needed relief and assistance to peoples in distress; are we prepared to isolate ourselves and confine our economic production—with attendant surpluses—to ourselves alone; are we prepared, if western Europe falls, to appropriate and spend many more billions in national defense than would be required in these proposals; and are we prepared to give up all hopes of achieving a peace which will be of benefit to all mankind?

These questions are for us to answer and we cannot do so by raising petty issues and making pretty speeches for home consumption. As Members of Congress we are being called on to cast our votes on a question so critical that the success of our future may be decided by what we do.

We cannot save Europe by ourselves but Europe can be helped to save herself. To do this she will need our cooperation and the immediate material aid without which that rehabilitation cannot get under way. We cannot guarantee that this program will be a success but we can logically assume, if we refuse to act, that Europe's economy will fail and her people be ripe for plucking by the Communist minorities in France, Italy, and elsewhere. In undertaking this program we are most certainly taking a calculated risk but not to take it will lead to hunger, chaos, fear, and internal disturbances. Then the real trouble will begin and the really gigantic appropriations will have to be made.

In my opinion, a vote against H. R. 4604 is a vote to lose western Europe to communism by default and a vote against the possibility of achieving a durable and just peace. A vote for this measure is a vote of confidence in the ability of the European democracies to stem communism; a vote for this measure is a vote for humanitarian American principles to distressed peoples; a vote for this measure is a vote for the economic rehabilitation of western Europe—our friends—and, please do not forget, our own continued economic well-being; and a vote for this measure is a vote for the security and national self-interest of the United States. I should like to urge that this committee consider the basic question of whether or not we are going to help western Europe for the reasons I have enumerated. If we are we had better make up our minds and go all the way; if we are not we had better vote for this amendment and had better vote against the bill.

Mr. Chairman, under unanimous consent, I am including with my remarks a newspaper article on phosphate from Montana and Idaho being sent to Japan. This article is from the Montana Standard, of Butte, Mont., and dated December 19, 1946:

FERTILIZER WILL BE SENT TO PACIFIC

SEATTLE, December 18.—Five hundred thousand tons of rock phosphate fertilizer are scheduled for shipment through Puget Sound to Japan and Korea to help rehabilitate soil, Col. Fenton S. Jacobs, commander of the Seattle port of embarkation, said Wednesday.

The shipment is part of the Army's program to encourage production of food in Japan and Korea, thereby relieving the necessity for continuous transport of civilian-relief foodstuffs.

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. RICH. Mr. Chairman, I wish our friends on the Foreign Affairs Committee were as domestic minded as they are foreign. I wish they were for America more than for Europe. I have come to the conclusion that this bill is a misnamed bill. I understood we were called here in this extra session to take care of the immediate needs of the starving people of France, Italy, and Austria, and to keep down the high price of commodities in this country so that our own people could buy them at reasonable prices and sustain life in America. I have, however, come to the conclusion from information gained since we started this session that we are more interested in taking care of foreign countries than in looking out for our own people.

You may call me an isolationist if you want to, but I want to take care of America first; I want to look after America first. I am not here to wreck America to save any country. I do not care who it is or in what part of the world it may be located. I want to and will aid the starving people in America and elsewhere, but I think we are doing more to hurt our Nation than to do it good.

If this is an aid bill we do not need all the things that presently are in it. You can take the report of the committee itself and ascertain that. For instance, the item of coal on page 7 of the report. Under this bill it is proposed to ship coal to Europe in the following amounts: To France, 116,000,000 tons. I saw an item in last night's Evening Star which stated that the coal strike now going on in France will cost France as much coal as all that the United States will send. In other words, Frenchmen are striking over there and not mining coal, and you want our miners to mine coal and send it to France when we cannot get coal for our own people here this winter, and you want to send them coal for nothing and our people have to pay the highest price they ever paid for coal.

Mr. FULTON. Mr. Chairman, will the gentleman yield at that point?

Mr. RICH. I yield to my distinguished colleague from the great State of Pennsylvania.

Mr. FULTON. The gentleman knows from the newspapers that in France and Italy the Communists are leading the strikes for political purposes and are holding in their power the people who are on our side.

You cannot buy people not to become Communists, teach them.

Mr. RICH. Then let us go down to Italy. We are going to furnish Italy 36,000,000 tons of coal, yet we do not have enough coal to keep our own people warm. We give them also this coal for nothing. Gratis if you please. While high prices are here in America.

Austria, you are going to furnish 13,000,000 tons of coal to Austria, yet we do not have enough coal for our own people and charge high prices for what our people get—and look at where the price has gone to and is going, higher, higher, and higher. Now, you fellows are responsible for the high price of coal in this country when you advocate this bill. You are raising the prices of all commodities, wheat, steel, farm equipment, and food.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to another member of the Foreign Affairs Committee.

Mr. LODGE. I should just like to say that one of the reasons Italy has no coal is because a great deal of her coal was amputated by the peace treaty in which we participated.

Mr. RICH. That is another thing, this State Department of ours, which you fellows are trying to aid and assist—we ought to discharge the whole dog-goned bunch. I think they have done a mighty poor job.

The committee's report, especially page 7, informs us of what we are sending to these countries, little food but much merchandise that we are short of here at home, it just does not look good to me. Then I will go over to page 10 of the report, the index of industrial production. In Austria they say production is 45 percent as much as prewar. In France they are producing 90 percent as much as the industry did prior to the war. In Italy they are producing 75 percent as much as they did before the war. A lot of the countries such as Belgium, Denmark, Iceland, Norway, Sweden, Switzerland, and Great Britain are producing more stuff than they did before the war, and yet you want to rob America to take care of a lot of people over there who are getting on their feet. After a while they are going to give you the biggest kick in the pants you ever got in your life.

You will find that those countries will ship merchandise back here and you are going to pay for everything you get from them. Do not forget about that. You are now giving everything away that you are sending over there. You just do not have any sense at all. Why not put an obligation on them to relieve our own taxpayers. Do you not have any regard for your own people?

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman must bear in mind that now they are providing for incentive goods, radios, automobiles, mink coats, silver-fox coats for those people over there to produce more coal with.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I would just like to enlighten the gentleman from Minnesota by saying that yesterday it was clearly stated no incentive goods in short supply would be sent over there. It is very unfair to keep reiterating this business about automobiles.

Mr. RICH. Well, the people have already shipped over there 4,000,000 CARE packages. They have shipped over there 27,000,000 other packages to relieve the starving. The American people will take care of the starving in Europe if Congress will attend to its own business and stop doing what our people are willing and able to do.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

Mr. FULTON. Mr. Chairman, I join in that request.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. AUGUST H. ANDRESEN. I may say to the gentleman from Pennsylvania that we have a surplus of silver-fox furs in the United States because of imports. We have a surplus in a good many other items that are coming into the United States produced in other countries. Now these can be sent back as incentive goods, which the gentleman referred to.

Mr. RICH. May I say to the gentleman from Minnesota that we have too many foxes in this country already that are looking after some other people's interests and taking away things from the American people.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Nebraska.

Mr. BUFFETT. The statement was made yesterday that automobiles would not be shipped abroad because they are in short supply; but I call attention to the fact that in the first 9 months of this year 400,000 new cars of one kind or another were shipped abroad. That is how they are keeping the short-supply goods in this country.

Mr. RICH. Every item that we are in short supply that is shipped over there increases the cost to the American consumer. We are doing more in Congress by the things we do, including this bill, to increase the cost of merchandise and of food than anything else. The bills that are to come at this session of Congress are responsible for creating the high prices that we have in America. Do not forget that. To you gentlemen who vote for this bill I say, just remember, when your people kick about high prices every one of you who voted for this bill will be responsible. Let the American people realize that your foreign policy is increasing prices in our own country by leaps and bounds.

Mr. FULTON. Mr. Chairman, will the gentleman yield further?

Mr. RICH. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The gentleman has quoted from the report certain production figures, but they were industrial production figures. Actually the things being sent over are food, maintenance supplies, and things of that kind. If you will look at page 11 and also the comment

on agricultural production, the gentleman will find it states that—

Agricultural production is still far below prewar levels, because of shortages of fertilizer and the depletion of the land and the extremely unfavorable weather conditions in western Europe and north Africa over several of the postwar years.

Mr. RICH. I quoted from your own report the index to industrial production in the various countries which you refer to. Those countries are all getting their industries back into production. Certainly all we need to do now is to get those people over there satisfied and keep them from starving to death. If we send them some food we will accomplish that purpose. That is what we were called back here to do. Why do you not do it?

Mr. FULTON. That is what the bill does.

Mr. RICH. Yes; but you are taking in food and everything else. Here is what you should do to increase fertilizer, and I quote from former Congressman Woodrum, who knows what should be done:

FERTILIZER FOR EUROPE AND UNITED STATES FARMERS

There are three primary plant food elements—nitrogen, phosphoric acid, and potash. Although supplies of the other two plant foods are not altogether adequate, western Europe indicates a serious need for more nitrogen fertilizers than it is now able to produce and import.

Under the European recovery program the United States is being requested to supply some of the deficit in Europe's nitrogen requirements over and above the exports already being made by the United States and other exporting countries. (United States scheduled commercial exports 1947-48 are 55,600 metric tons of nitrogen, imports scheduled are 170,300 tons. In addition, the United States Army is producing nitrogen-bearing fertilizer material in Government plants at the rate of 250,000 short tons of nitrogen annually for shipment to the occupied zones—three-fourths to Japan-Korea and one-fourth to Germany.)

Before the recent war United States farmers were using nitrogen in fertilizers at the rate of approximately 370,000 short tons of nitrogen annually. During and since the war United States farmers have increased their use of nitrogen in fertilizers until now they are using it at the rate of 816,000 tons annually. They would use more if they could get it. United States Department of Agriculture experts estimate that United States farmers could profitably use over a million tons of nitrogenous fertilizers during a period of agricultural prosperity such as at present.

Present controls allow Government to requisition supplies of solid nitrogen-bearing fertilizer materials from domestic producers to fulfill our export commitments. Such controls, without comprehensive and tight rationing of balance of nitrogenous fertilizers to United States farmers, tend to become highly discriminatory as to effects upon our farmers if used to divert substantial supplies of nitrogenous fertilizers away from domestic agriculture.

A more practical solution to supplying Europe's nitrogen needs would be just what the Harriman committee recently recommended to the President:

1. Steel and coal to rehabilitate and operate those of Europe's nitrogen plants not now operating for security or war-damage reasons.
2. Full production from United States Government plants.

This would allow United States farmers to continue to use the amount of nitrogen they

are now using, with increased production to meet Europe's deficit.

But these steps, to be effective, must be initiated immediately.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(Mr. ROBERTSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ROBERTSON. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Mississippi [Mr. ABERNETHY] and the amendment to the amendment offered by the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

I am willing to recognize the world responsibility of the United States of America as the leading and most prosperous nation of the world and the humanitarian need of providing some relief and assistance to the war-devastated countries of Europe and to China, but I cannot for a moment reconcile this responsibility with any program of relief which will prostrate our Nation economically and leave it open for attack from either without or within.

As great as are the needs of other peoples in this world, it is my unalterable conviction that it is the duty of this Congress to think first of this great Nation, to do all we can to keep it strong, and to prevent suffering and chaos from descending upon us. Only if we keep this Nation strong can we provide the necessary assistance to all peoples of the world. We cannot wantonly give away things which will tend to weaken us as a Nation.

We have been told on every hand that food and food alone can win the peace. Yet we could, under H. R. 4604, ship abroad fertilizer, farm machinery, and petroleum products which are the machinery of peace, when these products are absolutely essential to the production of food at home.

In my State of North Dakota the farmers have been producing food at record high levels, but they need new machinery and parts if they are to be expected to continue producing food for our tables and for the hungry people of the world. The American farmer has proved that he can produce. Let us make certain that he has adequate machinery to keep producing. Let us embargo all shipments of farm machinery abroad until our farmers have an opportunity to replace worn-out machinery.

We all know that our Nation's oil supply is at a very low ebb. Some estimates have been made indicating that our supply will last at best 12 years. We cannot export this precious resource wantonly; we cannot afford to export a single drum of it today.

Next spring the farmers of my State and the farmers of the entire Midwest, the Northwest, and the Northeast will be taking to the fields; they will need petroleum products. The planting season is short. They cannot delay until from somewhere an adequate supply of petroleum is found. They must plant in season if they are to harvest food. We cannot be caught short of these products next spring.

Today we are suffering from a shortage of oil. I have no knowledge of how this is affecting the farmers and producers of the southern half of the United States, but I do know how it is affecting the comfort and health and welfare of people from my State. Every day I receive wires and letters from frightened people, on farms and in the cities; will there be an adequate supply of oil to heat their homes? And these fears are justified. Existing supplies in North Dakota will not provide for the people of that State of mine. In an oil burner you can use nothing but oil. Without oil you are without heat, and winters are as severe in North Dakota as they are any place where we might be exporting oil.

I can hardly support a bill which will allow the shipment of oil out of this country when there is such a crying need for it at home.

Finally, from the standpoint of national defense, we cannot afford to further dissipate our oil reserves. We must carefully husband our petroleum resources. We must absolutely restrict the shipment of petroleum products from this country immediately.

Mr. WINSTEAD. Mr. Chairman, I rise in support of the pending amendment.

(Mr. WINSTEAD asked and was given permission to revise and extend his remarks.)

Mr. WINSTEAD. Mr. Chairman, I arise in support of the pending amendment prohibiting the sending of additional fertilizer to foreign countries as long as the supply is inadequate to meet out own needs. The gentleman from Pennsylvania [Mr. FULTON] referred a few moments ago to the fact that fertilizer is being handled under a Democratic administration and suggested that our constituents write us. May I say that for more than a year I have been trying to get something done through the Secretary of Agriculture, the War Department, and Mr. Steelman, assistant to the President. The trouble we have when our constituents take up a problem like this is the fact when some of us try to curb bureaucracy a great number on your side find it is not the place, not the time to adopt any amendments that might curb the bureaucracy that you talk so much about.

I have listened with great interest to the debate here and two main thoughts have been developed. One is stopping the spread of communism in France and Italy, and the other is feeding the hungry people of Europe. I, too, was in Italy and France in 1944. Certainly the needs there are great, but in my opinion these needs have been greatly magnified. I am convinced that if the people of America were told that there was so much abundance here that we were going to distribute billions of dollars to the needy in every State in America, you would find great numbers of people swarming to your cities making the claim just as it is being made in other countries today. Now, I am not opposed to helping France. I am not opposed to helping the people of Europe to prevent the spread of communism, but somebody is responsible for

Russia taking over the bread basket of Europe. Somebody is responsible for Russia getting the war plants in Germany. Somebody is responsible for many things that I cannot even discuss here. Now, if we are going to take the fertilizers, and other essentials in short supply from our people in this country, when they need them so badly, what will happen? Read the record of the statements of some of the Members who went to Europe, that the peasants of France are not producing wheat, not because they cannot get fertilizer and the necessary machinery, but because the price is set so low they can make more money in other ways. Yet over that same period of years the American farmers have sacrificed their soil through farming operations, and they have gone along in a patriotic way. But, when the farmers know the truth about what is happening in France and Italy, that the farmers there will not sell their wheat for the paper money offered, our American farmers are not going to take this. Let me say to the gentleman on this committee that the American farmers, knowing that they are being stripped of the only means through which they can produce food and other supplies in this country to give it to a country who will not produce due to the bungling of their own governments and the activity of their own people, and due to the fact that their own peasants will not sell, because they cannot get goods in exchange, will not approve the action you take today.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. WINSTEAD. I yield to the gentleman from Alabama.

Mr. JARMAN. Does the gentleman believe it is true that practically all of the shortage of fertilizer in this country results from the relief program?

Mr. WINSTEAD. No; I do not. But, I will say this that if all of us here would join hands with you and all the members of the Committee on Foreign Affairs and see to it that the ordnance division of the War Department started to produce at maximum production, or turn such plants over to private industry, it would be quite another story. They tell us that it costs \$10 more per ton to produce fertilizer to send to Germany and Japan; that that is too much money to spend. But we give away billions of dollars. Let us spend \$10 a ton and put those plants in operation and give the American farmer a little fertilizer. What is \$10 a ton for this small amount of fertilizer compared to the great amount we are spending in providing relief all over the world today?

Mr. JARMAN. Of course, I disagree with the gentleman's opinion that it is the business of the Committee on Foreign Affairs to put fertilizer plants in operation.

Mr. WINSTEAD. We are willing to help out. That is the responsibility of all.

Mr. JARMAN. Is the gentleman aware of the fact that in the State of

Illinois the demand for nitrogenous fertilizer increased last year 100 percent?

Mr. WINSTEAD. I will say this: Every extra ton they get in Illinois and Iowa increases the need to send the \$14,000,000 worth of additional fertilizer you would send to Europe to sections of our own country whose farmer supply is now going to Illinois and Iowa. It is time we take care of our own farmers who produce the food we need in America and for this entire world. That is my whole contention. The greatest development of citizenship on earth comes from the soil of the land, and there are a lot of people in this country that do not have anything to give away. You are today increasing inflation in our Nation. By your action you make it more necessary to increase wages and then prices—then wages then prices. We must preserve a strong United States. We are behind European efforts, but there is no one to whom we can turn. Rampant inflation would ruin us. I say take caution. Maintain the highest production of goods here for more and more production is the only answer to our problem. Take away fertilizer and you aggravate our situation.

Mr. BONNER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, all during the recess of Congress in that part of North Carolina in which I live and have the honor to represent, I advocated aid to the devastated countries of Europe. I believe all the people of America are heartily in accord with sending food to the destitute men, women, and little children in Europe, as has been demonstrated by the Friendship Train which went from coast to coast. As was stated in the papers, the Congress was called together for the express purpose of sending aid during this winter season to the starving people of Europe, yet here we find a type of bill that, in my opinion, does not reach down to the people the American citizens desire to help. This bill sends material and money to Europe to be used by somebody to sell to the people we have in mind.

I am glad that I have been present each day and listened to the debate on this bill. I now realize this is not a relief bill—that is, as it now stands. I have heard members of the committee stand up here and speak the doctrine that scarcity in this country will not increase inflation. That is beyond me to understand. A member of the committee that brought forth this bill stands on this floor and says that by creating scarcity you will not create a higher degree of inflation.

Then there are people on this committee that support the policy of taking away from the American people the things that are in scarce quantity, and which we must have to keep up production, and sending them somewhere else. Yes; the people of the great State I represent want to help other people; they want to give charity; but, Mr. Chairman, I do not think the press of this country has clearly told the people what this bill is.

Now, on the question of fertilizer, in connection with this amendment, the gentleman from Pennsylvania stated that fertilizer and certain materials such as nitrates are going to be sent in only a small percentage to the European countries. I should like to have him or someone else explain to me why in the State of North Carolina, in the years 1944 and 1945, 161,000 tons of solid nitrogenous materials were sold, and in 1947 only 101,524 tons were available for farmers to purchase. The picture there is not in accordance with what the gentleman states here. The farmers by their production played a valiant part in the war victory. They will play an equal part in rehabilitating Europe, if given a chance.

Mr. FULTON. Does the gentleman want an answer? If so, as a member of the committee, I will give him an answer.

Mr. BONNER. Yes; give me the answer why there is no opportunity to purchase when the credit is not in question.

Mr. FULTON. Because you and your State are not being allocated the right amount by this administration. The prewar production of short tons of contained nitrogen was 284,000 tons, and the present production is 689,500. So it is obvious you are not getting your share. That is a domestic problem.

Mr. BONNER. What am I to expect my State to receive of other materials in short quantity if this bill becomes law? Farming implements that are in such short supply?

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. With respect to the allocations, the truth is that there is no Government agency making any allocations in the United States. It is left to the people who manufacture the goods. The only allocation that is being made is for the people abroad.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the gentleman may be permitted to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mrs. DOUGLAS. We have no allocations of fertilizer. It would be interesting if the Department of Agriculture would bring to the House the amount of fertilizer being used for fish ponds and flower gardens at this time when hunger faces the entire world.

Mr. BONNER. I do not think that fish ponds and flower gardens use up any great amount of fertilizer. But since the gentlewoman has risen to question me may I—referring to the statement she made on the floor yesterday, "that the creation of shortages in this country would not bring about further

inflation," and also that you were willing to export goods and things that are in short supply in this country to other countries—say that I cannot follow her philosophy or doctrines. While I admit that they are in a destitute condition, yet I maintain we must keep ourselves strong. I think Europe will always be in a destitute condition. We are the ones who have preserved such a society and civilization that for the last 40 years, to my knowledge, they have been getting away from. We must stop the destruction and excessive use of our natural resources—we must preserve something for the generations yet to come.

Mrs. DOUGLAS. Will the gentleman permit me to answer?

Mr. BONNER. Yes.

Mrs. DOUGLAS. The gentleman misinterpreted my remarks.

Mr. BONNER. I was listening very closely to the gentlewoman, and I was shocked at her statement.

Mrs. DOUGLAS. If the gentleman will read my remarks in the *RECORD*, he will see that I said no such thing. What I said was that even if we had no interim program before us, we would still be faced with the rising cost of living. The impression has been given to many Members on the floor of the House that this interim program and, indeed, the whole foreign-aid program, is the entire cause of the rising cost of living. The increased purchasing power we here create is bound to reflect higher prices.

Mr. BONNER. I trust that the gentlewoman will not take up my entire time.

Mr. Chairman, I want to call to the attention of the committee two very large deals in nitrate fertilizers in North Carolina. In 1944 this specific dealer secured and sold 674 tons of solid nitrogen. In 1947 he received for sale only 303 tons.

Here is another dealer in North Carolina who happens to live in the district of the gentleman from North Carolina [Mr. COOLEY]. In 1944 he had 650 tons. In 1947 he had 237 tons.

Much as I want to do for these people who are suffering in Europe, I am willing to go without my share of the food and without my share of clothing, and so forth, and the people I represent in North Carolina are willing to make great sacrifices, too, but I certainly cannot come here and learn that the program I advocated is not contained in this bill and then return to report that we gave aid to cold, hungry, and destitute people—this bill does not give, it provides for sale. The goods have not been given to the people who are hungry and starving, but it has been given to somebody to sell to them. Mr. Chairman, I shall vote for the bill but I hope it will be so amended as to give relief as intended. Mr. Chairman, when the Committee rises, I shall ask permission in the House to extend my remarks in the Appendix of the *RECORD* and include therein a true report of the fertilizer situation in North Carolina.

The matter referred to follows:

SOME FACTS RELATIVE TO NORTH CAROLINA'S SOLID NITROGEN MATERIALS

SITUATION: AGRONOMIC AND ECONOMIC—I. NEED FOR SOLID NITROGEN—II. STATISTICAL DATA AND GRAPHS SHOWING THAT NORTH CAROLINA IS NOT RECEIVING HER PRO RATA SHARE OF SOLID NITROGEN

(Presented to the Subcommittee on Fertilizer Supplies, House Agricultural Committee, Tuesday, December 9, 1947, by R. W. Cummings, North Carolina State College; D. S. Coltrane, North Carolina Department of Agriculture; H. B. Caldwell, North Carolina State Grange; R. Flake Shaw, North Carolina Farm Bureau; W. I. Bissette, North Carolina Board of Agriculture)

Part I

SUBCOMMITTEE ON FERTILIZER SUPPLIES, COMMITTEE ON AGRICULTURE, House of Representatives,

United States Congress:

We should like to invite your attention to certain matters relative to the supplies of solid nitrogen materials which are of vital concern to the farmers of the North Carolina area:

1. Nitrogen is a primary limiting factor in the production of nonleguminous crops such as corn, small grains, cotton, and tobacco in North Carolina. The soils have developed under climatic conditions which have not permitted the accumulation of large reserves of soil organic matter. Crops grown on them are dependent to an unusual degree on the nitrogen supplied through direct use of chemical fertilizers.

2. The most efficient methods of fertilization of corn, small grains, and cotton on most of the soils in North Carolina involve the application of a portion of the nitrogen as a side dressing of a separate material after the crop is up.

3. It has been demonstrated clearly both by experiments and widespread practice that these crops in this area make exceptionally efficient use of the nitrogen supplied as a side dressing.

4. The average yield of corn in North Carolina has increased steadily from 22 bushels to 30 bushels per acre during the past 4 years while the acreage has decreased only 7 percent. This increase alone would require approximately 14,000 tons more nitrogen than was used for this purpose previously.

5. At least as great an increase in average yields can be expected during the next 4 years by further extension of knowledge recently developed relative to hybrid corns, improved cultural methods, and improved fertilization practices if the supplies of nitrogen can be obtained.

6. An announced reduction in tobacco acreage of 28 percent in 1948 will take approximately 230,000 acres out of this crop and force the farmers to look for new ways to recover \$100,000,000 to \$150,000,000 in farm income lost by this curtailment.

7. The increased production of feed crops will, over the next few years, probably be the most significant shift taking place in North Carolina agriculture. This is necessary not only to balance farm operations and improve income to farmers but is required for a sound program of soil conservation.

8. The production of more corn and small grains will inevitably call for more nitrogen supplies. Denying the area more adequate supplies of nitrogen is to deny it the opportunity to help itself adjust to a serious reduction in income and develop a program by which it can hold its place in the national economy.

9. While total nitrogen supplies for the Nation are increasing, the supplies of solid nitrogen materials for side-dressing purposes

in North Carolina have decreased sharply since 1944. This results partially from (a) a pattern of allocation during the war period which directed the major portion of imported nitrate of soda to Gulf ports and directed that the North Carolina area be supplied from domestic production, (b) a sharp curtailment in the production of domestic nitrate of soda since the close of the war, and (c) no adequate source to replace the solid nitrogen formerly supplied to the area by domestic nitrate of soda.

10. Solution nitrogen, which can be used for ammoniating superphosphate presents a relatively better supply picture. Consequently, farmers not able to obtain solid nitrogen materials must purchase mixed fertilizers such as 5-10, 5, 6-8-6, 7-7-7, 6-14-0, 8-12-0, and 10-10-0 in order to get any nitrogen for side dressing purposes. This not only costs from 2 to 3 times as much per unit of nitrogen as would be the case for separate nitrogen materials but results in a serious waste of phosphoric acid and potash through use where they are not needed.

Part II

Since the agronomic and economic need for solid nitrogen top dressing material has been established, we should now like to make some observations as to what the actual shortage amounts to, and to give you some figures that clearly show that North Carolina farmers are not receiving their proportionate share of the solid nitrogen that is produced and sold in the United States.

First, we should like to call to your attention the figures in table 1. The sale of mixed fertilizers has gone up from less than a million tons prewar to a million and a half tons last year, and yet, North Carolina farmers received in 1946-47, 101,524 tons of solid nitrogen materials compared with 105,662 tons in 1938-39 and 160,792 tons in 1944-45.

During the prewar period 11.6 percent of the total fertilizer tonnage was in the form of solid nitrogen. During the 4 war years, 12.7 percent of the total tonnage was from solid materials; however, during the past 2 years the average was only 7.9 percent of the total.

These facts are well illustrated by graph 1. North Carolina Is Not Receiving Her Pro Rata Share of Nitrogen Materials

While North Carolina in 1946-47 received 18,797 tons of nitrogen compared with 17,231 tons in 1938-39, an 8 percent increase, the Nation as a whole increased from 181,612 tons to 360,000 tons, a 90 percent increase.

The most significant and distressing figures from a North Carolina viewpoint are those that compare the 1946-47 tonnage with those of 1944-45. In 1944-45 North Carolina farmers received 27,904 tons of nitrogen and last year only 18,797, an actual decrease of 32 percent, whereas the national tonnage increased from 275,497 tons in 1944-45 to 350,000 tons last year, an increase of 27 percent.

The story then is a 27 percent increase for the Nation during the last 2 years and a 32 percent decrease for North Carolina farmers.

If North Carolina had received the same percentage increase as the Nation as a whole, it would have been 35,438 tons, twice as much as we actually received. Gentlemen, there is something wrong which should be righted.

We are not here to say what can be done, but we believe that a Government that can in peacetime direct soda ash to the glass industry or nitrogen to Europe can direct the program so as to give North Carolina farmers their pro rata share of the nitrogen supplies.

North Carolina agriculture is founded on a tobacco economy. The acreage of that crop must be reduced 28 percent. Consequently, our farmers must produce more food, feed, and fiber. This calls for nitrogen

in solid form. We cannot profitably use much, if any more, nitrogen solutions.

TABLE 1.—North Carolina tonnage of mixed fertilizers compared with tonnage of solid nitrogen materials, year by year, 1938-39 to 1946-47

Year	Mixed fertilizers	Solid nitrogen materials	Percent of nitrogen materials to mixed fertilizers
1938-39.....	922,389	105,662	10.0
1939-40.....	785,808	107,617	12.0
1940-41.....	824,024	120,154	12.5
1941-42.....	980,860	69,000	6.5
1942-43.....	1,064,689	120,326	10.0
1943-44.....	1,152,863	160,470	12.0
1944-45.....	1,163,563	160,792	12.0
1945-46.....	1,287,175	132,193	9.3
1946-47.....	1,537,401	101,524	7.3

The percentage of solid nitrogen materials compared with mixed fertilizers sold in North Carolina (1) prior to the war, (2) the war period, and (3) postwar:

Three years prior to the war: 11.6 percent of the total.

Four-year war period: 12.7 percent of the total.

Two years postwar: 7.9 percent of the total.

TABLE 2.—North Carolina nitrogen materials for direct use compared with that of the United States, 1938-39 and 1946-47

	North Carolina	United States
	Tons	Tons
1938-39.....	17,231	181,612
1942-43.....	19,320	203,154
1943-44.....	26,934	283,147
1944-45.....	27,904	275,497
1945-46.....	22,514	300,228
1946-47.....	18,797	350,000

This datum shows that North Carolina got only 8 percent more solid nitrogen in 1946-47 than in 1938-39 and 32 percent less than in 1944-45, whereas from a national level the 1946-47 distribution of such material was 90 percent larger than in 1938-39.

This datum further shows that the national supplies of solid nitrogen materials continue to increase. The 1946-47 supply was 27 percent more than in 1944-45, whereas North Carolina received in 1946-47 32 percent less solid nitrogen.

TABLE 3.—North Carolina's solid nitrogen material sales

Year	Tons
1938-39:	
Nitrate of soda.....	98,414
Sulphate of ammonia.....	3,948
Calnitro.....	3,300
Total.....	105,662
1939-40:	
Nitrate of soda.....	102,715
Sulphate of ammonia.....	4,290
Calnitro.....	612
Total.....	107,617
1940-41:	
Nitrate of soda.....	117,169
Sulphate of ammonia.....	2,981
Calnitro.....	4
Total.....	120,154
1941-42:	
Nitrate of soda.....	67,332
Sulphate of ammonia.....	1,968
Total.....	69,000

TABLE 3.—North Carolina's solid nitrogen material sales—Continued

Year	Tons
1942-43:	
Nitrate of soda.....	118,799
Sulphate of ammonia.....	1,527
Total.....	120,326
1943-44:	
Nitrate of soda.....	133,948
Calnitro.....	23,148
A. N. L. compound.....	2,069
Ammonium nitrate.....	585
Sulphate of ammonia.....	390
Cyanamid.....	330
Total.....	160,470
1944-45:	
Nitrate of soda.....	142,153
Calnitro.....	15,118
Cyanamid.....	2,592
Ammonium nitrate.....	609
A. N. L. compound.....	320
Total.....	160,792
1945-46:	
Nitrate of soda.....	101,884
Calnitro.....	17,663
Cyanamid.....	10,813
Ammonium nitrate.....	872
Sulphate of ammonia.....	820
A. N. L. compound.....	141
Total.....	132,193
1946-47:	
Nitrate of soda.....	60,228
Calnitro.....	21,194
Cyanamid.....	13,232
Ammonium nitrate.....	5,769
Ammonium sulphate.....	1,071
A. N. L. compound.....	30
Total.....	101,524

SOME TYPICAL DEALER RECEIPTS OF SOLID NITROGEN MATERIALS

W. I. BISSETTE, GRIFTON, N. C.

1944: Nitrate of soda, 674 tons.
1945: Nitrate of soda, 629 tons.
1946: Nitrate of soda, 509 tons.
1947: Nitrate of soda, 303 tons; ammonium nitrate, 20 tons; calnitro, 106 tons; total in terms of soda equivalent, 475 tons.

THE JOHNSON CO., RAEFORD, N. C.

1944: Nitrate of soda (equivalent), 650 tons.
1945: Nitrate of soda (equivalent), 570 tons.
1946: Nitrate of soda (equivalent), 356 tons.
1947: Nitrate of soda (equivalent), 237 tons.

THE DIXIE GUANO CO., LAURINBURG, N. C.

The amount of nitrogen top dressing material received in 1946 and 1947 was 44 percent of that received in 1938-39.

W. G. CLARK, TARBORO, N. C.

In 1946, Mr. Clark received 70 percent as much nitrogen material as in 1945. In 1947, he received 60 percent of that received in 1946, which means that in 1947 Mr. Clark received 42 percent as much nitrogen as in 1945.

THE JOHNSON COTTON CO., DUNN, N. C.

1940: Nitrate of soda (equivalent), 6,200 tons.
1941: Nitrate of soda (equivalent), 4,965 tons.
1942: Nitrate of soda (equivalent), 3,256 tons.
1943: Nitrate of soda (equivalent), 6,923 tons.

1944: Nitrate of soda (equivalent), 5,221 tons.
1945: Nitrate of soda (equivalent), 4,250 tons.
1946: Nitrate of soda (equivalent), 3,571 tons.
1947: Nitrate of soda (equivalent), 3,280 tons.

(Mr. BONNER asked and was given permission to revise and extend his remarks.)

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. FULTON. Mr. Chairman, the committee joins in that request.

Mr. HOFFMAN. Mr. Chairman, reserving the right to object, may I ask the gentleman from Pennsylvania [Mr. FULTON] about closing debate on this amendment?

Mr. FULTON. We would like to give you all the time you would like to speak.

Mr. HOFFMAN. I am not talking about myself. I always get all the time I want, but what about the other gentlemen?

Mr. FULTON. While I am at the majority table here, I will always try to go along with the wishes of my colleagues.

Mr. HOFFMAN. I know that the gentleman is very generous about these supplies and I thought you would be about the time.

Mr. FULTON. As long as I am here at the majority table, I shall endeavor to see that everyone who wants to speak gets the opportunity to speak.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, I presume it is long ago in my copybook days that I encountered that old statement, "Charity begins at home." I am wondering, as I have listened to the debate—and I have listened in all kindness—whether charity ends there also.

If one examines the amendments that were offered today and the pending amendment, the conclusion is inescapable, and it would go something like this: I am for foreign aid provided it requires no incentive goods. I am for foreign aid to check communism and to check hunger and desperation, provided it requires no goods that are in critical supply. I am for foreign aid if it requires no fertilizer. That is what the gentleman from Mississippi [Mr. ABERNETHY] says in his amendment.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I do not yield at the moment because I can anticipate what is in the gentleman's mind and I will prove to him that is what he says by his amendment.

Here is his amendment, and we should reexamine its text carefully:

Provided, however, That no fertilizer shall be produced or allocated hereunder, in or from the United States so long as the supply is inadequate to meet the needs of the agricultural producers of the United States as certified by the Secretary of Agriculture.

Mr. ABERNETHY. That has been corrected. I think the gentleman should understand that.

Mr. DIRKSEN. It is quite all right, because that would not change the tenor of the amendment very much.

Our good friend from Mississippi—and he is my friend and I have an affection for him—says that no fertilizer shall be procured or shall be allocated until the needs of the United States producers are adequately met, as certified by the Secretary of Agriculture.

What are the needs of American farm producers for fertilizer? The very people who are for the amendment testified this morning in this Chamber that we are probably 90 percent shy, or maybe it is more than that. I can get you any figure from any farm group in the country that we ought to be manufacturing millions and millions of pounds of all kinds of fertilizers to meet the need. How long would it take the Secretary of Agriculture to determine what are the adequate needs of American agriculture, and when they have been met? He could not do it in 2 years, because if he reconciled this with his conscience he would have to estimate the need of every farm producer in the United States and then make his certification. In all conscience he could not certify to that amendment and do a good job.

Until he so certifies, no fertilizer shall be shipped under this amendment. So what the gentleman from Mississippi has said by indirection here is that no fertilizer shall be shipped out of the United States. Now, do not fool yourselves about it.

Now, is that the way we are going to play? The fertilizer need, as set out here before the committee, is 660,500 tons. That is the program under this bill. How much from the United States? Approximately 34,000 tons. About 6 percent of that whole amount comes from domestic sources. The rest of it will come from elsewhere. In other words, we will put up about one-sixteenth, and other countries will put up all the rest.

Now, in all conscience, gentlemen, are we going to play that way? Are we going to say to those other sources now, through Mr. ABERNETHY's amendment, "It will be O. K. if you put up fifteen-sixteenths of the 660,000 tons, but we are not going to put up the remaining one-sixteenth."

Are we going to play that way?

Now, let us get a bit of orientation on this thing. If we are going to follow out the theme of these amendments that were offered yesterday and are being offered today—and I have listened patiently—then in polite language, you are going to eviscerate this bill. Make no mistake about it, that is exactly what is going to happen. In other words, what we are saying to the world is that we are willing to share so long as it requires no sacrifice on our part; we are willing to share so long as first we have met every domestic need; we will share coal with you if we have met our own every need first; we will be glad to send fertilizer after every need of every domestic producer has been met.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. RICH. Does the gentleman mean to imply that all the relief contained in this bill and all that we have already given is only a small portion of the relief that has been given to the world?

Mr. DIRKSEN. The gentleman did not hear me say anything like that.

Mr. RICH. The gentleman said there it represented only one-seventh.

Mr. DIRKSEN. I am sure the gentleman cannot misinterpret what I said. I do not yield further.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. DIRKSEN. I yield.

Mr. HOFFMAN. The gentleman has spoken of things we want to keep here. Unless we do keep them how are we going to make our own old domestic machine work?

Mr. DIRKSEN. We have got to make it work the best we can. We have the substance, the materials, the tools, the manpower, the ingenuity with which to make it work. If we can use some steel, for instance, for the plants they are trying to build under the commercial plant food program we can produce infinitely more fertilizer. We can produce infinitely more fertilizer; but over there under present conditions they simply cannot produce it. They are having difficulty to get vessels to go to north Africa to get the phosphate rock, although that is not involved here. Potash is not involved here. This involves nitrogen that is going to come from Chile and from this country and from Canada.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. ABERNETHY. I am sure the gentleman wants to be fair with what my intention was. I therefore say to the gentleman that in my earlier remarks I pointed out to the committee that the Government now had the authority to export fertilizer under the War Powers Act.

Mr. DIRKSEN. That is the big thing.

Mr. ABERNETHY. And that we were doing it, and that I did not propose by this amendment to stop it.

Mr. DIRKSEN. I must ask the gentleman not to take any more of my time; but let me point out that over one-half of the fertilizer under that Army program goes to Japan and another big portion of it goes to Korea. That was done by agreement, last year.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I am sorry, I cannot yield further.

I have given you the facts. No figures have been cited by anyone to rebut these facts. Let us not put relief on the ground of rationing scarcity. Are we willing to make a sacrifice? Is it going to be a gift without the spirit of the giver?

An amazing thing about this debate to me seems to be that we are generating and developing a peculiar psychosis about wanting to do a lot for these people who are living amidst ruins and in devastation, who are shouting for just a little help. Now, if we can send fertilizer that produces a ton or 2 tons of wheat over there, that is a ton or 2 tons of wheat that we do not have to send; and our wheat is in critical supply. How utterly inefficient such a course would be.

This is a good bill and efficient; and do not approve this amendment because you are taking the heart out of it and it violates the very purpose for which this bill has been set up.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I cannot yield further.

Mr. Chairman, I have been around the country somewhat in recent weeks. The people of the United States are ahead of Congress on this program. As the gentleman from Iowa [Mr. HOEVEN] said, the people poured tons and tons of food into the Friendship Train. Why? For the very good reason that they wanted to do something. They are far ahead of the petty argument that has been made upon this floor.

I feel so deeply and so earnestly about this thing right now; and so let the spirit of the giver go with the gift and let us say to ourselves that surely, although there is going to be scarcity here and we are going to have some things in critical supply, surely the scarcity will be such that there will be some griping, but, after all, if it is to be an aid program to deal with hunger and with cold, and to prevent serious economic retrogression, which would jeopardize any general economic recovery program based on self-help and cooperation, then let us be sure that we write a little spirit into it and be able to tell our people, Yes; we are catching the tenor of what is coming from the great heart of the country, and so we are willing to make some sacrifices to effectuate the durable objectives which cost so much in life and treasure.

I beg you as I have never besought this House before, I implore you as I have never entreated you before, let us not gut this bill, inelegant as the expression is, and let us not reduce the amount. As a distinguished Member of another body said when he used that expression about throwing a 15-foot rope to a man drowning 20 feet from shore, let us not by our actions cut another 5 feet off the rope to make sure that he drowns.

Peace is involved; freedom is involved here. Now do we by anything we write in this bill or anything we take out admit that we are taking steps short of peace? For God's sake, let us not do that.

One day recently I came across an old couplet which I had not seen in years. It may be found in the Vision of Sir Launfal. I am sure so many of you will remember it.

Not what we give but what we share—
For the gift without the giver is bare.

We are still at the grim business of winning the war. No war is won until a just peace has been secured.

Mr. WHITTEN. Mr. Chairman, I rise in support of the pending amendment, and I ask unanimous consent to speak for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentlemen from Mississippi?

There was no objection.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that when the gentleman has concluded his 10-minute address debate on the pending amendment and all amendments thereto then close.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. H. CARL ANDERSEN. Mr. Chairman, reserving the right to object, am I not going to have the privilege of speaking on behalf of the amendment offered by the gentleman from Mississippi?

The CHAIRMAN. In reply to the gentleman, the Chair may say that that matter is within the discretion of the Committee. A single objection will prevent a unanimous-consent request prevailing.

Is there objection to the request of the gentleman from Ohio?

Mr. H. CARL ANDERSEN. Mr. Chairman, I object.

Mr. WHITTEN. Mr. Chairman, we found out last year just how much interest the distinguished gentleman from Illinois [Mr. DIRKSEN] had in the American farmer, in American agriculture and in the maintenance of the fertility of our own soil. I recall his speech of last spring when the agricultural program was up before this House. He made the sincerest plea at that time to cut the heart out of the agricultural program of the United States, and he almost succeeded. I cannot say that I am surprised that today he makes his fight for incentive payments and fertilizer for foreign governments at our expense—though he served notice last year that he would oppose all AAA payments to American farmers for another year. I do not question his sincerity. I do question the wisdom of following his leadership now as I did when he wanted to "gut" the American farm program last year.

I am not opposed to aiding foreign countries. I do believe we should not destroy ourselves in doing so. We can produce much more food with a ton of fertilizer in this Nation than they can in Europe. Fertilizer will greatly increase production on thin land, but it will produce many more pounds of food on comparatively good land than on thin land.

The point I make is that we should know what we have to share. I know that the executive department acting under the War Powers Act meets our foreign commitments first. If there is any slow down in production it comes out of that supposed to be available for domestic consumption.

If some of it does not get produced until too late to make a crop that belongs to the American farmer. He is the one who must do without.

It was thought that 15 percent of our production of nitrogenous fertilizer would go to foreign countries—yet because of falling off in production we find they got 30 percent of what we actually produced, and the American farmer was left holding the bag—empty bag, if you please. Too, our Department of Commerce is taking out that for foreign shipment first. They, right now, are taking the entire output of several of the major producers, and these companies are writing their farm customers they cannot deliver. Of course, what is manufactured after the crop is made the American farmers can have that.

For one solid year those of us interested in agriculture have been trying to get this situation corrected. For one solid year we tried to get the War Department to increase its output. For one solid year we tried to get the Office of Defense Transportation to make more ammonia cars so that you could make more nitrate fertilizer. We have not succeeded. Those facts are well known to the friends of the farmers on the Committee on Foreign Affairs, and yet we find this committee coming in here on the consideration of this relief bill, and with 358 pages of testimony, not one word about how much fertilizer we are going to have in this country this year or next year; nor any intimation as to when we will have it; not one word about correcting this problem that faces all of us. You will find in all of these hearings—and this is something to be afraid of, gentlemen—witness after witness saying what these foreign countries want and what they ought to have, and if you can find anywhere where the committee went into our ability to let them have it or what we were already doing, I wish you would point it out.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Ohio.

Mr. VORYS. We had the Secretary of Commerce who testified as to availability, and we had the Krug report, both from the gentleman's cabinet, and if the gentleman has not read the pages of their testimony, he better do it before he makes such a wild statement.

Mr. WHITTEN. I have read the pages of this report and the report of the Secretary of Commerce on fertilizer, and it is so general as to be of no value at all, and if the gentleman from Ohio had any knowledge of the fertilizer situation, I do not believe he would have let him get by with it.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Minnesota.

Mr. JUDD. We also had separate studies put out by the Herter committee not on fertilizer alone, but also on coal and petroleum. And, our own staff of experts made a study of this situation as well.

Mr. WHITTEN. Did the gentleman know until yesterday that the Department of Commerce was taking the entire output of nitrate fertilizer from a number of the larger plants for the purpose of foreign commitments and that such companies were writing their American farm customers they could not meet their commitments to the American farmers because the Government was taking their entire output?

Mr. JUDD. Yes, and I will say that a great deal of discussion was had with reference to the War Department opening up our ordnance plants that are capable of manufacturing fertilizer and getting them into full production. But, we did not have authority to do that. We were discussing a relief bill, and the gentleman certainly would have objected if we had put into this bill a matter which rightly belongs in his or other committees.

Mr. WHITTEN. I refuse to yield further, Mr. Chairman.

I would like to say this, that the gentleman has just given the strongest argument for writing this amendment into this bill. Let us write this amendment into this bill. Let us leave it there as long as the present situation on fertilizer exists, and as long as this Government, though it may be headed by Democrats, takes the position that they can take the whole output to meet the foreign commitments and the American farmers can have what is left. Let us write this amendment into this bill, and then we can take it out of the bill when the situation is corrected and a percentage of each month's output is used instead of all during the critical months. We really need to have fertilizer in this country. The gentleman from Minnesota has made the strongest argument I know of in favor of this amendment. Certainly it is high time, if we are going to be called on to help the countries of the world, and I think we should help them, for us first to take an inventory of what we have, and from that we can determine what we can afford to do and what we are willing to do. I say again that in the hearings of this committee practically no attention was given to our ability to provide, because there was no effort really made to find out what we have and, what is more important, when we will have it, because fertilizer in July is no good to make a crop in March, April, and May.

Mr. FULTON. Does the gentleman know that the total amount was 942,912 tons?

[Mr. H. CARL ANDERSEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. McMILLAN of South Carolina. Mr. Chairman, the farmers of my district and the State of South Carolina have experienced great difficulty in raising crops during the past year on account of an extreme shortage of nitrogen and other types of fertilizer. I feel that since we have already committed ourselves in a previous act to send 30 percent of our nitrogen and fertilizer to Europe we should not further deplete our resources by including an additional fertilizer allotment in this interim-aid bill.

The farmers of this country are being called on to feed not only the 140,000,000 people of this country but the 400,000,000 people in the European countries. The farmers cannot raise sufficient food for our standing Army and Navy which contains 1,500,000 soldiers, sailors, and marines, and also feed all the world unless they are furnished with proper fertilizer and farm machinery. I, of course, want to do everything possible to assist the people of Europe in getting back on their feet so they can purchase our goods and show they can rebuild their own economy. However, if we break our own economy down by sending beyond our shores essential necessities for our people we will soon be in the same shape as the European countries find themselves today. I shall vote for this amendment and use all the influence I have to keep additional fertilizer from being sent abroad as long as our farmers

are in dire need of fertilizer. It is absolutely useless for our farmers to spend their own labor and employ additional labor at a great expense to cultivate their farms if they do not have sufficient fertilizer to make their crops grow. In the Southern States it is absolutely necessary that we have fertilizer as we cannot depend on our soil to grow crops without certain types of fertilizer.

I do hope the Foreign Affairs Committee will not vote down this amendment as we must begin to think of our own people at home and not become so world-minded that we will permit our own country to become bankrupt.

Mr. FLANNAGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. VORYS. Will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. WILLIAMS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. FLANNAGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have before us one of the most important pieces of legislation that has ever come before this body and, in my opinion, it is time to quit demagoging and do some straight thinking.

I want to say another thing. I think I am sufficiently well known among the farmers and farm leaders of America not to be forced to resort to cheap publicity in order to stand in their favor.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. I do not yield.

Mr. ABERNETHY. Is the gentleman directing his remarks to me?

Mr. FLANNAGAN. I am not yielding. The gentleman has had his say.

Mr. ABERNETHY. Well, maybe my publicity will not be as cheap as yours.

Mr. FLANNAGAN. Well, to say the least, I am talking sense and, moreover, I know that those who are supposed to represent the farmers of America here today have not spoken the sentiments of my farmers.

Now, let us look at this proposition. I do not believe I could vote for this measure if you placed it solely upon the ground of relief. If it were purely a relief bill I think I would be here advocating an amendment that would give relief to the millions who are dying in sections of India and China for lack of food where, I understand, the food situation is a great deal worse than in western Europe. Why, I do not believe that western Europe is going through the suffering that my people went through during the reconstruction days. I am voting for this measure as a defense measure. I want to preserve democracy, and that is what my farmers want to do. They are not so selfish as to withhold their support to a measure designed primarily to protect democracy here and to strengthen de-

mocracy in western Europe simply because their support calls for a little sacrifice. If we are going to protect our own democracy why should not my farmers contribute their part to the protection? If we have to make sacrifices in order to protect our democracy, why should not my farmers, along with other Americans, make sacrifices? The American farmers never have and never will ask to be relieved of the sacrifices incident to the protection of democracy.

I do not believe that those who are speaking for the farmers here today are helping the cause of agriculture. I believe you have rendered the farmers of America a disservice, because I believe that the farmers of America believe in democracy. I know they do. They want to protect democracy. I do not know of a better way to protect democracy here at home than to go to the rescue of the 16 western powers in Europe who are struggling to preserve their democracy; and, as the representative of a great farming district, I ask you to vote down this amendment.

The CHAIRMAN. The time of the gentleman from Virginia has expired; all time has expired.

The question is on the Andersen amendment to the Abernethy amendment.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 107, noes 145.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the Abernethy amendment.

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that the amendment may be again read by the Clerk.

The CHAIRMAN. Without objection, the Clerk will again read the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. ABERNETHY: Page 2, line 16, after the semicolon, insert the following: "Provided, however, That no fertilizer shall be procured or allocated hereunder in or from the United States so long as the supply is inadequate to meet the needs of the agricultural producers of the United States as certified by the Secretary of Agriculture."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. ABERNETHY) there were—ayes 107, noes 135.

Mr. ABERNETHY. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. HARNESS of Indiana. Mr. Chairman, I must oppose this measure authorizing emergency relief to European nations. I assure you I have been driven to this conclusion with the greatest reluctance, knowing as I do that acute suffering and privation do actually exist in many areas. I am not unmindful of the fact that the American people are always quick to share generously with any people in distress; and that all of us are eager now to help in every reasonable way to relieve suffering.

Nevertheless, I am forced to conclude that this measure is wrong in principle; that it cannot accomplish its ostensible aims; that it is saddled with the risk of mismanagement; that it is the prelude to further long-range costly and dangerous involvements; and finally, that it inevitably increases the dangers of inflation and regimentation here at home.

I frankly doubt that we have any constitutional authority to allocate gifts of public funds, raised by taxes upon the American people, to foreign governments. It is no answer to say that we have so appropriated taxpayers' money for such purposes repeatedly since the lend-lease program was launched before the war. The fact that the Constitution has been habitually violated or ignored in the name of emergency does not justify a continuation of the practice. Our basic law fortunately has provided effective safeguards to a healthy, productive economy under free government. We cannot destroy those safeguards without jeopardizing our entire heritage.

Most advocates of this measure admit that its aims are primarily political and only incidentally to feed hungry people. The plan is not to send relief directly to the people in need, but to those European governments which administration leaders say we must save from immediate collapse. This is in effect financial aid to these governments, since they will market our contributions and use the proceeds as they see fit.

But nowhere in this measure do we find effective limitations upon these governments for the use of our supplies or the proceeds they may realize. Moreover, this measure makes no effort to employ the wealth of beneficiary countries now available right here in the United States. We know these nations now hold some \$20,000,000,000 of securities and dollar deposits in this country. If we ever expect these countries to help themselves toward recovery I think we ought at least to inquire to what extent they are willing and able to use their own readily available resources to relieve their immediate physical needs.

But we do not attempt to apply realism and common sense here. In fact, it is taken for granted that this so-called aid is to be a weapon in ideological warfare. But American wealth and resources in the staggering total of more than \$66,000,000,000 have gone into aid to other nations since the inception of lend-lease in 1940, with the idea that we could buy victory, security, and peace. Mind you, that figure includes no part of our own actual costs of prosecuting the war, but merely our own net contributions to others. Since the end of hostilities alone more than \$20,000,000,000 worth of our wealth and resources have been poured out through loans and grants for relief and rehabilitation.

The record of the way in which these tremendous contributions have been dissipated, the chaos confronting us today, preclude any hope that this current gift or the long-range program to which it is the prelude, will achieve any better results.

And make no mistake about it, this is merely the entering wedge, the preliminary commitment which will make it difficult if not impossible to deny authority for the ambitious long-range Marshall plan, which would cost us at least another \$20,000,000,000 over the next few years.

Before we authorize the dissipation of another dollar's worth of American resources and energies we ought to face squarely up to hard, unpleasant facts of the international situation. Let us definitely determine if we are irrevocably involved in a cold war against a hostile ideology, as the advocates of these measures warn. Let us estimate our chances of winning such a war by means short of hostilities. Let us see what we can do about changing managements to insure against more of the same kind of blunders by which this and the preceding administrations brought us to our present sorry predicament. Let us be sure we have corrected the glaring weaknesses and inconsistencies which are still contributing to chaos and strengthening the very forces we are supposedly arrayed against.

And by all means let us not delude ourselves about the price we shall pay in this conflict. I know we are reminded that buying resistance to totalitarianism in Europe now is cheaper than fighting a war tomorrow. Granting for the moment that that may be true, let us make it as clear to the American people as we possibly can, how terrifically costly such insurance is going to be.

Inflation is already driving all prices and costs upward at an alarming rate because domestic production simply is not meeting pent-up purchasing power and demand. But shortages and high prices on the home front are due in large part to the fact that the administration has been exporting tremendous quantities of the very goods and commodities our own people need and want. We certainly cannot hope to avoid even more serious shortages and increasing inflation at home if we go on draining off a large portion of our production for world relief and recovery as this program proposes.

That inevitably leaves us only one alternative: To assume again the controls we tolerated during the war emergency. In other words, if we are to save Europe from totalitarianism by this method, we submit to totalitarianism, or what Mr. Truman just 2 months ago described as the "police state," ourselves.

It is ironical that European nations wallow in economic stagnation today, 2 years after the end of hostilities, largely because they are still struggling along under just such police state controls. It behooves us to ponder this question prayerfully: Can we honestly hope to lift this totalitarian yoke from the peoples of Europe by placing a similar yoke again upon our own necks?

There is, of course, always an effective alternative at hand. I feel sure the American people can and will meet the acute relief needs through voluntary organization and contribution. Many church and charitable organizations have already pointed the way to get our

bounty directly to the people where it will do the most good, both in meeting immediate need and in making friends for America. The Friendship Trains leave no doubt of our peoples' will to help. And equally important, aid thus offered voluntarily cannot possibly involve us further in ideological warfare.

Mr. RIVERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RIVERS: On page 3, line 2, after the word "commodities", insert the following: "Provided, however, That commodities furnished under the terms of this act shall be carried on United States flag vessels or on vessels documented under the laws of the recipient nations as of the date of the passage of this act unless the aforementioned vessels are not available or the rates therefor are unreasonable."

Mr. RIVERS. Mr. Chairman, I ask unanimous consent to be recognized for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at a point immediately preceding the address by the gentleman from Virginia [Mr. FLANNAGAN] on the preceding amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. McMILLAN of South Carolina. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. HARNES of Indiana. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield to the gentleman from Indiana.

Mr. HARNES of Indiana. Mr. Chairman, I ask unanimous consent to extend my remarks at a point in the RECORD preceding the reading of the amendment now under consideration.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. RIVERS. Mr. Chairman, this amendment does one thing. It makes it a requisite that the goods procured under the provisions of this bill be carried in American vessels or the vessels of the recipient nations unless those vessels are not available or the prices therefor unreasonable. Believe me when I tell you that we have had an alarming amount of tonnage being laid up in the very recent months. Very recently over 200 American-flag ships have been sent to the bone yard. Those of you who profess the cause of labor—and certainly I do—know that many, many thousands of seamen and officers of all classes and of all categories have been put on relief. The members of the Maritime Commission, or certain representatives of their organization, tell me that the picture is anything but

bright because of the nations who have gotten ships since VE-day and VJ-day and putting them under flags of other registries operating out of New York, sending our seamen on relief rolls, consequently hurting our shippers, operators, seamen, and the American taxpayers. Whereas on VE-day we carried about 100 percent of our own goods, we are down now to 50 percent, competing with the ships we built, Victorys and Libertys given to these countries, and running our boys out of business. We are now headed for a prewar condition of carrying only 30 percent of our commodities in American-flag ships.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield.

Mr. RICHARDS. The gentleman's amendment does not make it compulsory that American ships be used, does it?

Mr. RIVERS. Of course it does not.

Mr. RICHARDS. It allows ships of recipient countries to be used.

Mr. RIVERS. That is right, sir.

Mr. RICHARDS. It suggests American ships but allows others outside of the United States to be used if, in the opinion of the authorities, that becomes necessary.

Mr. RIVERS. That is right.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I am very sympathetic to the gentleman's amendment. Let me ask this practical question: Here we are proposing to put in the hands of other countries American dollars that they may use as tokens to buy our goods with, because they are short on dollars. The amendment, as sympathetic as I am with it, would say to the administrators of this act, "Do not use the other fellow's ships and pay him dollars for the use of them, but use our own ships, at our own expense, to transfer the equivalent of dollars to the other fellow." Now, if we could get dollars in his hands by hiring his ships that partially accomplishes the objective of this bill, as much as the gentleman and I might be opposed to the laying of our ships aside and keeping away from work the American citizens. Now, there is the practical thing we are up against, and all through this bill we have got the most contrarywise economic forces that this House has considered since I have been a Member of it.

Mr. RIVERS. To answer my friend from Michigan, may I say that he is exactly 100 percent wrong, and I will tell him why. My amendment says "recipient nations." We are giving to only three nations. You cannot give 5 cents worth of this material to anybody but Austria, France, and Italy. I have never heard of an Austrian merchant marine, although they may have one. But I know that we have given France ships and we have given Italy ships. We have given them the coal to operate them and we have given them the oil to operate them. In spite of all that, I say, let them come and get the materials if they want to, and I do not preclude them from taking a percentage of the shipments, but let us once in a while cast a favorable glance at the American merchant marine. The

American flag fluttered and fell at Pearl Harbor. Do not let the American flag flutter and fall on our American merchant marine, because these ships are definitely going to the boneyard.

You are paying for this. All I ask is that you send this material in American ships wherever possible. What is wrong with that? I do not know how anybody could try harder than I to get this before the Committee on Foreign Affairs. I asked them to accept it. You can write it or anybody can write it, but I think it is a good proposition. We will not have a merchant marine because there is no other business of that kind in the world. The only merchant marine business in the world is what you paid for, the American taxpayers. That is all that is left. We pay for all the traffic on the oceans today. Is it wrong to carry a little of this material in our own ships?

Mr. CRAWFORD. If I understood the gentleman to our left correctly, he inquired as to whether or not the gentleman's amendment proposed that American ships first be used. I may be mistaken, but I understood the gentleman to reply that that is what he was proposing, that American ships first be used and, in the discretion of the administrators, that the ships of the recipient countries be used second.

Mr. RIVERS. No. The reason I put the American-flag ship first was because I thought of the American-flag ship before I thought of the foreign ship. If the gentleman wants to change it around, that suits me.

Mr. CRAWFORD. No, I was simply illustrating the point on which I was talking.

Mr. RIVERS. You have to put one or the other in that order. If you want to put it one-two or two-one, that is all right with me. I just happened to think of the American-flag ship first.

You say it is too expensive. Do you know that a certain nation, the recipient of ships under our Santa Claus agreements—we have so many of them I cannot keep track of them, but under the various Santa Claus agreements to which we have subscribed, one of the nations took our ships. We gave them some Victories and some Libertys. You, who built the ships, know that we had two categories of ships in this war. One was the Liberty. That was the first category. The Liberty made about 9 knots and the Victory made about 12 or 13 knots. One country, characteristically looking the gift-horse in the mouth, said, "We do not want the Libertys, we want the Victories." They got them, and then what did they do? They went down to another country and registered the ships under that foreign flag and brought them up here to New York competing with our boys and ran them out of business. I just do not care about that kind of business.

I spent 7 years on the Committee on Naval Affairs and I believe I know a ship from a truck. I honestly and conscientiously do. I tell you we are pursuing a stupid, crazy policy.

To show you this is not a pipe dream—you know I would not have that, anyhow; you know that—back in 1934 an

identical amendment was passed by the Congress, when the Reconstruction Finance Corporation was sending stuff across. That was passed and approved March 5, 1934. It appears on page 502 of the United States Statutes of the Seventy-third Congress. A majority of the language in my amendment is taken bodily from that, so there is certainly ample precedent.

You who represent the great ports of this Nation, go out and look at the ships that were there when VE- and VJ-days came and went. I tried to sell this proposition to the Committee on Foreign Affairs but because of my inability, or for whatever reason, I could not do it. I leave it to you. Surely I want to go along with the Committee on Foreign Affairs. I am glad to see my friend from South Carolina as one of the ranking members of the committee. He sees the reasonableness of this amendment. I leave it to you. It was your money that paid for these ships. They are yours. If we do not have any merchant marine it will be a sad day in this country.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. MUNDT. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 15 minutes, not including the time of the gentleman who now has the floor.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

Mr. BOGGS of Louisiana. I object, Mr. Chairman.

Mr. CRAWFORD. Mr. Chairman, I have taken this time to try to analyze this picture a little bit and not so much to oppose the amendment. Here we are proposing to ship goods of the United States to other countries in response to the call of the dollar credit that we first extend to those people as these dollars are placed back in this, our market. In other words, we are trying to give them dollars with which to buy our goods. Then the proposal is that we ship those goods in ships belonging to the United States only, or to the recipient countries, if I understand the amendment correctly. I should like to ask my friend, the gentleman from South Carolina [Mr. RIVERS] if a recipient country uses its ship with which to haul goods from American shores, will that country not pay its seamen in its local currency?

Mr. RIVERS. If I understand the world situation properly, the currency of no nation other than ours is worth the paper it is written on.

Mr. CRAWFORD. That is not the question I am asking. I will come to that.

Mr. RIVERS. So far as that is concerned, I agree with the gentleman.

Mr. CRAWFORD. Will not the Italian or French ship operators pay their seamen in Italian lira or French francs?

Mr. RIVERS. I assume they will, but if they could get American dollars, they would use those first.

Mr. CRAWFORD. However, shipping in foreign bottoms to me would be a much sounder proposal than to support this whole proposition of sending these incentive goods about which we talked yesterday, because the shipping operations are creating a market place to spend local currencies and thereby get rid of the pressure of local currency. Now, that is one approach to this problem from the standpoint of giving employment to people of other countries who can be paid in terms of their own local currency. But suppose these goods are shipped in American registered ships? What currency do we use to pay the seamen? Why, we pay them in American dollars, and then the American seamen come back into this market and bid in this market for goods and thus push prices upward. It is a terrible thing for us to have to admit, but that is about the way this situation would work out. Suppose we do not ship the goods in American ships. So long as we are furnishing the world with goods, what do you suppose will happen to the American merchant marine? Why, it will be sent to the boneyard, as our friend from South Carolina has pointed out. That is exactly what would happen. Just a few days ago I was in southern waters in the vicinity of Beaumont, Tex., and I saw where we are stacking them up there by the dozens, substantially new oil tankers, if you please, dozens of them being sent to the boneyard. Have you heard of any scarcity of fuel oil and gasoline and petroleum products as a result of the shortage of steel with which to build tankers? You certainly have if you have been listening to the radio and reading the newspapers in the last few days. So why not use some of those tankers that are rusting away in southern waters so that they can move fuel oil and gasoline to New England and the Atlantic and Pacific coast cities? But the point is this—you come back to this inevitable result to give away what we have to other countries. Our idea is to give them dollars with which to come and buy our goods and services. The philosophy of this country at the present time is to pour our substance into the hands of other countries, regardless of what it does to the American merchant marine or some of our other operations. It is one of those contrary economic forces I was talking about a while ago when the gentleman kindly yielded to me. That is what we are up against on this. Now, do we want to go all out and give everything we have to other countries or do we want to hold back a little now and then? I think the general move is in the direction of giving all we have to other countries.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. CRAWFORD] has expired.

Mr. BOGGS of Louisiana. Mr. Chairman, I rise in support of the amendment.

Mr. MUNDT. Will the gentleman yield?

Mr. BOGGS of Louisiana. I yield.

Mr. MUNDT. I wonder if we cannot come to some agreement as to time for debate on this amendment. I see four

gentlemen standing. I ask unanimous consent that all debate on this amendment and all amendments thereto close in 16 minutes.

Mr. HOFFMAN. Reserving the right to object, on the next amendment may I have my daily allowance of 5 minutes?

Mr. MUNDT. Yes. We will take care of you on the next amendment.

Mr. KEE. Mr. Chairman, reserving the right to object, I may want some time or I may not. Will the gentleman add about 3 minutes to that for me?

Mr. MUNDT. I will amend the request, Mr. Chairman, to make it 19 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Chairman, unless members of the Foreign Affairs Committee can point out some valid reasons for opposing the amendment offered by the distinguished gentleman from South Carolina [Mr. RIVERS], I shall most certainly support it. It is a logical amendment. It is an amendment drafted for the best interests of our country.

The facts as brought out by the gentleman from South Carolina [Mr. RIVERS] point out the neglect which is overtaking our merchant marine. I believe it is well known to practically all Members of this Congress. We just have to think back a few years to the aftermath of the First World War. After we had made a stupendous effort to build a magnificent American merchant marine we then saw it fall into decay and the American flag leave the seven seas. We see what is happening now, and it makes us realize the importance of recognizing the American merchant marine.

The American merchant marine is the lifeblood of the Army, the Navy, and the Air Forces in time of war. If we are going to pursue the course which we pursued after the First World War, we may again be called upon to make a superhuman effort to restore our American merchant marine. This amendment is reasonable. It is not exclusive. It does not say that these goods must be carried in American bottoms, but it does give some preference to American bottoms. I can imagine nothing of more importance at this time than the preservation of the ships of this Nation and the maintenance of the men who man those ships.

The gentleman from South Carolina [Mr. RIVERS] has correctly stated the fact that we have withdrawn from the manpower of the merchant marine thousands and thousands of men and officers. That has come about for numerous reasons. First, we have transferred millions of tons of shipping; secondly, we have transferred from American registry to Central American registry thousands of American ships. If we do not correct this tendency, if we do not face the facts of our merchant marine, the time may come again when we will have to spend billions of dollars out of the American Treasury to try to recoup.

I certainly hope that the members of the committee will support this very constructive amendment.

I yield back the remainder of my time, Mr. Chairman.

The CHAIRMAN. The gentleman from Maryland [Mr. SASSCER] is recognized for 3½ minutes.

Mr. SASSCER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, our merchant marine through the history of our country has been one of its most important factors of defense. Not only in America but throughout the history of the world the strength of nations has been measured by their merchant marine, and their strength upon the seas. In time of war the merchant marine in America has been treated as a strong, favored child with the food and supply lines of our troops dependent upon it. In time of peace it has been treated as a step-child. After the First World War it was allowed to disintegrate.

As I understand, the background of this amendment was the announced intention of taking some 800 or 900 American ships and turning them over to foreign countries to haul these supplies that are to be sent across the seas. It has been stated that this will not affect ships now afloat because the ones to be turned over will be taken out of the graveyard. When they are taken out of the graveyard with the merchant marine now in difficulty it will mean that an equal number of ships will go into the graveyard with the incident loss of commerce, loss of employment, loss to the American economy, and loss to one of the vital defenses of America.

The purpose of this legislation according to the debate is severalfold; primarily to stabilize the world and keep peace. A strong America is one of the greatest stabilizing influences for peace in the world. If our merchant marine is allowed to disintegrate America becomes weak.

In the discussion the other day much was said about the administration of this relief. We cannot go into these particular countries and actually administer it, but it is vitally important for us to see what is going on. If we cut the cord here in America and lose contact with the goods as soon as it leaves our shore there is less opportunity for our people abroad who are charged with the obligation to see that it is used for the purposes for which it is sent and to observe the distribution and see that it is properly applied. I hope the amendment is adopted.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

The gentleman from Maryland [Mr. MEADE] is recognized for 3 minutes.

Mr. MEADE of Maryland. Mr. Chairman, I rise in support of the amendment that the supplies made available for foreign relief under the bill now under consideration shall be carried abroad in ships flying the American flag, manned by American merchant seamen and sailing under the United States Maritime Commission's rules and regulations. I do not take this position because I come from Baltimore city, the Nation's leading foreign trade port in volume of cargo handled, ranking even ahead of New York, but because I want to make sure that the money spent for foreign relief

is not wasted. I want these supplies shipped on our own ships. I want it delivered into the hands of those delegated to handle these supplies and I want to be sure that it is not left to rot on the docks of any foreign country as was done with supplies shipped to Greece during the past summer. I want to be sure it is not sold into the black market before it reaches the people for whom it is sent.

Why talk about getting these supplies to Europe as quickly as possible? Can we do better than the United States lines and the American export lines are doing in delivering the food from the Friendship Trains to France in 10 days and to Italy in about 14 days? Of course not and, I am sure there will be plenty of American merchant ships available long before any of the supplies covered by this bill are ready for shipment. I intend to support the amendment and I can see no valid reason why any American should object to sending American supplies overseas in American ships.

(Mr. MEADE of Maryland asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE] for 3 minutes.

Mr. KEE. Mr. Chairman, I have always had the greatest respect and regard for my distinguished friend and colleague from North Carolina who has proposed this amendment. While the amendment proposed by him is more or less innocuous, because of that very fact, it will not accomplish the purpose for which it is intended and will merely encumber the bill.

This question of carrying the goods provided for in this bill in American bottoms was presented in the other body where a similar measure was adopted the other day. The matter was brought up by Senator MAGNUSON and it was discussed by Senator MAGNUSON and Senator VANDENBERG. I would like to read what Senator VANDENBERG said in reply to an objection raised by Senator MAGNUSON to the fact that the bill contained no clause compelling these goods to be carried in American bottoms. Mr. VANDENBERG said:

I have no objection to stating categorically my hope and expectation that American bottoms will be used in the transportation of relief commodities to the maximum practicable degree. I do not think it is possible to start writing specific percentages into the bill or specific exceptions in connection with the requirements, because we might defeat our own purposes. In the final analysis our purpose is not to protect the American merchant marine or to protect American petroleum. Our purpose is to help free citizens to remain free during a winter when their starvation might drive them into virtual slavery.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Connecticut.

Mr. LODGE. May I say to the gentleman that in my opinion the reason the transportation clause was put in this bill was to make sure that the appropriation covered transportation. I know that in connection with the long-range plan the whole question of shipping and freight forwarding will be fully explored. There is no one who is more anxious to have a

vital, vigorous merchant marine than I am. As an ex-naval officer I am also alert to the importance of American merchant shipping as a link in our national defense. But I do not believe this is the place to do it. The gentleman from Virginia, Congressman BLAND, in a letter to Senator VANDENBERG said:

I agree with you that it is not practicable to put this private-enterprise position in the bill.

The place to go into that is on the long-range plan. With respect to this aid we should obtain our ships wherever we can do so most expediently, most efficiently, and at the least cost to the American taxpayer. I therefore request that the amendment be voted down.

Mr. KEE. I thank the gentleman for his contribution.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

The Chair recognizes the gentleman from South Carolina [Mr. BRYSON].

Mr. BRYSON. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, in rising to support the amendment offered by the distinguished gentleman from South Carolina, my colleague, Congressman RIVERS, I see no reason whatever for any objections to the amendment.

It seems to me since we are providing the assistance set out in this foreign-aid program we should surely reserve the right to make deliveries thereof in our own ships. We have, as you know, countless numbers of fine ships adaptable to the use of the merchant marine. We have many skilled sailors ready and willing to fly our country's flag, and thus to carry the food, clothing, and other assistance to the several ports of consignment. By providing for the delivery of these goods in our ships, under our flag, and by our citizens, we will have personal knowledge of where the goods go, who receives them, and under what conditions. I concur in the provisions of the amendment and urge its adoption.

The general purposes of this stopgap aid bill are twofold. We, of course, desire to alleviate suffering and to stop the pangs of hunger, but at the same time we are not unmindful of the fact that the matter of national security and self preservation is of first importance. I believe that we can justify granting aid in reasonable amounts for humanitarian purposes, but the greatest cause for action in my judgment is for national security. There can be no question but that communism is seeking to engulf the entire world.

The other night while rereading Chief Justice Marshall's Life of George Washington, I came upon these words of admonition:

Let me conjure you, in the name of our common country, as you value your own honor, as you respect the rights of humanity, and as you regard the military and national character of America, to express your utmost horror and detestation of the man who wishes, under any specious pretences, to overturn the liberties of our country, and who wickedly attempts to open the floodgates of civil discord, and deluge our rising empire in blood.

Already there is indisputable evidence that Communists are actually engaged in our own country in a persistent effort to overthrow our friendly democratic Government even by force and violence if necessary. The greatest threat to world peace and security today is communism.

Congress by passing this foreign-aid bill by an overwhelming majority without regard for political alignments is showing to the world that we are determined to prevent the further spread of communism and to stamp out these subversive forces in our country. We cannot afford to sit supinely by and allow the last remaining friendly nations, who stand in the breach, to be exterminated by the spread of communism. Time is of the essence. It is already later than we think.

Right-thinking people all over our country are commending the courageous acts upon the part of the Un-American Activities Committee in its recent exposure of communistic propaganda which has been disseminated through the motion-picture industry.

Although the membership of the Communist Party in the United States is relatively small, it is estimated that for every party member there are 10 sympathizers or fellow travelers. The question comes to mind: Do these sympathizers actually know what the aims of the Communist Party are? Or have they been deceived by the calculated misrepresentations of the party? The publicly avowed goal of the Communist Party is a society in which everyone would contribute to the common good according to his abilities and receive according to his needs. That general principle has a certain superficial glamor and may be responsible for bringing certain unsuspecting persons into the clutches of the insidious workers of the Communist Party. Let us make it clear to everyone in this country of ours that the Communists regard revolution and, following that, a dictatorship as the necessary means of transition to that promised society. The Bolshevik revolution took place in 1917. Now, 30 years later, the dictatorship which followed is still very much in existence. Nor is there any indication that the Union of Soviet Socialist Republics is to be freed from the yoke of totalitarianism at any time in the foreseeable future.

It is imperative that everyone should be aware of the ways in which communism operates in this country. The methods of Communist infiltration have been described at length on the floor of both Houses of the Congress. I shall not attempt to restate what has already been so ably expounded by my colleagues. It seems desirable, therefore, that there should be established in the law a clearer definition of communism as a protection for all of us.

Making the practice of communism a treasonable act in the United States seems to me to be a logical part of our system of national defense. Certainly every government has the right to protect itself against a threat to its very existence. We, as the duly elected representatives of the people, owe it to

them and to ourselves to do all that is in our power to make sure that our democracy does not perish. And there can be no doubt that the Communists do constitute a threat to our Government. To be sure, the Communist Party as it is constituted in the United States today camouflages its commitment to support and advance the interests of the Soviet Union under cover of legitimate domestic issues. For this reason it is all the more dangerous. We cannot combat this very real threat to our Nation by saying, "Naughty, naughty!" It is now time to bring out the rod and apply it where it will do the most good. We came perilously near to losing the recent war because we did "too little, too late." We must not allow ourselves to be guilty of that same laxity now that we are trying to win the peace.

It has been pointed out that the definition of treason in the United States Constitution is an extremely narrow one, based on our eighteenth century experience with attempts by the British Crown to suppress all criticism or dissent. It goes to great lengths to protect the individual while risking the security of the state. We may eventually find it necessary to amend this part of the Constitution. But narrow though the definition may be, it is still wide enough to include those who advocate the overthrow of the Government of the United States. Let me read you the language of article III, section 3 of the Constitution:

Treason against the United States, shall consist only in levying war against them, or in adhering to their enemies, giving them aid and comfort.

"Adhering to their enemies, giving them aid and comfort." Does this not describe exactly what our Communist friends are doing? Certainly by no stretch of the imagination can we convince ourselves that overthrowing our form of government, by force or violence if necessary, is a friendly act. Is not a person who advocates overthrow of our Government by that very fact an enemy of the United States?

There have been very few cases of treason in the United States. Let us look at some of the cases in which convictions for treason were obtained during the war years. There was Max Stephan, a Detroit restaurant operator, who gave food, money, shelter, and entertainment to a Nazi aviator who had escaped from a Canadian internment camp. Stephan was convicted of treason and hanged. That conviction and sentence were eminently just. But was what Max Stephan did any worse, or even as bad, as the things which are being done in this country today by men and women who adhere to the tenets of the Communist Party? Was the shelter and concealment of a single escaped prisoner of war worse than plotting to overthrow our Federal Government?

Let us take another case—this time those persons who aided the Nazi saboteurs who landed from submarines on the coasts of Florida and Long Island in June 1942. Walter Froehling and Otto Wergin were sentenced to death and their wives to 25 years' imprison-

ment. Again justice was done. But again let me ask—was their crime any worse than the crimes which the Communists are committing today—and every day—in our labor unions, and even in our Government?

It is heartening to note that several agencies of the Government are screening and constantly discharging and rejecting many civilian employees by reason of the fact that they are considered bad security risks. There is no place in our country for a divided loyalty. One cannot serve both God and mammon.

In May of 1945 orders were given to occupation troops in Germany to arrest seven United States citizens under indictment for treason. These seven persons had all served the Nazis by making propaganda broadcasts beamed to North America. We all agree that what they did was abhorrent and disgusting. But again I ask were the lies they told any worse than the lies which are being served up to well-meaning but misguided American citizens today? After all, very few people knew about or paid any attention to these broadcasts. But how about the worker in the factory who is urged to join a strike? What of the Communist-inspired organizer or agitator who feeds the worker with tales of exploitation by management, of social injustice, while his true aim is to create unrest and industrial turmoil so that the Communists may take over? Which is the greater crime? It is my sincere belief that the crimes being committed in this country today by Communists are worse than any of the crimes for which convictions for treason were obtained during the war.

In summing up my remarks let me again call to your attention the need for a clearer definition of communism. Let us make it plain to every person in this country what we mean by communism. This will serve two very useful purposes. First, it will furnish a guide by which people can judge whether or not an organization or policy is inimical to the American way of life. Secondly, it will provide a safeguard for those persons who, for one reason or another, may be falsely charged with being Communists or Communist sympathizers. And in making the practice of communism in the United States a treasonable act, we are, in a sense, merely reaffirming our faith in democracy as a way of life by demonstrating that we care enough about it to take positive action to defend it from its enemies. We have engaged in two great World Wars, which have cost millions of lives and billions of dollars, in order to preserve our democracy. We must not allow a few unscrupulous persons to render these sacrifices vain.

Let us, therefore, give ear to and heed the admonitions of our first President quoted herein above.

(Mr. BRYSON asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. GARMATZ].

Mr. GARMATZ. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, an efficient merchant marine requires efficient, specially trained personnel. Between 1939 and 1946 over 5,600 vessels were constructed under the merchant-marine program. At the end of the war we possessed about 56,000,000 dead-weight tons of ocean-going ships, approximately 60 percent of the total world tonnage. In order to man these ships, many men who had retired from the sea returned to sea again, and training schools were established at Government expense to train men to man these ships.

At present we are operating about 28 percent of the world tonnage, with the result that thousands of trained seamen and shipyard workers are forced to seek other employment.

It is now proposed to further deplete the ranks of these trained men by turning our ships over to foreign governments for operation by foreign crews, who will be paid with money we are lending their governments. Every Liberty ship we lend, lease, or give to a foreign government means another American ship will be laid up, throwing 40 more seamen out of employment, 8 of whom are officers who require Government licenses obtained only after 3 years of service at sea for the lowest grade up to 7 years or more service at sea during peacetime. The wages paid American seamen are spent in this country.

The proposal to give our ships to other nations and let them haul the cargo, thereby effecting a saving, may have its appeal, but this is due entirely to a misconception. The saving—less than 2 percent of the total relief—must be compared to the long-range damage to our merchant marine, to our economy, to our national defense, and our position in world affairs, if we are weak upon the seas. These facts must be weighed against the very small saving.

Before the war 75 percent of the shipping facilities of the world were located in the 16 countries to whom we propose to give relief under our long-range foreign-aid program. The recovery of their shipbuilding is vitally necessary to their economy. They do not have any need now for ships of 5,000 gross tons or over. This would be the Liberty-ship type. Their present fleets of such vessels is over a million tons more than their 1938 capacity. Their need is for smaller and light-draft vessels, suitable for their small harbors and coastal trade.

In World War I we spent \$3,000,000,000 building up our merchant marine, which by 1939 had diminished to about 22 percent of the world tonnage.

In World War II we spent \$14,000,000,000 building up our merchant marine.

There is no doubt but that during the next few years these countries will be building ships with American steel, to their full capacity, and if we also transfer to them any considerable number of our ships, they will then be in command of the seas and we will be in the unenviable position of being unable to compete in world trade and weak in our second line of defense—the American merchant marine.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent to proceed for 1

minute to explain my amendment more fully at this time.

Mr. MUNDT. Mr. Chairman, a point of order. The gentleman has explained his amendment once, and, under the rules of the House, he cannot do so again.

Mr. RIVERS. You can do anything here by unanimous consent.

The CHAIRMAN. The gentleman's point of order is well taken.

The question is on the amendment offered by the gentleman from South Carolina [Mr. RIVERS].

The question was taken; and on a division (demanded by Mr. RIVERS) there were—ayes 50, noes 61.

So the amendment was rejected.

The Clerk read as follows:

SEC. 4. No more than 25 percent of the amount herein authorized shall be used for the procurement of commodities outside the United States and its Territories and possessions unless such commodities can be bought and delivered abroad at delivered costs less than comparable delivered costs of the same exports from the United States and its Territories and possessions. The procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: Page 3, line 9, after "Sec. 4.", strike out all on lines 9 through 21 and insert the following:

"The President shall promulgate regulations controlling the purchase or procurement of supplies under this act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchase or procurement upon the domestic price level: *Provided*—

"(1) that procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

"(2) that not more than 25 percent of the funds made available under the authority of this act may be used to procure commodities abroad at delivered cost not more than 10 percent higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States;

"(3) that the President shall, in making a finding of short supply in the United States, consider (a) the drain upon natural resources or (b) the effect of the necessary procurement upon domestic prices;

"(4) that the procurement of petroleum shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply."

Mr. VORYS. Mr. Chairman, this is a rather long amendment; it is an attempt on the part of the committee to reduce the impact on our economy, especially the impact of the foreign-aid program on our economy, especially with respect to offshore purchases. I read you the first paragraph yesterday, and I want to read that paragraph again in full be-

cause it applies to the whole program, both United States purchases and off-shore purchases, that is, purchases outside of the United States.

The first paragraph is as follows:

The President shall promulgate regulations controlling the purchase or procurement of supplies under this act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchases or procurement upon the domestic price level: *Provided,*

Then come the provisos:

(1) that procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

In that way we reduce the impact in this country upon scarce supplies.

(2) that not more than 25 percent of the funds made available under the authority of this act may be used to procure commodities abroad at delivered cost not more than 10 percent higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States;

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Indiana.

Mr. HALLECK. Here is a thought that occurs to me: We all recognize that the purchases for export out of short supplies in this country tend to drive prices upward, with that adverse effect upon our economy. If any commodity to be a part of this program is to be in short supply in this country, obviously all of the supply that is presently here or to be here would find domestic purchasers. Why under that circumstance should there be any 25-percent limitation at all? Why not get those commodities that are in short supply from other countries where they may be available, thus avoiding the additional pressure on prices in this country and at the same time assuring to the domestic producer the full market for all that he has to sell, because the proviso would apply only where the commodity is in short supply.

Mr. VORYS. The gentleman raises a question, and just the opposite of his view has been presented to the committee. There are two views. Why not buy everything outside of the United States and thus avoid any impact on our economy? The other view, held with great sincerity and fervor by Members of the House, is, why not buy everything here, because then we would not be spending any of our money outside the United States.

We found, however, that the 25 percent which we mentioned will take care of any possible purchases outside the United States, and by putting a 10-percent over-all limit on those purchases, that not more than 10 percent over the United States price can be paid, we keep control there. In this way we are able to make all of the purchases that we can make outside of the United States, but at the same time we reduce the impact on our economy to the greatest extent.

This is a compromise amendment, representing the resolving of divergent views, but it will, we believe, do two things: Reduce the drain on the nat-

ural resources of the United States and reduce the impact of procurement upon the domestic price level, because 100 percent of the amount can be spent outside the United States.

Mr. HALLECK. I do not so read the amendment. I think the 25-percent limitation still applies. No matter what the finding of short supply should be, and no matter what we might be able to procure for this program in foreign countries, we would still be limited by the 25-percent proposition.

I wish to suggest only this thing further: Obviously this country, being in the process of giving commodities away, would not go buy them some place else if we had plenty of them to give away out of our own supply. But recognizing as we do, as has been demonstrated here by argument on amendment after amendment, that this program contemplates the export of things that are in short supply, then it just seems to me to be common sense, as long as that situation prevails, to acquire those supplies from sources outside the country, thus avoiding the very drain on our resources to which the gentleman has referred.

Mr. VORYS. Let me point out that all of the money can be spent outside of the United States; 75 percent at a cost below the delivered cost of comparable American commodities, and 25 percent at a cost 10 percent higher than comparable American commodities. This gives the administration great leeway in reducing the impact of the program on our economy. I hope the amendment will be adopted.

(Mr. VORYS asked and was given permission to revise and extend his remarks.)

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment to the committee amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment to the amendment offered by Mr. VORYS offered by Mr. CASE of South Dakota: At the end of subparagraph (2) of the committee amendment strike out the semicolon and insert a colon and the following: "*Provided, That no part of the funds herein authorized shall be available for expenditure in the procurement of commodities at a price higher than those at which like commodities have been offered and sold in the market of purchase on the day of purchase.*"

Mr. CASE of South Dakota. Mr. Chairman, there is no Member of the House of Representatives and no Member of the Congress but is bothered by the problem of the rising cost of living today. There has been no mention of the foreign-aid program in any comprehensive statement by anyone that has not recognized that what we do in taking scarce items and sending them abroad has some bearing on the cost of living here at home.

If we pass this bill and authorize a program of buying scarce items and sending them abroad without some specific step being taken to minimize the effect of this program upon supplies of scarce items at home, the cost of living probably will be so much greater when we come back here in January than it is now that every Member of the Congress

will be doubly anxious to get back here so that he will avoid having to answer questions and making explanations at home.

The language of the amendment which I have offered is very simple. To the paragraph in the committee amendment which deals with the procurement and prices, it would add this language, but does not strike anything out of the committee amendment:

Provided, That no part of the funds herein authorized shall be available for expenditure in the procurement of commodities at a price higher than those at which like commodities have been offered and sold in the market of purchase on the day of purchase.

What it says is that the Government will not go into the market and bid up the price. The Government can come in and buy whatever is offered at the going price that day, at the price that has been offered and taken, but it may not come in and offer something above the market, and thereby bid up the price. That does not prevent the Government from buying. It simply says effectively that the Government will buy at the prevailing price.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. HALLECK. The gentleman knows I am one of those who has been quite annoyed, to say the least, at the actions of the Government in its buying operations. My information is that on many occasions they went in and bid above the market price and bought in great quantities in a short time. The inevitable effect of that was to force prices upward. Now you cannot blame that on speculation or on the board of trade. Therefore, I am in sympathy, as the gentleman knows, with the principle of his amendment. I cannot see any reason why the Government cannot go in and buy its requirements just like other people go in and buy their requirements at the going market price. If we do that, and it seems to me that it is strange that it is necessary to write it into the law, then we will be alleviating in some measure the conditions brought about by operations and actions that have tended to drive prices higher.

Mr. CASE of South Dakota. I appreciate the statement of the distinguished majority leader.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. JENSEN. If your amendment is made law, can the Government then go in and buy poultry, for instance, which today is selling for 10 or 12 cents below the Steagall support price? Can the Government go in and buy poultry at the price the Government is supposed to pay for poultry, or must the Government pay the same price as the dealers are paying today?

Mr. CASE of South Dakota. Of course the Government can and it would do that under the funds available to the Commodity Credit Corporation. I sincerely hope that the funds appropriated for foreign relief are not to be funds diverted to the Commodity Credit Corporation. On the other hand, stocks

which the Commodity Credit Corporation has, and which it can sell at less than the money involved in it, could be purchased by the relief administration.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. VORYS. The gentleman by his amendment has attempted to limit it to the market price all over the world, thereby effectively nullifying the 25-percent-offshore-purchase provision in the amendment.

Mr. CASE of South Dakota. Does the gentleman from Ohio mean that when the Government of the United States goes abroad to purchase, it is going to buy above the price in that market place? That is the only interpretation you can put upon what the gentleman has said, for this says, "Sold in the market of purchase on the day of purchase." Certainly the gentleman from Ohio is not going to advocate that this 25-percent money will be used to pay more than is necessary in that market.

I urge the adoption of the amendment to the committee amendment.

The CHAIRMAN. The time of the gentleman from South Dakota [Mr. CASE] has expired.

Mr. JUDD. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from South Dakota.

The CHAIRMAN. That would not be in order. That is an amendment in the third degree.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time merely to advise the Committee of the Whole that the Committee on Foreign Affairs has an amendment to cover this point; which I believe does the job more thoroughly and comprehensively than the amendment offered by the gentleman from South Dakota [Mr. CASE]. We are all after the same objective. It was not offered at this point because I believe it should have been offered later in the bill on page 9, line 15, in the section which deals with how the funds are to be expended.

May I read the committee amendment which, if the Case amendment is defeated, will be introduced at the proper time:

Provided, That no funds appropriated under authorization of this act shall be used by any procurement agency of the United States Government for the purchase within the United States, its Territories and possessions, of any supplies other than supplies procured by or in the possession of the Commodity Credit Corporation, pursuant to the act of July 1, 1941 (55 Stat. 498, as amended), at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made.

This is designed to take care of the problem the gentleman discussed plus that of supplies which the Commodity Credit Corporation has purchased at higher than the prevailing market rates under the law that is cited, the act authorizing the agricultural price-support program. The Commodity Credit Corporation today has dried eggs, chickens, perhaps potatoes, and other surplus commodities which, under the language of the bill, as it was originally written, could not be used in this program, because

they were purchased above the market price under the price-support program. This amendment would cover future purchases and make it impossible for the Government to buy above the prevailing market price in the area of purchase on the day of purchase, except where the Commodity Credit Corporation is compelled to buy above the market price because of existing law.

I think, therefore, Mr. Chairman, it would be advisable to vote down the Case amendment and put this in later at the proper place in the bill as a committee amendment. Although they are both designed to do exactly the same thing, my amendment covers one aspect of the problem, which the gentleman's amendment does not cover.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. JAVITS. Is it not a fact that the committee amendment just read by the gentleman is the only practical amendment, because if you try to apply the market-price formula to overseas purchases you just will be unable to buy overseas, due to the difficulty of ascertaining overseas market prices on the commodities involved?

Mr. JUDD. Yes; I think this amendment covers the question adequately. It does not interfere with the committee amendment which the gentleman from Ohio [Mr. VORYS] presented, which is to permit purchase abroad up to 25 percent of those commodities that are in short supply here, and to purchase them abroad even at higher prices, but not more than 10 percent higher than here, in order to husband our own limited supplies. If prices abroad are lower than here, then all the money could be spent abroad. I believe this amendment, as worked out by the committee with experts who are conversant with our grain and other markets, is the best way to handle the matter, for it will not interfere with our foreign purchase program, it should limit to the minimum the pressure on the cost of living here at home, it will allow the Commodity Credit Corporation to use the stocks it already owns, and not interfere with its purchasing at higher-than-market prices if and when existing price-support legislation requires it.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. CASE of South Dakota. Will this proposed amendment define the word "prevailing"? That was the problem I ran up against. I used the word "prevailing" in the first draft or two I had, and then I found that I could not ascertain what the prevailing price was. The prevailing price might be the bid of the Government. In my amendment I specifically state that there must have been an offer and a sale. That defines the established price.

Mr. JUDD. I may say to the gentleman that we ran up against the same problem. At one time we considered specifying that it could not buy at higher than the closing price on the preceding day. We consulted with people who have given a great deal of attention to our

commodity markets, including the distinguished gentleman from Michigan [Mr. CRAWFORD], and we were advised that there are recognized formulas, something like the Dow-Jones average for the stock market, that would be used to determine the prevailing price.

Mr. CASE of South Dakota. But the prevailing price cannot be determined until there have been sales and until all the sales of the day have been made. Under the gentleman's amendment, then, the Government will come in and make its bid on the average for the sales of the day.

Mr. JUDD. No; the prevailing price would be the price that prevailed at the time of purchase. As I understand it, the Government could not come in, for example, and bid a cent above what the last sale was.

I think the amendment offered by the gentleman from South Dakota should be defeated. Then we can vote on this committee amendment at the right time.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. CRAWFORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CRAWFORD. May I inquire of the Chair whether or not it would be proper to offer a substitute for the committee amendment at this time?

The CHAIRMAN. The Chair is of the opinion that it would be in order.

Mr. CRAWFORD. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD as a substitute for the committee amendment:

Page 3, line 9, strike out the words "not more than" and the figure "25" and insert in lieu thereof the words "twenty-five."

Page 3, line 10, strike out the word "shall" and substitute in lieu thereof the word "may."

Page 3, line 12, strike out the word "unless" and substitute in lieu thereof the word "if."

The section as amended will read as follows:

"SEC. 4. Twenty-five percent of the amount herein authorized may be used for the procurement of commodities outside of the United States and its Territories and possessions if such commodities can be bought and delivered abroad at delivered costs less than comparable delivered costs of the same exports from the United States and its Territories and possessions. The procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply."

Mr. CASE of South Dakota. Mr. Chairman, I reserve a point of order against the amendment and make a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Is the amendment offered as a substitute for the committee amendment?

The CHAIRMAN. It is.

Mr. CASE of South Dakota. Mr. Chairman, I withdraw the reservation of a point of order.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes in support of his amendment.

Mr. CRAWFORD. Mr. Chairman, this substitute which I offer leaves the bill before you, H. R. 4604, exactly as it is arranged in lines 15 to 21 on page 3, with respect to petroleum. It changes the language in lines 9 to 15. It does this simple thing: Instead of making it mandatory that no more than 5 percent may be spent outside this country, it leaves the proposition on a permissive basis where 25 percent of the amount herein authorized may be used for the procurement, and so forth; but to the extent the 25 percent is used goods may be bought and delivered abroad at delivered prices less than the comparable cost of the same exports from the United States and its Territories.

My language does away with the 10-percent premium which may be paid for the goods in the amendment just now offered by the committee. I see no reason at all why we should go into foreign markets and bid up the price 10 percent or a greater or less percent. Certainly this type of goods is very likely to be produced at a considerably lower price than we produce similar goods in the United States, owing to the food supply in Latin America, for instance. Why should we go into Latin America to buy foodstuffs to ship under this proposal and pay these Latin-American countries a higher price than those goods cost here in the United States under the present scarcity and high cost program basis?

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Indiana.

Mr. HALLECK. Assuming that they were bought here at home and that resulted in an increase to the domestic consumers, including everybody in the country, who had to buy at some given higher percentage, would this not far overbalance anything up to 10 percent that might be paid in these foreign countries?

Mr. CRAWFORD. I disagree with the gentleman for this reason, and that is the point I am going to develop: When you turn dollars loose in Argentina, Brazil, or any other country, those dollars immediately reverberate back to the American market. They come in here and start buying goods. You may delay the transaction 25 or 30 minutes, perhaps by sheer accident you might delay it 24 hours, but whether you buy the goods directly in the United States with American dollars or buy the goods in Brazil or anywhere in these Latin-American countries with American dollars those American dollars outstanding have to come back here to find a home. They come in here and call for goods. There is no way you can beat this machine. The dollars come back here for redemption. Do not kid yourselves about sending these dollars to some country across the waters instead of spending them here, because they will be spent here within a very short time

and the impact on increased prices here would go on just the same.

Mr. HALLECK. Mr. Chairman, will the gentleman yield further?

Mr. CRAWFORD. I yield to the gentleman from Indiana.

Mr. HALLECK. First of all let me say that we have a law on the books that authorizes export control. I have complained at the fact it has not been used. It is presently hoped by many of us that that provision can be strengthened and that it will be applied. The purpose of that is to prevent the very thing that the gentleman is talking about, which is the use of dollars in this country to buy goods in short supply to go to countries that are not in the need category.

Mr. CRAWFORD. If I believed the export prohibition would be exercised I would have faith in its efficacy; but here we are proposing nearly \$600,000,000 worth of goods to be exported. We know this Congress will have before it within a few days another proposal for us to export another ten, fifteen, seventeen, or perhaps twenty-two billion dollars' worth of goods. This Congress moves in the direction of passing laws which forces the President of the United States to ship goods out of this country. We are not setting the brakes against the exporting of goods.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment, all amendments thereto and the substitute conclude in 25 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. HOFFMAN. Mr. Chairman, reserving the right to object, do I get the 5 minutes you promised me on the next amendment?

Mr. VORYS. Sure.

Mr. HOFFMAN. I thank the gentleman.

Mr. HAND. Mr. Chairman, reserving the right to object, may I inquire of the chairman of the committee whether he means the committee amendment or the Case amendment to the committee amendment?

Mr. VORYS. The committee amendment, the Case amendment to the committee amendment, and the Crawford substitute. My request would apply to all three of them.

Mr. HAND. Then I will have to object, Mr. Chairman.

Mr. BURKE. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I shall vote for this bill not because I like to do so but because it seems to me the best of the alternatives under the present situation in this post-World War II period.

We as a people are faced with almost the identical situation in which the British people found themselves in the post-Napoleonic period.

The 20 years of turmoil and war on the Continent had exhausted the wealth of the population. All of the major nations except England had been invaded and marched over. England had a navy, a

strait, and a channel as a first line of defense.

We similarly have a navy, an air force, and an ocean, but the difference in communication, speed, and modes of travel nullify largely the greater distance.

We have never been an isolationist nation in fact and practice. We have made mistakes both of commission and omission, to be sure, in foreign policy at times as to specific commitments.

Do you recall Citizen Genet and the X-Y-Z papers, the unpleasantness with the Barbary States, our early attitude toward the Latin-American countries and the resultant Monroe Doctrine, Commodore Perry and Japan, Alaska, Cleveland and Venezuela, the open door in China, Hawaii, the Philippines, Panama, and now the Pacific islands?

If I am not mistaken, the Thirteen Original Colonies did a consummate job by 1853 on this continent. With reasonable restraint we have followed a rational national interest and tried to bring a better way of life to the peoples whose lives we have touched. We, of course, have not been perfect, but perhaps we have been practical and humane.

The press of the populations from the East on western Europe is nothing new. Heretofore the peoples of western Europe have themselves been able to deal with the successive invasions of the Huns, the Saracens, and the Turks, and for the far greater part, western Europe must do so again. If they want communism, we cannot stop it. I do not believe they do.

We have no permanent interest of occupancy there. There is a limit beyond which we cannot and must not go. If we permit ourselves to be drawn into a series of European civil wars, we shall be there indefinitely with consequent ruinous effects on our American civilization.

If what we do results in bringing about a situation in our own country not unlike that with which Europe is confronted, it will be a national tragedy—a case of the drowning man pulling down his rescuer.

The great immediate questions involve our interest in western Europe and the Near East. The Orient is important, of course, but does not pose a similar threat to our security and civilization. It is twice as far away.

What is the degree of immediate interest we have in western Europe and the Near East? What is there at stake and how shall we meet it? Do we recognize there are imponderables in the situation that we or any other nation cannot control?

Must we get into situations from which we cannot extricate ourselves? In this modern period a nation can so rapidly spread over the world as to bankrupt itself at home or otherwise impose an intolerable burden of taxation on its people. England spread over the world by slow stages of conquest and development.

How far we can go in the relief and rehabilitation of western Europe is the greatest problem of our time—and for us as a people largely because of the backwash later here as a result of it.

Pyrrhic economic victories are no less exhaustive and destructive than military ones. There is no time and place for provincial politics. The situation calls for vision, realism, and sound reconstruction policies and practices.

I hope this Congress and Government will move intelligently and deliberately even though the world is on fire politically and economically. Crises create crises and sometimes the only way they may be stopped is by goal-line stands.

The people of America must soon decide whether they want to go the way of the bees or that of the birds. This legislation is part of the process of finding out.

EXPANSION OF THE CURRENCY AND RISING PRICES

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the present program of attempting to prevent inflation by fixing prices is just as silly as a drunk man trying to hold a one-foot lid down on a five-foot pot of boiling soup, with it spouting up all around him.

Prices in a free economy are governed by two things, the value of the Nation's currency multiplied by the velocity of its circulation.

Not a single leader in either House has called attention to the fact that inflation of prices is caused by an inflation of currency.

On March 31, 1917 we had \$4,172,945,914 in circulation, or \$40.49 per capita.

On October 31, 1920, at the peak of high prices, we had \$5,698,214,612, or \$53.18 per capita in circulation.

Today, that is, on October 31, 1947, we had \$28,551,870,056 in circulation, or \$196.99 per capita.

Until the Congress of the United States is willing and ready to take action to take back the powers vested in it by the Constitution to "coin money and regulate the value thereof", to assume control over the Federal Reserve System, that is inflating this currency expansion, or inflation on the country, prices in this country will continue to rise.

Did you know that where they are attempting to hold down prices in this country, prices are higher in our own money in foreign countries than they are here? Why can the President of Argentina sell wheat at more than \$5 a bushel in American money?

Why are automobiles being shipped to South America, where the sellers can get \$1,000 or \$2,000 more apiece in our own money than they can here?

Because we attempt to put a ceiling price on them. When you attempt to put a ceiling on the price and permit this inflation of currency through the Federal Reserve System to continue, you merely drive the goods into foreign markets, or into black markets at home.

The gentleman from Michigan [Mr. CRAWFORD] said a while ago that those dollars come back here and buy our goods. Yes, and take them to foreign countries and sell them sometimes for twice or three times as much, in our own money, as they paid for them here.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Nebraska.

Mr. BUFFETT. Is it not likewise true that the sellers of these goods in other countries would not sell them for 30 minutes unless they could come and pick the things they want here with the dollars they get?

Mr. RANKIN. You are getting ready to turn this money or these goods over to foreign governments. I am wondering at what price they are going to sell these goods to the people who are crying for them. This is going to plunge us further into uncontrolled inflation and, if it keeps on, it is going to wreck this country. So I am saying to you today that if you want to control inflation, to put a stop to the inflation of prices, you must take over the control of the issuance of our currency.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. CRAWFORD. Will the gentleman read from the statement he has in his hand the number of Federal Reserve bank notes outstanding?

Mr. RANKIN. The number of Federal Reserve bank notes that were in circulation on October 31, amounted to \$24,283,461,535.

Mr. CRAWFORD. That is what the gentleman was referring to when he was speaking about inflated currency?

Mr. RANKIN. Yes, sir.

Mr. CRAWFORD. Now may I ask the gentleman if he agrees with me in this, that there is a remedy for this proposition that we are discussing provided that we have the nerve to go ahead with it, if, as we hand these dollars to the people of these countries with which to buy goods that are scarce in this country, we desire to prevent scarce goods being bought here with the dollars that we give to these other countries, then let us block our currency and release these dollars to other countries on the condition that when those dollars come back to the United States they may be used to purchase such goods as we specify. When you block your currency, then you make effective the thing that you are attempting to do. But you will say, "We must not block our currency." Well, that will be your next move.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Mississippi may be permitted to proceed for five additional minutes.

Mr. VORYS. Mr. Chairman, reserving the right to object, I ask unanimous consent that debate on the so-called Case and Crawford amendments to the committee amendment close in 15 minutes.

Mr. RANKIN. Then, Mr. Chairman, I wish that the request would be withdrawn so that other gentlemen may have an opportunity to speak.

My answer to the gentleman's question is contained in my original statement. We are going to have to control the issuance of our currency if we are to keep prices within reach of American consumers.

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, this may be a personal matter, but I happen to have a plane reservation for 4 o'clock, and I would appreciate very

much if in some way a vote could be taken on my amendment in time for me to board that plane.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on the Case amendment close in 10 minutes, 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. OWENS].

Mr. OWENS. Mr. Chairman, I have the greatest respect for the members of the Committee on Foreign Affairs. I like them. Sometimes, though, I just wonder what is clicking in their minds, because each time some amendment is suggested which is very good, they say "Well, wait a few moments. We are going to have another amendment to take the place of that particular paragraph." I do not understand why those paragraphs were not put in ahead of the paragraphs that they have in the bill, or at least placed somewhere in the original bill, so that we would be saved all that trouble. For that reason, I have checked through these hearings here before the Foreign Affairs Committee with reference to foreign aid, and I have outlined several of the remarks of some of the gentlemen I admire, particularly my colleague the gentleman from Illinois [Mr. DIRKSEN], who addressed the committee so eloquently today. Mr. DIRKSEN said:

The problem before us today is a moral problem.

Then he says also:

When I think of that pressure, I think of what Lenin said, that whoever controls Germany today controls Europe.

He said further:

If there is a spark of humanity in us this load is going to be on the backs of the American taxpayers for a long time to come.

Therefore, first he puts the question to us, a moral problem. Then he starts saying this:

We have arrived at the point where the days of soft talk are over. We are playing for keeps.

He said several times, "We are playing for keeps." He says also, "We must be aggressive." He mentions what the Russians are doing. He implies that this is not the Communist position, this is the Soviet position. He says:

The Soviet physicians and surgeons have developed an interesting technique, the technique of ice-water enemas. Ask your family doctor what it will do. It will make you foreswear your God, king, and country before you get through.

He said they are doing that to the people over there, and that is how they—the Soviets—gain control.

Before I comment further on that, let me comment on Mr. Buck's appearance before the committee and on some of the things that he said and what was said to him.

Our worthy colleague the gentleman from New York [Mr. Buck] said:

I do not think the French Government has the courage to tackle its own problem, and it is easier politically for them to sit back

and let us do the job rather than for it to jump in and do it itself.

The gentleman from New York [Mr. BLOOM] said:

Yes; but we are the patient in this case. It is not France. We are not thinking of France any more than we are thinking of ourselves. * * * Now, we are not sick but still we are the patient.

All I have to say about that is that I am not patient, but right now I am sick. I am just sick and tired of listening to the things that are proposed to us. We have had the same thing for almost 15 years. When we Republicans came down here, at least the Republicans who were elected to the Eightieth Congress, we came down here to balance this budget. We came here to reduce expenditures of government, to cut down these appropriations, to reduce the number of bureaus that we have. We came here to get rid of a large number of Federal employees that are such a drain upon the country. We said we would reduce the tax burden. I, as a member of the Committee on Education and Labor, have listened to pleas for Federal aid for education. As a member of the Housing Committee I have tried to get housing for our people. I say let us give those aids to the people of this country if we are going to go into our purse, before we give aid to the other countries. Do not give away food, medicine, fuel, and fertilizer which is in short supply, thereby creating further shortages and increased costs.

The gentleman from Illinois [Mr. DIRKSEN] and others are worried about what Russia is going to do. They said we must do something. All we have to do is to take this money and build up our research department, build up our air force to make it greater than any in the world, build up our Navy, build up the moral courage of our people. Let us follow the suggestion of the gentleman from Illinois [Mr. DIRKSEN] with respect to Germany. Let us also remember the words of one of our great forebears—I believe it was Samuel Adams—who said:

If a man has the power to chain down a wolf, he is a madman if he lets him go loose without drawing his fangs and paring his nails.

We have the power to chain down the wolf or to chasten the wild bear. We are just as much madmen if we continue to rear the cubs of the bear. Let us act accordingly. I say vote for the amendment the gentleman from South Dakota [Mr. CASE] has submitted, and then when the bill is finally submitted to the House vote against it, because it no longer is worthy of passage. Furthermore, it is merely the forerunner of a much greater evil.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. OWENS] has expired.

(Mr. MATHEWS asked and was granted permission to revise and extend his remarks.)

Mr. MATHEWS. Mr. Chairman, I hope to be able to vote for this bill, H. R. 4604, for aid to certain bereft European countries, with, I trust, certain amendments.

Since this is an out-and-out gift of the wealth of the American people, already harassed by shortages and high prices themselves, my decision has been made only after considerable thought and, I must confess, with some reluctance. It was not an easy decision. And its difficulty has been increased by the astoundingly diverse views proclaimed about it.

There are as many different reasons urged for passing this bill as for amending and changing it. We have been asked to pass it through human kindness, trembling fear, thankfulness, shame, duty, self-sacrifice, self-interest, and absolute necessity. The bill is advocated as a humanitarian act, as an aid in stopping communism, as an out-and-out war measure.

What kind of war measure? To get us into war, or to keep us out of war? If I believed for an instant that it would get us into war I would certainly not vote for it. But I do not see how this bill alone can do that, unless, as has been intimated, it is merely part of a vast money-goods offensive. Such a program might well bring about that result, and bring it after the United States had so weakened its own economy through the program that our chances of winning the war would be greatly jeopardized.

I cannot vote for it on the basis of a measure to keep us out of war, because, particularly if followed up by this vast money-goods offensive, it would not only fail in that purpose, but would be more likely to get us into war. Proponents of the keep-us-out-of-war idea have no proof to offer for their contention.

On the other hand, there is overwhelming concrete evidence that instead of buying peace, prosperity, and happiness for the peoples of the world, a vast foreign spending program will, in the end, buy them, including ourselves, only misery, poverty, and suffering. The evidence I offer is history.

I believe it was Daniel Webster who said he had only one lamp to guide his feet and that was the light of experience.

I do not question the sincerity of many of the proponents of the theory that you can buy peace and freedom, but I certainly dispute their judgment. That judgment is based upon an optimism bolstered by a hope that is negative by experience. Unfortunately, today, anybody who believes in something that will not work can claim the title of idealist, with the right to stigmatize anyone who disagrees with him as a narrow-minded Tory reactionary. Yet this does not alter history nor change the course of reason.

There is no weight to an argument that something will happen if we do a certain thing when experience has demonstrated that each time we did it before, what happened was exactly the reverse. Man has never progressed by disregarding the lessons of experience. On the contrary, what real progress he has made has been by intelligently utilizing that experience.

So, since the present proposition is by no means a novel one, let us see what has happened in recent attempts to buy peace, democracy, and various kinds of freedoms for the world, or to acquire these things through international ideological wars.

When World War I broke out in Europe, we were implored to be neutral in thought as well as act. This did not last long. Soon we began to ship goods and war material to the allies with whom we sympathized. The reason given for this change of attitude was that they were fighting our war for us, and that if we only gave them quantities of money and goods they would win, and we would thus buy our way out of the shooting. Thus Woodrow Wilson "kept us out of war." That was 1916. In 1917, we were in it up to our ears. And unprepared, of course, for what sense was there to prepare for a war we were being kept out of? The men followed the money and the goods. Many of the men never came back. Neither did most of the money and the goods.

That policy is exactly the policy now advocated by many proponents of this bill.

The war we then entered, so we were told, was a war "to make the world safe for democracy"; a "war to end wars." That it did not make the world safe for democracy nor end wars is a matter of neither speculation nor argument. It is a matter of recorded fact.

Again, from 1939 to 1941, we pursued the same policy. We became the arsenal of democracy. This time we did not lend the money or transfer the goods under an agreement to repay. Previous experience had shown the futility of even making believe we would get anything back. This time it was lend-lease.

But the same old argument was advanced. Great Britain, France and Russia were fighting our war for us and if we only poured billions of dollars of the wealth of the American people into the breach, we could buy our way out of the shooting. Russia was then a great defender of democracy, a gallant ally of the United States, a shield from enemy bullets which would otherwise find their resting place in the bodies of young Americans. This time we spent vastly more, and interestingly enough got considerably less for what we spent.

And again we got into war and almost as wholly unprepared as before. Again we were fighting to preserve democracy throughout the world, so we were told. But this time we were doing more than that. We were guaranteeing to the peoples of the world the great "four freedoms," two of which were freedom from want and freedom from fear. And did they get them?

It was at least 20 years after World War I before anyone spoke of another war. But the sounds of the guns of World War II had hardly ceased to echo before the newspapers, the magazines, the radio commentators and "must-hate-somebody" politicians were talking about another one. And, strange to say, the one they are talking about is with one of the alleged saviors of democracy, our erstwhile gallant ally, Communist Russia.

After the expenditure of an inconceivable amount of wealth and the sacrifice of innumerable lives to provide freedom from want and freedom from fear, I challenge anyone to point out a time in his own life's span when want and fear

were so rampant throughout the entire world as they are now.

Twice in a quarter of a century should be enough. But not so.

Last year when the British and Greek-Turkish so-called loans were being debated, the same old argument was again given us. We were told if we gave Great Britain \$3,750,000,000 she would save Greece. When she could not, we were told that if we would help Greece and Turkey with goods, military supplies and advice to the extent of \$400,000,000, they would stop the spread of communism in Europe for us. Hardly had the money been appropriated, when the cry arose to send troops to Greece. As yet, this has not happened. But if we continue on this same course—it can scarcely be dignified by the name of policy—that we followed in World War I, World War II, and are now following, what else but a hopeless hope, repudiated by the plain lessons of experience can support this same discredited argument?

Now, as to stopping communism, either permanently or for 3 months by the present bill: The President wants to spend \$597,000,000. The moment anyone suggests cutting a dollar from this figure, the cry goes up that we cannot stop communism at bargain prices. So we may well ask by what magic will \$597,000,000 stop communism, but five hundred and ninety million or some lesser figure will not? Is there any human being who can figure out in dollars and cents how much it will take to guarantee the stopping of communism or any other mental concept or ideology in any of the countries of Europe or in any other country in the world, including the United States of America? Is there anybody who can tell exactly how much we can afford to give without destroying our own economy? Is there anyone in the House who knows precisely how hard you can hit a pane of glass without breaking it?

Advocates of unlimited foreign spending proceed upon the theory that the more we give the people of other countries, the better they will like us, but cannot explain why the more we do give them the less they do like us.

Mr. Chairman, somewhere there must be a limit to this sort of spending. That limit, narrow or breathlessly extensive, cannot be an arbitrary one. It must be calculated and adjusted from time to time by consideration of at least two factors. The first factor is how much do other countries really need to help them improve their own condition? And the second factor is how much can we give without the deterioration of our own condition?

I do not share the apparent international theory that the United States has sinned against the other nations of the world by being more successful, prosperous, and fortunate than they, and that our atonement for this sin must be to drag ourselves down to whatever low level up to which we can drag them so that we may all be equally badly off. Doing such a thing may be beautiful world democracy, but I am not for it.

Since the very basis of giving anything is the hope that through it other nations will be in better position to help

themselves, it seems utter folly for this House to make any commitment for a time longer than 6 months or 1 year in advance. If there is no improvement, or there is actually a deterioration, in the conditions in foreign countries in that period of time, a third factor necessarily intervenes, and that is the question of whether it is wise to give any more at all, even though the foreign nations need it and we can afford to give it, because it would appear that the program has indeed become "operation rathole."

The rank fallacy inherent in any program projected years in advance, designed for the improvement of conditions in foreign countries and justified only by that hope, should be obvious for two reasons. First, such program must necessarily be predicated entirely upon pure speculation as to the extent of those improvements over the years, and takes into consideration no actual changes during that time upon which only any sensible program could be worked out; and, secondly, the moment the foreign nations know large gifts from the United States are in the bag for years to come, this knowledge will induce either less effort upon their part to help themselves or more effort to disguise the fact that they have reached the point where they actually need less or even no help.

Because of the fact that, despite the statements on the floor of this House that a vote for H. R. 4604 is in no way a commitment to any further action or plan, other statements have been made that this bill is nothing but the first step in some long-range program, I feel it to be absolutely necessary, Mr. Chairman, for me to make these remarks, and to state emphatically that my vote for this bill is by no stretch of anybody's imagination to be construed as such a commitment. If I vote for this bill, it will be for this bill alone.

And I further announce unequivocally I am voting for it solely as a means to relieve some of the suffering in the aided nations, and in the hope that it will help them to again become self-supporting; and in no way as a war measure—either to keep us out of or get us into any war with anybody at any time.

Mr. Chairman, I shall look with apprehension at every subsequent measure for giving away more of the wealth of our citizens, no matter what passionate and plausible pleas be made for it.

This Congress alone has the constitutional power to declare war, but I shall remember that twice before Democratic administrations, either deliberately or through their blunders, have maneuvered the American Nation into such a position that there was nothing left for its Congress but to acknowledge the existence of a state of war. The Congress did not, after due deliberation, announce its voluntary decision to enter war. It merely, after discussion, gave formal confirmation of a fait accompli.

And I shall try to remember, Mr. Chairman, that the abject fear of not squandering enough of our wealth to save that which we have already spent should not overcome a calm and courageous consideration of whether to write off the existing loss, rather than completely de-

stroy the vitality of our Nation, so that it cannot successfully meet the supreme test we have impoverished ourselves to avoid without having avoided it.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. Mr. Chairman, I have been consulting with the gentleman from Ohio [Mr. VORYS], and the gentleman from Minnesota [Mr. JUDT], and other members of the Committee on Foreign Affairs. It is with their agreement that I am about to propound a unanimous-consent request. That is, that the language which I offered as an amendment to the committee amendment be withdrawn, and that the language which has been prepared by the Committee on Foreign Affairs and read by the gentleman from Minnesota [Mr. JUDT] be substituted therefor.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota [Mr. CASE]?

Mr. AUGUST H. ANDRESEN. Reserving the right to object, I think we ought to hear what the amendment is.

Mr. CASE of South Dakota. Then I will couple with that the request that the Clerk report the amendment as modified.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota, as modified: Strike the semicolon, insert a colon and the following words: "Provided, That no funds appropriated under authorization of this act shall be used by any procurement agency of the United States Government for the purchase within the United States and its Territories and possessions, of any supplies other than supplies procured or in the possession of the Commodity Credit Corporation pursuant to act of July 1, 1941 (55 Stat. 498), as amended, at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made."

Mr. CASE of South Dakota. Mr. Chairman, I think it should read "strike out the semicolon" rather than "period," because the amendment is offered at the end of subparagraph 2.

The CHAIRMAN. Is there objection? There was no objection.

Mr. JENSEN. Mr. Chairman, will the gentleman yield in order that I may ask the gentleman from South Dakota a question?

Mr. JAVITS. I yield.

Mr. JENSEN. Does this amendment as it is now worded take care of the situation which I brought out relative to poultry?

Mr. CASE of South Dakota. Yes; I am sure it does, although the relief funds are not for the purchase of poultry, but it would apply to eggs under the Commodity Credit program.

Mr. MUNDT. If the gentleman will yield, I might say that it would take care of the program under the Steagall and the LaFollette-Taft amendments.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. BLOOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLOOM. What happened to the Crawford amendment?

The CHAIRMAN. The Crawford amendment is still pending.

Mr. BLOOM. This amendment, now, is merely a compromise between the Vorys amendment and the Case amendment. Is that the idea?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. VORYS. The situation is that by unanimous consent the committee amendment, prepared in the Committee on Foreign Affairs this morning on this subject, has been accepted by the gentleman from South Dakota [Mr. CASE] and, as modified, is now pending. The vote when debate ceases will occur first on that amendment as modified. After that vote has been taken the Crawford substitute for the committee amendment will still be pending. If I am in error I trust the Chair will correct me.

The CHAIRMAN. The gentleman is correct.

Mr. JAVITS. The matter before the Committee, therefore, now, is only the Crawford amendment. What the Crawford amendment proposes to do, in simple language, is to say that we shall not buy overseas to the extent of 25 percent of the amount appropriated unless we can buy cheaper. Now, that is a shot directed at a target which we would be much interested in if it were germane to our problem in the country—but in fact it is not. What we are concerned with is the writing of a provision which will counter inflationary forces in the United States. The committee amendment proposes to do that, and this is the important point—it was not emphasized in the argument of the gentleman from Michigan—the committee amendment applies only to items which are in short supply in the United States; and those items we want bought overseas whether they are cheaper or not, provided that we are in a position to get them without paying our shirts for them. As a result the committee wrote in a limitation that they would not pay in excess of 10 percent more than the United States price. Certainly every Member of the House will agree that for items in short supply—I emphasize that—we should go overseas and buy what we can, paying what is in this case a very slight premium because insofar as we can—and after all, this bill does not represent all the purchasing power in the United States—and within the purchasing power afforded by this bill we are trying to curb inflationary forces in the United States.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MUNDT. It should be pointed out that under no circumstances can we pay over 10 percent more than the going price for merchandise overseas. If you adopt the Crawford amendment the sky is the limit.

Mr. JAVITS. The committee amendment is designed to protect the United States economy especially on goods in short supply and to try to fight inflation.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Michigan.

Mr. DONDERO. If you fix the ceiling at 10 percent above the American price you are presupposing that the wage scale in the country in which the goods are produced, and the standard of living, is the same as the American standard of living; and that is not so.

Mr. JAVITS. The gentleman again is introducing a factor with which we are not dealing here, it is not a question of tariffs or comparability with the American standard of living; but we are concerned in this particular bill with inflationary forces which we wish to do as much as possible to restrain.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MUNDT. I might point out to the gentleman from Michigan that what we are interested in specifically is, for instance, such restrictions as prohibiting the payment of \$5 a bushel for Argentine wheat.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. CRAWFORD. What the gentleman is arguing here is that we are supposed and we are urged to go out and pay 10 percent more than the other fellow's market of the taxpayers' money put up by those who buy bonds and pay taxes in the United States; and we have had enough of that in the last 15 years.

Mr. JAVITS. I am proposing that the Committee of the Whole, with its eyes open, do the best it can in this bill to avoid the pressure of inflationary forces on our domestic economy.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I rise in opposition to the Case amendment.

The CHAIRMAN. All debate is closed.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. AUGUST H. ANDRESEN. It is my understanding that the Chair was going to recognize Members who were on their feet at the time the acting chairman of the committee asked to have debate limited. I was on my feet at the time seeking recognition.

The CHAIRMAN. Without objection, the Chair will recognize the gentleman from Minnesota.

Mr. VORYS. Mr. Chairman, reserving the right to object, the purpose of the 10-minute limitation was because the gentleman from South Dakota [Mr. CASE] wanted to catch a train and we desired to vote on his amendment before. By unanimous agreement the vote now takes place on that amendment. I shall have to object to any further debate on the Case amendment as modified. There is no limitation of time on the Crawford amendment.

The CHAIRMAN. The Chair must abide by the agreement.

The question is on the Case amendment as modified.

The amendment was agreed to.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I rise in support of the Crawford amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. If it is not taken out of my time.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 minutes and that then debate close in 5 minutes after he has concluded.

The CHAIRMAN (Mr. MICHENER). On the Crawford amendment?

Mr. VORYS. On the Crawford amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio [Mr. VORYS]?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, the Crawford amendment is one that permits purchasing agencies of the United States Government to go outside of the United States and buy up to 25 percent of the commodities provided the cost is not greater than it is in the United States.

We should clearly understand the issue before the House so far as this amendment is concerned and the philosophy under which the committee and the administration is proceeding in the bill. It seems to be the idea on the part of the administration that it is the obligation of the American people to underwrite the relief needs of the entire world. That is what they are proposing to do not only in the bill now before the House, but also in the over-all Marshall program.

Mr. Chairman, our country is not strong enough nor do we have resources enough to go out over the world and underwrite the needs of every country that is short of dollars. At the present time the world is asking for approximately 10,000,000 tons of food more than is available. They do not have the dollars with which to buy the food. So it is proposed that we take our dollars and go out over the world, buy the food that is available in other countries at a price fixed in the Case amendment, which is 10 percent above our price, and furnish the rest of the world with food.

The Crawford amendment provides that we can buy 25 percent of the supplies in other countries provided the price is not in excess of the price in the United States. His amendment should be adopted because it definitely places a limitation on what we can purchase outside of the country. I feel that the people of the United States will do what we can to provide relief for the destitute countries of the world. But not to go beyond what we can do within our own resources.

I did not get time to discuss the Case amendment before the debate was closed. I would like to point out that on January 20 of this year the Commodity Credit Corporation went into the market at Kansas City and announced the purchase of \$40,000,000 worth of wheat in one day. They purchased all of this wheat in the cash market. Here is a chart of the Commodity Credit Corporation showing the purchase announced on January 20. It shows that they pur-

chased around 19,000,000 bushels of wheat on that day, or about \$40,000,000 worth. What happened? They bought it around \$2.08 a bushel, and then they stayed out of the market, but the speculators got in after that. The Commodity Credit Corporation kept on buying flour from the flour mills of this country, but the CCC had dried up all sources of supply of wheat in the terminal markets, and the millers went out and had to bid up the price, and the price went up \$1 a bushel in 4 weeks' time. They did the same thing just recently when they bought around 40,000,000 bushels of wheat within 20 days' time, driving the price from \$2.80 up to \$3.12 a bushel. The Commodity Credit Corporation, or the Government, is the dominating factor in our market today. They will go into the market and purchase tremendous quantities, dry up the immediate source of supply so the miller will have to go out and find a source of wheat, and they drive the price up, with the help of the speculators, and one of these days I hope to show who some of these speculators are on the market.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Under these circumstances, why on earth does our committee sit here and beg and plead and urge us to support a 10-percent premium in these other markets? What do we pay the Argentine for wheat, for example?

Mr. AUGUST H. ANDRESEN. The price today is between \$5.30 and \$5.60.

Mr. CRAWFORD. And what is it to our farmers in this country?

Mr. AUGUST H. ANDRESEN. About \$3.12.

Mr. CRAWFORD. Two dollars a bushel difference on wheat. You cannot justify that.

Mr. AUGUST H. ANDRESEN. We are not helping the farmer of the Argentine, which happens to be the only source of supply, because the farmer in the Argentine only gets \$1.35 a bushel from his government, and the government sells his wheat for between \$5.30 and \$5.60. So, we are financing the Government of the Argentine. By adopting the amendment offered by the gentleman from Michigan [Mr. CRAWFORD] we will drive the price that Mr. Peron gets for the wheat down to around the price level in the United States without paying him a premium for it.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Indiana.

Mr. HALLECK. Under the committee amendment there could not be that difference in the price for Argentine wheat, because it would be limited to 10 percent.

Mr. AUGUST H. ANDRESEN. That is true in that respect under the original provisions of the bill.

Mr. HALLECK. The question that arises in my mind is simply this: Wheat is short in this country, and we all know that the price is high and it has an effect on the cost of living, but would the gentleman agree with me that it might

well be that we might pay a 10-percent premium to get Argentine wheat, if we could get it at a premium no more than 10 percent.

Mr. AUGUST H. ANDRESEN. I do not feel that we should go outside of the United States to get anything to give away, and that happens to be true for wheat. Now, if we start in with a policy of going out to fill these relief needs of the world, and go out and buy these vital commodities to fill the relief needs of the world, then we should pursue the policy advocated by the committee. I do not feel that we should do so. I think that we should confine our activities and energies to giving what we can out of the United States without destroying our own economy rather than to finance the entire world.

Mr. MUNDT. Mr. Chairman, I rise in opposition to the Crawford substitute amendment.

Mr. Chairman, I think that we should keep in mind that we are dealing now with the anti-inflationary effects of this program. Insofar as possible, your committee and you want to reduce the inflationary impact of this \$600,000,000 purchasing power upon our domestic economy. That is the purpose of the amendment now before you.

The difficulty with the Crawford amendment is that in striking out one aspect of our committee amendment it strikes out also the safeguards against inflation. I call your attention to the committee amendment, which will be lost if the Crawford amendment is adopted. We provided that—

The President shall promulgate regulations controlling the purchase or procurement of supplies under this act designed to minimize the drain upon the natural resources of the United States and the impact of such purchase or procurement upon the domestic price level.

I can see how in normal times the philosophy of my good friend from Minnesota [Mr. AUGUST H. ANDRESEN], who says that the Government should not buy anything outside the United States, might be sound and good economy, but now when we are living in an era of shortages, to insist that we buy from those shortages and intensify the pressure of inflation and the upward price spiral in order to buy in our shortage area is not good economics, when we can buy abroad instead, sometimes at prices which are cheaper and never at prices which are more than 10 percent higher than our domestic price level. If we raised the price of bread even 1 cent in this country, we would be squandering more of the people's money, 10 times over, than we would by paying 10 percent extra for wheat in the Argentine.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Does the gentleman feel we should go out through the world and buy these commodities to give them away?

Mr. MUNDT. I have just gotten through saying what I believe but I will repeat it again, and then I cannot yield any further. In normal times, I would

see some wisdom in making it purely an American-purchase program, but when our shelves are nearly bare and our barrels are almost empty and when to intensify the pressure upon our short supply would force prices skyward, I do not believe that is good American economics. As our distinguished majority leader has pointed out, our interest is to curtail the inflationary effects of this vast Government purchasing program. That was the purpose of the committee amendment which we just adopted in lieu of the original Case amendment, which provides that the Government shall not pay beyond prevailing market prices except insofar as it is necessary to do so in conformity with price-support legislation. This is another part of that same program. The gentleman from Minnesota, Dr. JUDD, and I joined forces in committee to develop these two amendments and now that we have accepted our amendment regulating the price the Government can pay domestically, we should adopt this other committee amendment to round out the protection. I think we should defeat the Crawford amendment and give our approval to the committee amendment presented by the gentleman from Ohio [Mr. VOYSE].

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Minnesota.

Mr. JUDD. Inasmuch as under the program we have to buy wheat somewhere, is it not better to buy it abroad if we can, rather than buy it here and thereby increase the price levels for our own consumers and the strain on our own economy?

Mr. MUNDT. Certainly, it seems to me as long as any product is in short supply, in this country, if we can purchase it abroad it is much more logical to do so than to intensify our own shortages and force prices up on all the laboring people and consumers of America.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Oklahoma.

Mr. RIZLEY. Assuming we follow the gentleman's philosophy and pay a premium to the other countries for their wheat, what is to keep them from coming in here and bidding against everyone here on wheat? There is no price control on wheat. That certainly would have an impact that would cause wheat to go up.

Mr. MUNDT. What would prevent it is the export-control program. We have to assume the President is going to administer it properly. I have declared myself that if the President does not administer it properly we should have an export-control agency responsible directly to the Congress.

Mr. Chairman, I ask for the rejection of the Crawford amendment and the approval of our committee amendment which is designed to work in conjunction with the other committee amendment which we have just adopted in lieu of the one proposed by my colleague the gentleman from South Dakota [Mr. CASE].

The CHAIRMAN. The question is on the Crawford substitute for the Vorys amendment.

The question was taken; and on a division (demanded by Mr. CRAWFORD) there were—ayes 40, noes 85.

So the substitute amendment was rejected.

Mr. HAND. Mr. Chairman, I offer an amendment to the committee amendment.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this particular amendment close in 10 minutes.

Mr. HOFFMAN. Mr. Chairman, reserving the right to object, may I talk before 5 o'clock?

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment close in 10 minutes, with 5 minutes for the sponsor of the amendment and 5 minutes for the committee, and that immediately after that our colleague from Michigan may speak.

Mr. HOFFMAN. That is before we adjourn.

Mr. VORYS. Before we adjourn.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HAND: At the end of subparagraph 4, section 4, strike out the period and insert a semicolon and the following: "Provided further, That no gasoline, Diesel oil, bunker oil, nor lubricating oil shall be moved or transported from the United States to a foreign country unless the Secretary of Commerce shall certify to the President in writing that any such movement or transportation of gasoline, Diesel oil, or lubricating oil will not impair the national defense, endanger the national security, nor impair the civilian use of gasoline, Diesel oil, bunker oil, or lubricating oil by the people of the United States; and that the Secretary of Commerce make a monthly report of such petroleum products exported, to the President pro tempore of the Senate and the Speaker of the House."

Mr. HAND. Mr. Chairman, I have listened to the various amendments which have been offered and have observed their fate. I am very sorry that we were not able to adopt the amendment offered by the gentleman from Mississippi with respect to fertilizer which I think was quite important, and the amendment offered by the gentleman from South Carolina concerning American shipping, which I think was worthy of better consideration. Notwithstanding the fate which was visited on those early amendments, I am taking the liberty and a few moments of the time of the Committee to again suggest that the shortage of oil and gasoline, particularly on the eastern seaboard and in the Middle West, while not due entirely of course to this foreign program, but due also to the 10 percent increase in domestic demand, has reached such proportions that there are going to be a great many hundreds of thousands of people in this country who will actually suffer, not from the want of pleasure riding in automobiles, but because of the need for fuel oil to heat their homes this winter. There-

fore I have offered an amendment which it seems to me is extremely mild and extremely reasonable.

The amendment simply provides that, if you are going to export oil, which is in exceedingly tight supply, that before you can export it the Secretary of Commerce, whom I am sure we will trust in a duty so difficult and so important, must certify to the President that the oil which is about to be exported will not interfere with the national defense or the national security, or use by the Army and Navy, or with the normal civilian use of petroleum products in this country. It is as simple as that. All we have to do is have the Secretary of Commerce put his O. K. on the export, and then this amendment has nothing further to do with prohibiting or in any way restraining that export. But if a responsible Cabinet officer says that the export of that oil would impair our national security, who in this House would want that oil to be exported under any circumstances?

Mr. Chairman, I would like to take about 30 seconds to tell you that this is not a novel approach. On July 21, 1947, in this House the Committee on Merchant Marine and Fisheries, being impressed at that time with the fact that petroleum products were in very short supply, unanimously reported, after considerable discussion and considerable preparation, a bill the identical language of which I have incorporated in this proposed amendment. That bill was passed by the House of Representatives on July 22, 1947. It failed to pass the Senate, due to the late time at which it was considered here. It was presented by the chairman of our committee, the gentleman from Ohio [Mr. WEICHEL].

I am not asking the House to give a new or novel approach to this situation. I am asking the House to reaffirm, by this amendment, the language of a bill which they passed unanimously on July 22, 1947. I think the gentleman from California, who I am advised has put in subsection 4 in the present bill, has done a pretty careful job, but I am not satisfied that it is quite good enough to take care of the needs of the American people at this particular time. So I see no harm in again affirming what this House did on July 22. That is, that we must not export oil which would impair the national security nor prevent normal civilian use.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield.

Mr. JUDD. The Secretary of Commerce who, as I understand under your amendment would have the power of decision, said to us in his testimony before the committee, that the import and export of petroleum for the United States are practically in balance, and that a decrease in shipments to Europe from the United States would merely mean a decrease in shipments into the United States from other areas, because the people who are now getting it from us would then have to get it from those areas.

Mr. HAND. If the gentleman will permit me, that still would not be an argument against this amendment, because if, in the opinion of the Secretary of

Commerce, it is all right to export this oil, let him say so. Then it is all right. It is an additional safeguard.

Mr. JUDD. But it would not increase the oil supply in the United States.

Mr. HAND. No; but it will probably increase the amount which will remain in the United States. Let the Secretary take the responsibility.

Mr. JUDD. If less goes out, then less comes in.

Mr. HAND. That may be, but let us see.

Mr. JUDD. That is his testimony. That is what he told us.

Mr. HAND. I do not agree, and I will not take the responsibility of voting for any measure which will reduce the already short supply of oil and gasoline in this country.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. HAND] has expired.

[Mr. JACKSON of California addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from California has expired; all time has expired.

The question is on the Hand amendment.

The question was taken; and on a division (demanded by Mr. HAND) there were—ayes 66, noes 89.

Mr. HAND. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. HAND and Mr. JACKSON of California.

The committee again divided, and the tellers reported that there were—ayes 88, noes 95.

So the amendment was rejected.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. Under a previous order issued by unanimous consent, the Clerk will read the Church amendment.

The Clerk read as follows:

Amendment offered by Mr. CHURCH: On page 2, line 5, after the word "funds" insert the words "herein authorized."

Mr. CHURCH. Mr. Chairman, I yield to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, the committee has no objection to this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. CHURCH].

The amendment was agreed to.

The Clerk read as follows:

Sec. 5. Before any commodities or credits are made available to any recipient country under the authority of this act, an agreement shall be entered into, subject to the limitations and provisions of this act, between such country and the United States containing an undertaking by such country—

(a) to make efficient use of any commodities made available under the authority of this act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

(b) that when commodities made available under the authority of this act are not made available on terms of repayment in dollars, they shall be made available only upon condition that the government of the recipient

country agrees that when it sells such commodities for local currency (1) the amounts of such local currency will be deposited by it in a special account; (2) such account will be used within such country until June 30, 1948, for the purpose of paying local currency expenses of the United States incident to the furnishing of interim aid to such country under this act, and for such other purposes as may be mutually agreed to between such recipient country and the Government of the United States; (3) any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as the Government of the United States, pursuant to act or joint resolution of the Congress, may determine;

(c) to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this act;

(d) to furnish promptly, upon request of the President, information concerning the production, use, distribution, importation, and exportation of any commodities of the character covered in this act;

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this act;

(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of incentive goods, made available to it under the authority of this act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a);

(h) not to export or permit removal from such country, while need therefor continues, of commodities made available under the authority of this act or commodities of the same character produced locally or imported from outside sources;

(i) to permit representatives of the Government of the United States to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this act;

(j) to permit representatives of the press and radio of the United States to observe and report on the distribution among the people of such country of commodities made available under the authority of this act.

The CHAIRMAN. Pursuant to a unanimous-consent request recently agreed to in the Committee, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 5 minutes.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, I just wonder how sincere some of the Republicans are in the thought just expressed that if we pass this bill the legislation will be administered in the spirit and to accomplish the purposes for which it is written. The reason I ask that is this: I think it was in either April or May of this year the Congress passed a bill appropriating several hundred million dollars to aid Greece and Turkey. We were told that money was desperately needed

to combat communism in those countries. I recall that under an Executive order issued by the President the State Department took half a million dollars out of that fund and gave it to an agency headed by Mr. Luckman, the soft-soap man, who told us, and he spent either two or three hundred thousand dollars, that we should not eat eggs. I do not know whether that was on Tuesday or Thursday, but anyway on the other day we should not eat meat. He switched our egg day to the meat day and the meat day to the egg day and neither the Greeks nor the Turks got more eggs or meat for the dollars he spent. What was the use of appropriating money as we did in that case to help the Greeks and the Turks get food, and have the State Department give it to Luckman to tell us that we must not eat eggs on a certain day and must not eat meat on another day. All we ever did, most of the folks, anyway, was to switch the menu.

The gentleman from Illinois [Mr. DIRKSEN], always very eloquent and always persuasive, was talking here earlier in the day and his argument ran along the line—he was opposing an amendment—that even though there was a scarcity, in that case of fertilizer, in this country, we should still ship it abroad, that even though there was a scarcity of farm machinery we should send it out of the country, and so on all down the line, grain and everything else.

That argument called to mind the thought, in my mind, anyway, that even though there was a shortage we will say of tires and of gasoline and of oil, the gentleman from Illinois would still buy himself an automobile. He would not go anywhere but he would still buy it. His situation would in that event be like the one this country will be in if we follow the theory of this bill.

Without oil, gas, and tires the gentleman from Illinois [Mr. DIRKSEN] would not get very far with his automobile. Without the means of production, America will not get very far in aiding anyone. Without the essentials upon which our strength depends, America will become anemic.

If we are going to strip America, if we are going to take away from our farmers their machinery, their fertilizer, everything they must have; if we are going to take away from the veterans in my congressional district, in all other districts, as the administration is doing, the cement which they wish to buy in the open market to use to build their homes, we as a Nation will be flat on our back. We will not encourage young men to enlist in the Army and in the Navy to train for the defense of their country.

You may have noted in the papers that we are now more than a thousand students short up at West Point and we are more than a thousand short down at the Academy, where they want men to train for the Navy. Why is it? Is it because we are treating our veterans unfairly? Is it because all over this country of ours the veterans who have money, who want to buy in the open market, cannot do it? Is it because, using tax dollars, the administration hikes the price, increases

the scarcity of everything they need? Are they and other millions getting a little bit discouraged? Are they a little depressed as to the future which will confront them?

I have heard a great deal here about isolationists, of whom I am one and always have been one. I call to your attention the fact that there are isolationists and isolationists. They might be divided into two groups. Some of us believe that we should put our country first. I am not questioning the patriotism or the loyalty of any Member of this House or of anyone else. We will assume we are all on an equal footing as to patriotism. We just have different ways, as the gentleman from Massachusetts [Mr. McCORMACK] suggested the other day, of carrying out our desire to help our country.

I belong to that group which we might say wears wooden shoes and overalls and walks around in the dirt sometimes and gets a few callouses on their hands and feet, or perhaps a little grease and a little grime on their hands. I belong to that group the members of which, lacking a "higher education" and association with kings, princes, queens, and princesses, believe that we have to keep our country strong all the time. We are just common folks. We live close to the soil. We still believe it is necessary to work. We work, we think we should save—many of us could, without dying, get along without another picture with a Red tinge from Hollywood. Some of us would rather visit and drink a glass of beer—though I do not drink—with a hired man, with Jersey Joe Walcott, than kiss the hand or the foot of an English lord, a Paris beauty, or even a Churchill.

I oppose the thought of that group which wears striped pants and a long-tailed coat and drinks champagne and who thinks so little of this country of ours that they do not believe it can stand on its own feet unless we have the British Navy to protect us; unless we do something to help this country, that country, or some other country which stands between us and destruction.

Despite my inferiority complex, I really feel sorry for those who see the black night of the Dark Ages snuffing out the light of the advanced civilization which we have been carrying into the world by relying upon the advice of Washington, the principles enunciated in our Constitution which, because of our acceptance of them, have made us the hope of the world.

Poor old Uncle Sam—so weak he cannot exist unless he purchases a peace, and yet, in the opinion of these same international isolationists who see the interests of all other countries first, so strong that he can give unlimited aid to all other nations. Do you see the point I am trying to make?

I remember being in the Committee on Rules just a few days ago when I heard the gentleman from Ohio [Mr. BROWN] say something to the gentleman from New York [Mr. BLOOM] about England, the British Empire, being weak. The gentleman from New York agreed with him that the Empire was weak—so weak the New York gentleman thought that it could not live without our aid.

Then the gentleman from Ohio [Mr. BROWN] said to the gentleman from New York, "Suppose we give away so much and so weaken ourselves that we are in a like condition—as weak as the British Empire?" He said, "Then who is going to take care of us?" And the gentleman from New York [Mr. BLOOM] said, "The Lord." In my judgment we are right down to taking care of ourselves because I am sure that the Lord is not going to be guilty of any unfair labor practice or of any other unfair practice. If He did not take care of Great Britain, He is not going out of His way to discriminate in our behalf to take care of America. The duty of protecting ourselves rests first upon us and not upon somebody else. The Lord helps those who help themselves.

The gentleman from New York [Mr. BLOOM] is a powerful individual in the international world. It is my understanding that he owns, or at least once owned, the rug upon which the King and Queen of England walked when they visited the Capitol rotunda; that he was decorated on one occasion by Mussolini. But I do not believe that he has a pipe line to the ear of the Almighty. But, if he has, I beseech him, in behalf of millions of Americans, to make his plea for direct relief to the needy and the unfortunate in the Old World.

Because I do believe in prayer and in Divine guidance, my prayers, while asking the Lord to help others, have, ever since my childhood days, carried the plea that the Lord would make me a good boy, and, later, a good man; that he would guide and protect my country. Following through, I intend to do my utmost to aid my country so that in the end it may help less fortunate nations.

Mr. MUNDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MUNDT: On page 4, section 5, paragraph B, strike out the language beginning on line 8 up to and including the figure 2 on line 14 and substitute the following language changing the numbered subsections to No. 1 and No. 2 to conform with the amended language. The language to be substituted reads as follows: "To make, when any commodity which is not furnished on terms of repayment in dollars is made available under this act, a commensurate deposit in the currency of such country in a special account."

Mr. MUNDT. Mr. Chairman, this amendment goes to the fundamental philosophy of this bill. May I point out that probably most of you are completely unaware of the fact that a significant change has been made between the language of the bill which has come from the Senate and the way it has been reported by our committee. I think first of all you are certainly entitled to know about that change and what it signifies. I am going to give you an opportunity at least to vote to put the bill back in conformity with the Senate language. The Senate bill proposes, and I have the Senate language here, and may I say that the Senate bill uses language which the State Department suggested, and which the Herter committee approved of, that "when any commodity not furnished on terms of repayment in dollars is made available

under this act, a commensurate deposit in the currency of such country is to be made in a special account."

In other words, under this legislation as it passed the Senate, it was not a give-away proposition. Each country was required to pay in its local currency for the supplies made available. I like that philosophy. I like that philosophy because it makes these Governments share in some of these responsibilities. I am happy that the State Department recommended that. I am happy that the Senate wrote the legislation in that way and I am happy to have heard the chairman of the Herter committee say that it is a proposal which they approve. I deplore the fact that in our eagerness to be of assistance, the House committee went too far over my objections, because you will see on page 4 of the bill instead of requiring the recipient countries to pay in their local currency, we simply give the supplies away. Our bill says on page 4, line 8, that when commodities made available under the authority of this act are not made available on terms of repayment in dollars they shall be made available only upon condition that the Government of the recipient country agrees that when it sells such commodities for local currency it shall make a deposit in a special joint account.

Do you see the difference? Under the House language the recipient government can give away every single dime of all these supplies, and nothing need be deposited in the joint account. Under the Senate language the recipient government must make payments in its local currency. It is all deposited in the joint account. I prefer the Senate version.

Now, what is the difference? Fundamentally, there are several differences. In the first place, the Senate language, which I propose to restore, enables our dollars to do double duty. Those governments are not bankrupt. They have money in their local currency. Is there any reason in the world why they should not pay with the money that they have in their local currencies, for the supplies that we are making available? By compelling them to pay we render them a service, because we take out of the stream of currency the money which they have to freeze in this joint account, thus reducing the amount of money available for inflationary purposes in the country, and helping to reduce prices by having a deflationary effect upon the country.

Those of my colleagues who will oppose this resolution will say in the first place, "Oh, we should not expect the governments to pay us out of their local currencies, because they will have to tax the people to get it, or if they do not tax the people then they will have to run the printing presses to print the money." I want to have them tax the people. I do not think you will have stable systems of economy until you have sound systems of taxation. It is important that we try to restore economic stability over there.

As to the second part of the argument that they are going to run the printing presses to print the money, may I submit to you that unless these bilateral contracts prohibit the use of printing presses

to print money indiscriminately, the whole program is going to collapse. We are going to have to write into these bilateral contracts stipulations prohibiting them from engaging in the indiscriminate use of printing-press money.

There is one other advantage in the amendment which I propose. That is, it puts into a joint account the local currencies which those countries pay for these supplies. This money can be spent locally on any program which is jointly acceptable to that government and ours. It may be a program of information which is so badly needed. It may be used to purchase radio time to tell those people about the part America is playing in building this peace of ours. It may be to buy advertisements in the newspapers, or it may be used, if necessary, to purchase some free supplies to make available to folks in bread lines, if there are those unable to purchase them in their local markets. It may be used, as the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has spoken of, to buy articles and supplies which the people cannot buy themselves. These local funds can be spent to supply indigents with food, together with all the benefit of American publicity and advertising about free food, hot lunches, and so forth that they may get. I submit to you it is just good economy and sound sense, when a local government has money in its own currency, to require it to spend it in payment for the supplies we make available; and I recommend that you will follow the Senate in this connection.

The CHAIRMAN. The time of the gentleman from South Dakota [Mr. MUNDT] has expired.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this particular amendment was offered and fully considered in the Foreign Affairs Committee and voted down. The committee felt that this was changing the basis of the relief assistance. The main point of it is this: Do you want a bill that is a relief bill, or do you want a bill that is a sale to those countries in their own currencies?

The difference between the bill which we on the committee have offered and this amendment is that we permit the recipient country where their people are so poor they cannot pay for the food to give it away. That is what I believe the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has asked for or will ask in some of the amendments that he is offering. He wants the relief done through the Red Cross and charitable institutions.

If you do as the gentleman from South Dakota suggests you will then cut all the charity out of this bill. If you do as the gentleman from South Dakota suggests you have then changed the bill from a relief measure to a sale to them in their own local currency. How then can you impose all the conditions that we insist on and still follow the goods right through into the hands of the purchaser, and have them marked so that it appears they are United States goods in the hands of the consumers. How can you do it if you are turning this into a straight sale? I say that you cannot.

We people who have worked in preparing this bill, worked previously on Public Law 84, which was the \$350,000,000 relief bill. Do you all know that that bill had this same language which the committee has written in this section of the pending bill? We say to the recipient countries: If you sell it, if you can sell it, then you put the money into an account subject to our joint control and we will use it for the children, we will use it again for further charities and relief. We will have a revolving fund so that when we once put the money in it can be used again, say, for church relief or other relief. If you put up to these governments that they are going to have to pay in full immediately in their own currencies, they are going to have to tax in addition. To balance their budgets these governments are going to have to tax to get the money when they cannot collect from their people, or they are going to have to start the printing presses, as France had to do a little while ago. You are going to have to increase taxes as the only sound alternative.

I disagree with the gentleman from South Dakota when he says about the recipient governments: "I want to have them tax the people." I do not want to be the country that goes in and runs a foreign government and says they have to tax their people more. What kind of relief is that? How would you feel if you were an Italian or French citizen and your children were starving and needing food and shelter and somebody came in and said: "We will give it to you. This stuff is coming to you from the United States out of kindness, but you pay 100 percent for every bit of it." You cannot do that. That is not aid, that is a sale. If you want the printing presses to run, vote for the Mundt amendment because they are going to have to get the money from some place. As the gentleman says, the other alternative is to tax the people, but many of them cannot pay. That is why I disagree so strongly with his statement that he wants to tax these people. I do not.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish merely to say that this amendment was brought up several times by the gentleman from South Dakota during the deliberations of the committee and was voted down each time by an overwhelming majority, because, first, as the gentleman from Pennsylvania remarked, the provision as we have written it in this bill is already in Public Law 84 and has worked well. The gentleman from South Dakota says that these governments have money and should pay for the goods, but as a matter of fact they do not have enough money unless they print it or sell the goods. The people have francs or lira in excess of the supply of goods available, but the Government does not. If we force them when they receive these goods, and before they can sell them, to get a commensurate amount of francs or lira and deposit them in a special account, they must run the printing presses and thereby increase the money in circulation and the inflationary pres-

ures on their economy. Our objective is the opposite.

I may say that under Public Law 84, about 20 percent of the goods furnished from that \$350,000,000 bill has been given away to people who could not pay. Eighty percent has been sold. Now, that is the real test, how it worked in actual operation. When people can pay for these goods, they ought to pay. That takes the currency out of circulation, puts it in this special account, and if after paying the local expenses of administration we did nothing but burn up the currency, it would be helpful to their inflationary situation. To those people who cannot pay, the goods that we have sent over are distributed by the Government through its regular relief system.

It seems to me a third major objection to the gentleman's amendment is this: If we make them pay in their money for every bit of goods we send over, then it is their goods, not ours. How can we in good conscience come along and lay down 10 conditions as to how they shall use or distribute goods which now belong to them? Inasmuch as the money they can pay for the goods cannot be converted into dollars and therefore is of no value to us, I think we would be genuinely short-sighted to charge them for the goods as soon as delivered, have them put the money in a special account, and then try to tell them how they shall use the goods which they have already bought and paid for.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from South Dakota.

Mr. MUNDT. I think you should make it clear they are not paying the money to us. They are paying it to a joint account which they share in to spend.

Mr. JUDD. That is right. But the point is, when they have paid for all the goods we send over, then the goods are theirs. I do not see how we can then keep in the bill these restrictions which you and I want. Having bought the commodities, how can we tell them how they are to be used? Their having to provide currency to pay in full merely increases the inflationary forces within their own economy.

Mr. MASON. Will the gentleman yield for a parliamentary inquiry?

Mr. JUDD. I yield to the gentleman from Illinois.

Mr. MASON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MASON. Mr. Chairman, is it parliamentary and proper here in the House for a Member to get up and say, "I disagree violently with Mr. Smith," instead of saying, "I disagree violently with the gentleman from South Dakota [Mr. Smith]"?

The CHAIRMAN. If the strict construction of the rules are followed then the Chair would say that the gentleman from Illinois has stated the correct way of addressing the Chair; however, there is so much liberality, and of necessity so, in these modern times that we pursue the

best course, keeping within reasonable limits of the technical rules.

Mr. MASON. Mr. Chairman, I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MASON. Is it proper on the floor of this House under the rules of the House for two gentlemen to say, "I disagree with you and you and you" and not even address the Chair? You were guilty of that, sir.

The CHAIRMAN. Technically speaking, one Member cannot refer to another Member in the second person; however, we often do those things. The gentleman from Illinois is a good parliamentarian and really knows the answers.

Mr. BLOOM. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from South Dakota.

Mr. Chairman, the amendment offered by the gentleman from South Dakota is something that just will not do what he intends doing. When you start to sell these goods to the people of France or Italy or wherever you send the goods you will have a lot of money that you will not know what to do with when you get it. I have heard it said on the floor in debate that there would be an opportunity to dispose of some of these goods to the poor people over there who do not have the money to pay for the goods. Now, that was said because the bill as it stands today without this amendment will allow that to be done.

The committee that will have charge of the disposition of these goods will have the opportunity of disposing of some of these goods to the unfortunate people who do not have the money to pay for them. Are you going to place these countries in the position that they are supposed to pay for all the goods we send to them? As has already been stated, you will start them to printing money in order to put that money to the credit of both countries, the recipient country and the United States; then after you get all of this money I do not think it will be worth anything. You will have to make some disposition of it at that time.

Mr. Chairman, the amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. MUNDT].

The amendment was rejected.

Mr. GATHINGS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GATHING: Page 4, strike out lines 8 to 25, inclusive, and insert in lieu thereof the following:

"(b) to reimburse the United States for all commodities made available to it under the authority of this act, on the basis of the fair value of such commodities, such reimbursement to be in one or more of the following forms as the President may deem appropriate: (1) repayment in dollars, (2) furnishing commodities, in short supply in the United States, which may be needed to insure the national security of the United States; or (3) making available to the United States bases for military or other purposes."

Mr. GATHINGS. Mr. Chairman, this is a little new idea that I am bringing in here late in the afternoon, but I want to say to you that it only provides a method

of repayment for the fair value of these commodities that will be made available, and that will be done in three ways. They could either pay us back in dollars or they could furnish us with strategic materials that are in short supply in America, or else they could furnish us military or civilian bases. Now, what is wrong with that?

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from New York.

Mr. JAVITS. The gentleman asks what is wrong with that?

Mr. GATHINGS. Yes.

Mr. JAVITS. I would like to have the gentleman put himself in the position of Mr. Molotov and decide for himself how much fun he would have, with 300,000,000 people on the verge of starvation in Europe, if the United States was giving him certain military bases as the price of humanitarian aid.

Mr. GATHINGS. I will say this to Mr. Molotov, that our duty is to look after America. We need some of these bases. I visited Newfoundland just a few months ago. We acquired five bases along the eastern seaboard in exchange for 50 old-age destroyers, and that was the best deal that America ever made, in my judgment. It would be well to make some more such trades. We are making those bases better and stronger all the time, and we need more like them scattered throughout the world. I do not see why these folks should get these commodities and not pay for them. My amendment is a method by which they could pay for the commodities and credits, and they, each of them, are well able to do it.

I voted for UNRRA, and we were told at that time that we were going to get back some strategic minerals and materials for stock piling purposes. I voted for foreign-aid funds year in and year out and we should have gotten value received for all this money. Those who were in charge of the legislation on the floor said, "Oh, yes, we are going to be paid back." Well, we were not paid back one red copper cent, except the Finns, who repaid their World War I loan. Then we came along and cancelled World War II loans. Now we have embarked on a program of continuing to give away these billions of dollars. We have appropriated \$19,000,000,000 since the last shot was fired in World War II. Do these people appreciate it? Oh, no. You can stop them on the streets of France or Italy or Austria, and you can say to a man you talk with, "We are over here to investigate your food needs. We want to help you. We want to give you some food." Why, he would look at you and think that there was something wrong with you. There is nothing wrong with us. They would say, "If that is the situation, go on back home." That is the attitude as I saw it over there in many European countries. When we arrived at the airports of the various countries they handed us a slip of paper which said, "Here is your itinerary. At 9:30 o'clock tomorrow morning be at a certain place, at 10:30 you are to be at this office, and at 11:30 be at another place, and

you are to eat lunch at 1 o'clock, and at 2 o'clock you were holding a meeting, and at 6 o'clock you are to dress for dinner." If it had not been for the fact that the Food and Agricultural Committee of this House did a little night work we would never have gotten any information. We went out at night and talked to the folks that could talk English, and learned something about what the facts are. I do not know what the other committees did, but I want to say to you that we did find out that the situation over there was not as desperate as it has been pictured.

I ask you to support this amendment and let us look after the exchequer of this country.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from New York.

Mr. BUCK. As I heard the gentleman's amendment read, it had no time limitation. Would the gentleman comment on that point?

Mr. GATHINGS. No; there is no time limitation.

Mr. BUCK. Suppose they pay these things back a hundred years from now.

Mr. GATHINGS. If you read section 5 you will find that before any commodity or credits are made available, the President shall see to it that certain things be done. Under my amendment one of three methods should be used for repayment. The American taxpayer has to assure the Government of the United States that he will repay any loan or advance that is made to him. I see no reason why we should require less of foreign governments. Mr. Chairman, I trust that the amendment will be agreed to.

(Mr. GATHINGS asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I ask the gentleman from Arkansas if his amendment strikes out lines 8 to 25, inclusive, on page 4?

Mr. GATHINGS. Yes. It strikes out paragraph (b) from line 8 through line 25 and substitutes the language as read in the amendment.

Mr. KEE. Mr. Chairman, this amendment provides simply a sale of these goods to the people we are trying to aid and to the countries we are trying to help. This is emergency legislation for the purpose of saving the people of those countries who are cold and hungry from personal distress, and it is also for the purpose of saving the governments of the countries not only from the infiltration of unfortunate political ideologies but from actual invasion. It is to save the economies of the countries named in the bill.

If they had the money, the gold with which to purchase the goods they require and which we propose to send them through this measure, it would be unnecessary for the measure ever to be considered by this Congress. As we all know, however, they are without the gold and they are without the money to purchase the commodities they require. We

are therefore stepping in to adjust the economies of those distressed nations to encourage their resistance to outside pressure, to sustain their morale, and to save them from being absolutely taken over by a strong and aggressive nation.

The proposed amendment is obviously 100 percent inconsistent with the purposes of the bill. The basis of the measure is that the United States shall provide assistance to the three recipient countries. There is no assistance if the recipient countries are required to pay for the assistance either in dollars or in commodities which are in short supply in the United States. The need for the act is caused by the basic fact that the recipient countries do not have dollars nor do they have the goods necessary to their economy.

To get supplies from the recipient countries which are in short supply in the United States and which may be critical to our national defense would involve us in a long session of protracted negotiation before any assistance could be available. The proposed legislation is designed only to provide assistance for a very limited period of time; to require as a condition before receiving assistance that long-drawn-out negotiations must be entered into with respect to the production, specification, and shipment of certain types of goods would delay the rendering of assistance and thereby defeat the basic objective of the proposed legislation. We are opposed to the amendment. We ask that it be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. GATHINGS].

The amendment was rejected.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have taken this time to suggest that if we do not finish the bill this evening, and it now seems quite apparent that we will not, it is my plan to have the House meet at 11 o'clock tomorrow morning.

I think we will all agree that this bill has been carefully debated and that careful consideration has been given to each of its provisions as we have progressed thus far in the reading of the bill. I understand there are other important amendments to be offered that will undoubtedly require some considerable time in debate. However, I express the hope that we can conclude consideration of the measure tomorrow evening.

It must be recognized that the measure we pass here in the House will go to conference, and it will be necessary for the conferees to adjust the differences between the Senate and House bills.

Moreover, there are some other measures that may be reported from committees dealing with matters involved in the call for this special session which will require careful consideration on the floor. We will also have a deficiency appropriation bill to provide the funds to pay for this legislation, if it is adopted. There will also be other matters in the deficiency appropriation bill having to do, as I understand it, with relief for the Navajo Indians as authorized in the bill which passed the House today.

Of course the Members, particularly from the West, who have a distance to

travel are desirous that we conclude our work so as to have time to get home for Christmas. If we handle the matters which come before us expeditiously, it is my view that we should try to conclude this session on the 18th or 19th, which is the latter part of next week.

I thought it might be helpful for all of us in planning our personal affairs, and in furthering the consideration of this bill and of the other measures which might come before us to make this statement regarding the legislative situation.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Pennsylvania.

Mr. RICH. Why not add the names of the other European countries in this bill and increase the amount and then we would have the Marshall plan already adopted.

Mr. HALLECK. Mr. Chairman, I do not know whether the gentleman is serious or not. He frequently is facetious in his inimitable way, and of course we all love him the more when he does that. However, I think it is quite well understood by everybody that there is no commitment expressed or implied in the consideration of this measure or in its enactment if it is enacted into law.

Mr. GOFF. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in spite of disagreement as to details, it seems plain that the House will approve this authorization for further aid to Europe. In spite of some very substantial misgivings, it is my intention to vote for the bill. It is further evidence to the world of the altruistic spirit of the American people and is affirmative action to halt communism.

Let us have no illusions as to the gravity of the world situation nor as to the unfortunate position in which this country has been placed. As things stand now, the apparent result of all our sacrifices in World War II has been to make the world safe for Russia. Our Nation played a major part in the elimination of the threat of Germany on the west, and the dominant role in crushing Japan, the Soviet's rival in Asia. Our policy in China has thrown that vast country open for the Communist advance. The present favorable position of this new apostle of tyranny is the direct result of the mis-handling of our foreign affairs by the national administration.

The foreign-aid bill is being pushed through at the insistence of that administration, which continues to pile up a record of bungling every international crisis. I shall vote for the bill, because it presents at least some hope, however doubtful, of saving the friends we have in Europe. God knows we have too few friends left.

Let me demonstrate to you the reckless way we make enemies. At the insistence of the administration, the United States delegates to the United Nations succeeded in their efforts to secure the approval of the partition of Palestine. By an unnatural joinder with Russia, the administration forced an international decision based on a highly controversial premise and on rights of doubtful legal basis. The administration committed

our representatives on the United Nations Council to this dangerous international course for reasons of domestic political expediency. Whatever our sympathies for a particular group may be, this was no time to let emotion or political expediency determine our action. I may not qualify as an expert on the Middle East, but I served there for 16 months and claim at least some basis for personal observation.

The Arabs are serious in their objections to what we have done, for there is no belief so deeply rooted as one based on religious conviction, and there is no opposition so bitter and lasting as that founded on religious fervor. We must have bases in the Middle East if we are to hold the line against Russia's aggression. We cannot now obtain nor hold those points of vantage in the vast hostile hinterland outside Greece and Turkey, which stretches more than half way around the Mediterranean and across the heart of Asia. The practical effect has been to nullify the aid we granted this spring to Greece and Turkey.

Surely by this time we should have learned that Russia agrees to nothing unless it is for Russia's advantage. Russia, as a member of the United Nations, has now a pretext for the entry of Red army troops into Palestine.

We have touched off a fire in the Middle East which may spread to the whole world. We have staked the full prestige of the United Nations on an action that may wreck the entire structure of peace. The vast struggle with communism that faces us now is too serious for futile gestures of sympathy.

The truth is that we have, in this one unwary act, thrown away the most strategic crossroads in the world. We have done that in the name of humanity, but we have gravely injured America. Today what is bad for America is bad for all mankind. We have served a few people at the cost of the safety and security of the whole world.

If we pass the present bill, the Congress will have done its part in this new grapple with the Soviet bear. Then let the administration justify by performance a trust which past failures have not earned.

Mr. TOLLEFSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I desire to speak in behalf of the provision in this bill which provides assistance for China. Upon Secretary Marshall's return last spring from Europe, he made the statement "The doctors deliberate while the patient sinks." He had reference to the matter of aid for Europe. The statement is equally pertinent to the Chinese situation. That China needs help desperately cannot be denied by any informed person—and it needs that help immediately if it is to withstand the onslaughts of those forces which seek to destroy it. Secretary Marshall, in his appearance before the Foreign Affairs Committee, recognized China's need and the importance of it. He stated that his Department was working on a long-range program beginning in April 1948. But that may be too late. We must act

now. As my distinguished colleague, the gentleman from Minnesota [Mr. Judd] has stated, the situation in China may even now be so desperate that it cannot be retrieved. But to do nothing now would be tantamount to letting the situation go by default to those who oppose us in our efforts to establish peace. Such abandonment by us would result in a serious threat to our security in the Pacific.

We have an obligation to our allies in China, and in supplying interim aid now it would be a recognition of that obligation. But we would also be acting in our own self-interest. China is of great importance to this hemisphere and to western civilization. Its potential influence and impact upon our future economic life is immeasurable.

My reference to our obligations stems from the fact that we made certain lend-lease commitments to China upon which that nation depended. But we failed to keep all of our commitments and suspended them. We did so at a time when there were those who said we must not suspend our commitments to Russia, and we thereby left China in the hole, so to speak.

For a period of many years, and until approximately 2 years ago, Americans have seen clearly the tremendous advantage to our country in having a strong, friendly, and independent China. All of us remember our open-door policy. We recall the Nine Power Pact. Great men such as Charles Evans Hughes and Elihu Root and many others saw clearly that peace in the Pacific depended in large measure upon a sovereign and independent China. Cordell Hull, likewise, recognized the value of such a policy.

If we also believe that policy to be sound, then we must act, and act quickly, to aid China. To wait longer may be too late. The patient might well expire in the meantime.

(Mr. TOLLEFSON asked and was granted permission to revise and extend his remarks.)

Mr. KEATING. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KEATING: Page 6, line 18, after the subsection (j) add a new subsection reading as follows:

"(k) To release from custody and repatriate, within 6 months hereafter, all foreign nationals heretofore captured and held as prisoners of war and to furnish, within 30 days hereafter, a schedule indicating the dates on which fixed numbers will be so released. Nothing herein contained shall require a commitment or undertaking to release any person held for trial or after conviction for any offense committed against the laws of the country where held, since his capture as a prisoner of war."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. I make the point of order against the amendment that it is not germane to this bill, since it deals with an entirely foreign subject, relates to international law and the laws of war, and cannot conceivably be germane to this type of legislation.

The CHAIRMAN. The Chair listened very carefully to the reading of the amendment and is satisfied and is now ready to rule. However, if the gentleman from New York [Mr. KEATING] desires to be heard on the point of order, the Chair will be glad to hear him.

Mr. KEATING. Mr. Chairman, I am ready to allow the Chair to rule and have a substitute amendment to offer if the Chair should rule adversely.

The CHAIRMAN. The Chair rules that the amendment is clearly out of order because it is not germane to anything dealt with in the bill.

The Chair therefore sustains the point of order.

Mr. KEATING. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. Keating: Page 6, line 18, after subsection (j) add a new subsection reading as follows:

"(k) to release from custody and repatriate, within 6 months hereafter, all foreign nationals heretofore captured and held as prisoners of war and heretofore or hereafter employed in the production, planting, harvesting, sale, distribution or use either of any of the commodities made available under the authority of this act or commodities of the same character produced locally or imported from outside sources and to furnish, within 30 days hereafter, a schedule indicating the dates on which fixed numbers will be so released. Nothing herein contained shall require a commitment or undertaking to release any person held for trial or after conviction for any offense committed against the laws of the country where held, since his capture as a prisoner of war."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. The amendment presently submitted is subject to the same infirmities as the original amendment. I submit that merely weaving in something about the use of prisoners for production of some of the relief supplies that are referred to in this bill does not make the amendment germane any more than if the fact would appear that those same prisoners might have eaten some of those supplies. The amendment, I submit, is subject to the same infirmity. It simply has nothing to do with this bill but deals with the matter of release of prisoners and therefore is out of order.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. KEATING. I do, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. KEATING. Mr. Chairman, all of the subsections covered here, (a) to (j), deal with commodities made available under authority of this act, or commodities produced in the foreign country which are, one might say, competitive with the commodities sent from this country.

The amendment, in my opinion, is now made germane to the issue because it deals with those who are handling the commodities furnished under the provisions of this act and is just as much germane as two or three of the other subsections which are involved in this omnibus measure.

We are here endeavoring to establish a number of undertakings which these foreign countries are to enter into, covering various transactions with relation to these commodities, and this is simply another of the same general character.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from New York, the proponent of the amendment, has suggested that this is just as germane as some other subsections of the bill. In that statement the Chair is in hearty accord, but the rule provides that points of order are waived against everything in the pending bill.

The purpose of the pending amendment was set forth in the gentleman's original amendment, which was declared to be not germane. The same purpose obtains at this time in the second amendment, and the Chair is constrained to believe that the purpose of this amendment is not to further or to help the bill in question, but by adding something that is incidental and not of substance so far as the purpose of the bill is concerned. The distinguished gentleman from New York attempts by language to change the context from the plain, evident purpose of his amendment. Regardless of merit the Chair finds that the amendment is not germane.

Mr. KEATING. Mr. Chairman, I have another amendment which I offer.

The Clerk read as follows:

Amendment offered by Mr. KEATING: On page 5, line 17, after the word "commodities", insert "and for that purpose to release from custody and repatriate, within 6 months thereafter, all foreign nationals heretofore captured and held as prisoners of war and heretofore or hereafter employed in the production, planting, harvesting, sale, distribution, or use either of any of the commodities made available under the authority of this act or commodities of the same character produced locally or imported from outside sources and to furnish within 30 days thereafter a schedule indicating the date on which fixed numbers will be so released."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Mr. Chairman, the amendment is still subject to the same infirmities its predecessors were. What the gentleman has done is to stick it in the middle of the section which has to do with increasing maximum production in the country, and the way it reads now, in order to require maximum production, they must release all of the prisoners who are working on production. It is fantastic the way it fits in, and it is perfectly obvious that in its present context it is, as the Chairman has ruled with reference to its immediate predecessor, merely an attempt to make something germane that relates to prisoners, which is not germane to this legislation.

Mr. KEATING. Mr. Chairman, may I be heard?

The CHAIRMAN. Yes.

Mr. KEATING. Mr. Chairman, I call the particular attention of the Chair to the fact that the beginning of this amendment says "for that purpose." It is inserted at an entirely different place from the one where the other amendment was attempted to be inserted.

Under subsection (f), one of the commitments which the foreign nations must make is to exert all possible efforts to secure the maximum production and distribution of locally produced commodities.

Mr. Chairman, we are here concerned with four different countries. One of them is Austria, a former enemy country. Another is France, perhaps now holding Austrian prisoners of war.

My point is that it does increase the likelihood of a more effective production and distribution of locally produced commodities if these countries employ self-help rather than serf help. At least so far as Austria is concerned, she may have nationals now prisoners in France—let us take those two instances—it will be to the advantage of Austria in producing and distributing these commodities to have her prisoners of war released by France.

Furthermore, Mr. Chairman, we are not concerned on the argument of this point of order with the merits of the proposed amendment. I shall endeavor to go into that at the proper time if the Chair permits by overruling this point of order. We are only concerned now with the question whether the release of war prisoners can have any conceivable connection with increase of production and distribution of locally produced commodities in any of these countries. In my judgment, this amendment is germane to this section of the bill.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from New York has offered three amendments.

The first amendment makes it clear that the purposes of the three had nothing whatever to do with the bill in question. The second amendment attempted to make that purpose germane by making the purpose incidental to the main purpose of the bill now under consideration. That has been held to be out of order for the reason stated. The third amendment has the same frailty and defect and clearly shows on its face that its purpose is not to aid and help in carrying out the provisions and the intent of this bill, but has the express purpose of releasing and repatriating this particular group of persons.

The Chair is again constrained, much as he dislikes to rule against his colleague, to hold that while his argument is ingenious, his logic is not sound. A shifting of words does not make the amendment germane. The point of order is sustained.

(Mr. KEATING asked and was given permission to revise and extend his remarks.)

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am taking this time to address the acting chairman of the committee about an amendment that I have at the Speaker's desk. This amendment proposes to provide for a distribution of a portion of the food that is sent to France, Italy, and Austria through the Red Cross and through charitable and church organizations.

Now, I would like to speak on that amendment when the House convenes tomorrow, hoping that the membership

will be here so that it will not be necessary to make a second explanation of all of the provisions of the amendment. The hour is getting late, and I am wondering if I could reach an understanding with the gentleman from Ohio [Mr. VORYS] to have my amendment read tonight and then permission to go on with my discussion of it tomorrow in the hope that we can expedite action on it and limit debate tomorrow.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I will be glad to yield.

Mr. VORYS. My sole purpose is to use, as well as we can, the remaining time this evening. I was wondering, before I answer the question, if I could inquire whether there are not other amendments to section 5 pending on the Clerk's desk or in the bosom of our Members which could be brought up at this time and disposed of, and then the gentleman could speak on his amendment and introduce it tomorrow. I have no objection to the general procedure the gentleman suggests, but I thought that we might go along with the bill a little further tonight.

Mr. AUGUST H. ANDRESEN. If there are other amendments, certainly I would like to see them considered.

The CHAIRMAN. There is one additional amendment on the desk to section 5 other than the Andresen amendment.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. HALLECK. Is that the Redden amendment?

The CHAIRMAN. Yes.

Mr. HALLECK. The gentleman from North Carolina [Mr. REDDEN] suggested to me that another Member who was to assist him in the presentation of that amendment is not present and he did not want it to come up this evening. Might I make this inquiry, if there is anyone who wants to talk, who has a pro forma amendment? Does the gentleman from Texas have an amendment?

Mr. GOSSETT. Yes; I have an amendment.

Mr. HALLECK. To which section?

Mr. GOSSETT. Section 5.

Mr. AUGUST H. ANDRESEN. If the gentleman desires to speak on his amendment, I will yield the floor.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I was going to make the observation that certainly my friend would never make a suggestion that would interfere with the Chairman at this time to grant anyone recognition.

Mr. AUGUST H. ANDRESEN. Certainly not, and I do not want to disrupt any of the usual and customary procedures.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Minnesota.

Mr. JUDD. After the somewhat derogatory remarks that have been made about the Committee on Foreign Affairs the last few days, the gentleman will

agree that if we consent to his request we are certainly putting him and the advocates of an amendment to which we are opposed, in a most favorable position to get the amendment adopted, are we not? I just want to get it into the RECORD that once in a while we do something that is proper.

Mr. AUGUST H. ANDRESEN. I can say to the gentleman, who is my very distinguished and able colleague from Minnesota, that I have the highest regard for him and the members of his committee, all of them, with no one excluded, and I appreciate any consideration they may show me.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the gentleman's proposed amendment may be read for the information of the Committee of the Whole at this time and may be called up tomorrow by the gentleman from Minnesota for action.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: Page 6, line 18, strike out the period and insert a semicolon; and after line 18 insert the following indented paragraph:

"(k) to insure that, notwithstanding any other provision of this act, the following conditions are fulfilled in the case of food made available to Austria, France, and Italy, under the authority of this act: (1) Not more than 33½ percent of such food shall be sold; (2) the proceeds from such sales, or as much as is required, shall be used only for paying local expenses of processing and distributing food made available under the authority of this act; and (3) all food made available to it under the authority of this act which is not sold shall be distributed among needy persons in low-income groups in such countries, without cost to such persons, except the surrender of coupons for rationed food, through the Red Cross and through such other relief, charitable, and church organizations as may be approved by the field administrator referred to in section 10 of this act."

Mr. VORYS. Mr. Chairman, I reserve all points of order against the amendment.

The CHAIRMAN. In order that things may be understood, the understanding of the Chair is that the Andresen amendment has been read for information, that all points of order have been reserved, and that the Andresen amendment will be the first order of business when the Committee resumes its session tomorrow. Is that correct?

Mr. VORYS. That is not quite my understanding.

The CHAIRMAN. What is the gentleman's understanding?

Mr. VORYS. My understanding is that the amendment was read for information, points of order were reserved, and the amendment could be called up tomorrow by the gentleman from Minnesota. However, if he so desires, it is agreeable to me, at least, that it shall be the first order of business.

The CHAIRMAN. Of course, the gentleman can offer it at this time as a matter of right if he so desires.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I ask unanimous consent that when the Committee of the Whole resumes its session tomorrow I may be per-

mitted to discuss my amendment for 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. RIVERS. Reserving the right to object, Mr. Chairman, may I propound a question to the gentleman from Ohio? I think the Committee of the Whole should understand this matter of when Mr. ANDRESEN's amendment comes up, because, as I understand it, we have not yet completed the consideration of section 5 and section 6, and the amendment to be offered by the gentleman from Minnesota is proposed to come under section 7.

Mr. VORYS. Mr. Chairman, I have no objection to the statement the Chair made that this should be the first order of business tomorrow, but I am constrained to object at this time to any extension of debate, on behalf of my brethren who are not here. I certainly shall make no such objection tomorrow. But all points of order against the amendment have been reserved, and it is quite possible if a point of order against the amendment were sustained that the gentleman would not have any time, at all to speak on his amendment. Therefore, I reluctantly object to any agreement as to time being made this evening.

Mr. AUGUST H. ANDRESEN. If the gentleman feels that he must object to my request, I will withdraw it.

Mr. VORYS. I would have to object to any arrangement as to time for the gentleman to speak being made at this time.

The CHAIRMAN. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] withdraws his request to have 15 minutes of time to speak on his amendment tomorrow. Therefore, as the matter now stands, the gentleman from Minnesota is to be permitted in his discretion to call up his amendment at the beginning of the session of the Committee tomorrow. If any points of order are made against the bill they must be made before debate proceeds on the amendment.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word in order to try to clear up this situation. As I understand the situation, the amendment offered by the gentleman from Minnesota was for the information of the House, as the Chairman has stated. It is not pending before the Committee at this time, and therefore there is no formal action other than for information. The gentleman from Ohio has reserved points of order which while he had to do so, was not really necessary because the time to raise a point against an amendment is when the amendment is formally offered. Is my understanding of the rule correct, Mr. Chairman?

The CHAIRMAN. The Chair understood from what the gentleman from Ohio said that the understanding was that the Andresen amendment would be taken up first on tomorrow, subject to points of order. Then the gentleman from Minnesota attempted to get 15 minutes' additional time, but failed to do so.

Mr. McCORMACK. My understanding is that a unanimous-consent request that it would be the first order of business was not made because if that were the case I would be compelled to object, although I hope the gentleman from Minnesota is recognized first because the right of recognition rests with the Chairman, and I would never agree to a unanimous-consent request which takes away from the Chairman of the Committee, no matter who may be the occupant of the chair, the right to recognize Members in Committee of the Whole. My understanding of the situation is that the amendment was simply read for the information of the House and that the Chairman of the Committee of the Whole House on the State of the Union has reserved for himself the right of recognition, which is a matter of fundamental importance. I am sure that the Chairman will recognize the gentleman from Minnesota first if the situation permits him to do so. But there is a distinction between that and taking away from the Chairman, whoever he is—and in this case the distinguished gentleman from Michigan—the right of recognition.

The CHAIRMAN. As the Chair understands the rule, the presiding officer in the Committee is in a dual capacity. First, he is selected to be the presiding officer during the consideration of the bill. But by accepting such appointment he does not lose his right to vote and object as any other Member. That is, his district is not deprived of its rights by virtue of the Chairman selection. That being true, the Chair not making any objection, I cannot see how the rights of the Chair are infringed upon if the Committee, by unanimous consent, wants to provide that a certain individual may speak at a certain hour during the Committee consideration. If the Chair is agreeable and all Members are agreeable.

Mr. McCORMACK. But this is in Committee of the Whole. What the Chair states is correct. Every other Member has a right to object. It is my understanding that the unanimous-consent request was not directly put in Committee of the Whole, that the gentleman be recognized as the first order of business tomorrow. I hope the gentleman is; but if that unanimous-consent request were made, I would object, from any source.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. AUGUST H. ANDRESEN. I can assure the gentleman that anything I have said was not intended to take over the prerogatives of the Presiding Officer.

Mr. McCORMACK. I understand.

Mr. AUGUST H. ANDRESEN. All I wanted to make sure was that my amendment would be read for information and that no further reading of the bill would take place today and that when we convene tomorrow in Committee of the Whole then we could go ahead and the Chair could recognize whomever he chose, at that time for consideration of the amendment.

Mr. McCORMACK. In the hopes that you would be the first one.

Mr. AUGUST H. ANDRESEN. Well, at some time.

Mr. McCORMACK. The gentleman and I understand one another.

The CHAIRMAN. The Chair believes this can be settled by agreeing that the last statement made by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], which has the approbation of the gentleman from Massachusetts [Mr. McCORMACK], is what the committee has agreed to.

Mr. TRIMBLE. Mr. Chairman, I regret that it will be impossible for me to be present tomorrow. If I were present I would vote for this bill.

Mr. Chairman, in my humble judgment no greater emergency has ever faced a Congress of the United States. We are still at war. The peace treaties have not been signed. No longer do we hear the rumble of guns or the whirl of planes, nor do we have daily casualty lists to remind us of the tragedy of war. But nevertheless we are still in it.

The composite heart of the world longs for peace above anything else. The world wants peace. However, the shooting has stopped and, in our eagerness to go back to our old ways of living, we forget the price that we paid to win the beachheads for peace which we have secured throughout the world. These beachheads cost us in the neighborhood of \$300,000,000,000, and what is of infinitely more value, the lives of 300,000 of our finest young people and the wounding and maiming of countless thousands more. When we, the Congress, asked them to hit the beaches and fly the planes loaded with bombs and to man the ships that carried troops and provisions and the submarines that protected them, they did not hesitate. They hit those beaches, flew those planes, and manned those ships, and they never asked what it would cost or whether or not they could afford it. Sometimes they were hungry. Often they were cold.

Now we are called upon here in the relative safety of this Congress to decide whether or not we will continue to sacrifice to hold those beachheads for peace until such time as the peoples of the world who have suffered so much can get on their feet to help the United Nations keep the peace. When I get discouraged about the apparent inability of the United Nations to function, I think of our own great country and the difficulties that faced our forebears from the original 13 colonies as they struggled to form a government. They had many difficult problems to solve. Delegates were disappointed and chagrined. I think, too, that after Constitution was finally drafted and submitted to the Colonies that they would not all ratify it. It is not difficult, then, for us to understand how nations with different languages and divergent beliefs find it difficult to get together in an organization to work out the problems of the world. Jealousies and misunderstandings are a natural result. This great Nation of ours was born on travail, and it suffered a great fratricidal strife, but out of each travail it has become stronger. If we can bear with the human weaknesses and shortcomings of our fellowmen who have suffered far greater hardships with

this war than we have and get them to their feet, I think we can and will arrive at a just and lasting peace.

Mr. VORYS. Mr. Chairman, if it is in order at this time and not in violation of any agreements or understandings, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MICHENER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 4604, had come to no resolution thereon.

CORRECTION OF ROLL CALL

Mr. WEICHEL. Mr. Speaker, I ask unanimous consent to correct roll call No. 141. I am recorded as absent and I was present.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

HOOR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. HALLECK]? There was no objection.

EXTENSION OF REMARKS

Mr. O'HARA asked and was granted permission to revise and extend the remarks he made in Committee of the Whole.

Mr. H. CARL ANDERSEN (at the request of Mr. MURRAY of Wisconsin) was granted permission to extend the remarks he made in Committee of the Whole by including certain letters.

Mr. REEVES (at the request of Mr. KEATING) was granted permission to extend his remarks in the Appendix of the RECORD and include certain extraneous material.

Mr. FULTON asked and was granted permission to revise and extend his own remarks.

Mr. LANE asked and was granted permission to extend his remarks in the RECORD and include a letter from Hon. Thomas Dorgan, clerk of the civil court of Boston.

Mr. KLEIN asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. BONNER. Mr. Speaker, in conjunction with the amendment offered to the bill today in Committee of the Whole dealing with fertilizer, I ask unanimous consent to revise and extend my remarks and include certain facts on the fertilizer condition in North Carolina.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? There was no objection.

Mr. MANSFIELD asked and was granted permission to revise and extend the remarks he made in Committee of the Whole and to include a newspaper article from the Montana Standard of December 16, 1946, having to do with the shipments of phosphate from this country to Japan and Korea.

Mr. MACKINNON asked and was granted permission to extend his remarks in the RECORD and include several telegrams.

Mr. TRIMBLE asked and was granted permission to extend his remarks in the RECORD at the point just before the Committee rose today.

VACATING SPECIAL ORDER

Mr. JAVITS. Mr. Speaker, I ask unanimous consent that the special order I have for tomorrow may be vacated.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SPECIAL ORDER TRANSFERRED

Mr. FOLGER. Mr. Speaker, I ask unanimous consent that the special order I had for today may be transferred to Thursday of this week.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. FOLGER]?

There was no objection.

EXTENSION OF REMARKS

Mr. HAVENNER asked and was given permission to extend his remarks in the Appendix of the RECORD and include an address by Professor Cross, of the University of California.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. DAVIS of Tennessee, for the balance of the week, on account of official business.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p. m.) the House, pursuant to its previous order, adjourned until tomorrow, Wednesday, December 10, 1947, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1140. A letter from the Acting Secretary of Agriculture, transmitting a recommendation for enactment of the amendments contained in Senate bill 1530 and recommending further that the language of the bill be changed to provide that the amendments become effective with respect to the farm-acreage allotments established for the 1948-49 marketing year; to the Committee on Agriculture.

1141. A letter from the Acting Secretary of the Navy, transmitting a list of institutions and organizations which have requested donations from the Navy Department; to the Committee on Armed Services.

1142. A letter from the Administrator, Housing and Home Finance Agency, transmitting the Fifth Annual Report of the National Housing Agency for the calendar year 1946; to the Committee on Banking and Currency.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARRETT:

H. R. 4673. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to

provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. CROW:

H. R. 4674. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. FLETCHER:

H. R. 4675. A bill to amend the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. KLEIN:

H. R. 4676. A bill to authorize the Secretary of the Army to grant free lease for 99 years to Building T-99, Governors Island, N. Y., to the Roman Catholic archbishop of New York; to the Committee on Armed Services.

By Mr. BAKEWELL:

H. R. 4677. A bill relative to maximum rents on housing accommodations; to modify certain provisions of Public Law 129, Eightieth Congress; and for other purposes; to the Committee on Banking and Currency.

By Mr. CLASON:

H. R. 4678. A bill to amend the act approved March 14, 1936, entitled "An act to provide for vacations for Government employees, and for other purposes," as amended; to the Committee on Post Office and Civil Service.

H. R. 4679. A bill to extend for 2 years the period in which first-class letter mail matter may be transmitted free of postage by members of the armed forces; to the Committee on Armed Services.

By Mr. DEWART (by request):

H. R. 4680. A bill to encourage sales of wheat and rye during 1947 and 1948; to the Committee on Ways and Means.

By Mr. MITCHELL:

H. R. 4681. A bill to repeal the tax on oleomargarine; to the Committee on Agriculture.

By Mr. CAMP:

H. R. 4682. A bill to amend the Federal Tort Claims Act to increase the time within which claims under such act may be presented to Federal agencies or prosecuted in the United States district courts; to the Committee on the Judiciary.

By Mr. RAMEY:

H. R. 4683. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. RANKIN:

H. R. 4684. A bill making an additional appropriation to carry out the provisions of the Rural Electrification Act of 1936, as amended, for the fiscal year ending June 30, 1948; to the Committee on Appropriations.

By Mr. SADOWSKI:

H. R. 4685. A bill to provide free postage for gift packages of food and clothing mailed to certain foreign countries; to the Committee on Post Office and Civil Service.

By Mr. GRANGER:

H. J. Res. 271. Joint resolution to authorize the Regional Agricultural Credit Corporation of Washington, D. C., to make loans to fur farmers, and for other purposes; to the Committee on Agriculture.

By Mr. MURRAY of Wisconsin:

H. J. Res. 272. Joint resolution to authorize the Regional Agricultural Credit Corporation of Washington, D. C., to make loans to fur farmers, and for other purposes; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BRADLEY introduced a bill (H. R. 4686) to authorize the Postmaster General to lease to the Continental Northern Corp. the

subsurface of the land on which is situated the United States post office at Long Beach, Calif., for the purpose of removing oil and other hydrocarbon substances therefrom, which was referred to the Committee on Post Office and Civil Service.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

882. By Mr. CASE of South Dakota: Petition of Mrs. E. Peterson, Wood Lake Ladies Aid, Astoria, S. Dak., and 14 other members, urging the enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

883. Also, petition of Mrs. Thomas Haugen, president of Skoger Ladies Aid, Strool, S. Dak., and 18 other members, urging the enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

884. Also, petition of Mrs. Henry Berger and 34 others, of Webster, S. Dak., and vicinity, urging enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

885. Also, petition of Mrs. W. A. Emerson and 14 others, of Toronto, S. Dak., urging enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

886. Also, petition of Mrs. John Overskill and others, of Nunda, S. Dak., urging the enactment of legislation to prohibit the advertising of liquor in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

887. By Mr. HART: Petition of Local Union No. 612 of the United Brotherhood of Carpenters and Joiners, of West New York, N. J., favoring general election days being declared national building trades holidays; to the Committee on Education and Labor.

888. Also, petition of the Catholic Central Society and Catholic Women's Union, New Jersey branches, relative to legislation pertaining to inflation; to the Committee on Banking and Currency.

889. By the SPEAKER: Petition of Charles E. Brown, Lake Worth, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

890. Also, petition of A. F. Horton, Oviedo, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

891. Also, petition of Miss Marie A. Wood, Hialeah, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

892. Also, petition of Mrs. Fannie R. Shearer, West Palm Beach, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

893. Also, petition of American Hellenic Parliamentary Group, Athens, Greece, petitioning consideration of their resolution with reference to seventh anniversary of Pearl Harbor day; to the Committee on Foreign Affairs.

894. Also, petition of Victory Townsend Club, No. 13, of St. Petersburg, Fla., petitioning consideration of their resolution with reference to signing of Discharge Petition No. 7, relative to the Townsend plan; to the Committee on Ways and Means.

der President Cleveland, and our first Ambassador to England; John Bassett Moore, noted authority on international law who died only a few weeks ago; Gen. Thomas Holcomb, former Commandant of the United States Marine Corps and now Minister to the Union of South Africa; George Messersmith, former Ambassador to Argentina; Josiah Marvel, Jr., now Ambassador to Denmark; Howard Pyle, noted artist and author; Henry Seidel Canby, author, editor, and critic who founded the Saturday Review of Literature; and Emily P. Bissell, who inaugurated on December 7, 1907, the antituberculosis Christmas seal drive which is now a national institution. There are many others.

Today Delaware, the agricultural and industrial "diamond," is widely recognized as the explosives and chemical capital of the world. It is also the capital of the broiler industry in the poultry field, as well as the center for the manufacturing of vulcanized fiber. Eighty percent of the world's vulcanized fiber is produced in America, and 60 percent of that is manufactured in Delaware.

Other fields of industry in which the people of Delaware play a prominent part are: Leather; textiles; plumbing fixtures; castings of malleable iron, brass, bronze, and manganese; paper; ships; fish oil; and a variety of others too numerous to mention in such a brief accounting as this.

In addition to poultry production, Delaware is important agriculturally for its prosperous and expanding production of fruits and berries, grain feeds, vegetables, and dairy products. Delaware is also studded with canneries, specializing mostly in poultry and such truck crops as tomatoes and corn.

Widely known as a summer vacation and resort area, Delaware also has large commercial and pleasure fishing fleets.

Thus, it may be seen—from even such an inadequate summary as this—that Delaware, "the first State," although small in geographical size, has always been, and, I am confident, will forever continue to play, a large and important part in the history, development, and progress of the United States of America.

Out-Patient Treatment and Hospitalization of Disabled Veterans

EXTENSION OF REMARKS OF

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 9, 1947

Mr. BROWN of Ohio. Mr. Speaker, The Ohio Department of the Disabled American Veterans on December 6, 1947, adopted a resolution with reference to the deplorable conditions in connection with the out-patient treatment and hospitalization of wartime disabled veterans. This resolution is as follows:

Whereas the Veterans' Administration's out-patient medical service and hospital care for veterans who were wounded or disabled

as a direct result of war service is nearing the point of collapse, the present projected work load interpreted in terms of money requirements, indicating a shortage in the Veterans' Administration of from 32 to 40 million dollars—for the out-patient phase of the medical program alone—the present instructions requiring the Ohio offices of the Veterans' Administration to further curtail the medical program—to the extent necessary to remain within the funds allotted; and

Whereas out-patient medical service includes medical treatment at home, treatment at the office of a local physician, and emergent hospital care, medicine, prosthetic appliances, and so forth for war service-connected disability; also physical examinations which are necessary to determine eligibility to monetary benefits, and entitlement to medical and dental care; and

Whereas in order to keep within the limited funds available, this service is being provided on a priority basis, physical examinations which are essential to determine eligibility to benefits and service being at the bottom of this priority list; and

Whereas to further curtail this service, medical aid to veterans with pending claims is to be discontinued at the end of this month, regardless of prima facie evidence of entitlement; and

Whereas huge back logs are increasing daily, veterans travel authority and even purchase of needed medicine sometimes being deferred—because of lack of funds; Ohio fee basis physicians by the score having withdrawn from the Veterans' Administration medical program because of red tape and the long delay in obtaining payment for service rendered, many of these physicians preferring to administer to war-time disabled veterans as charity patients without cost; and

Whereas the Veterans' Administration hospitals in Ohio are filled with waiting lists upward to in excess of one thousand at Dayton; many municipal and private hospitals in Ohio cities and notably Cincinnati, are refusing to accept wartime disabled veterans for treatment on Government authorization and are demanding cash guaranty by the veteran before admitting them, regardless of the emergency, this being due to the long delay in the payment of bills and the low Government hospital fee schedule which is outdated and does not cover current cost of medical care; and

Whereas it is a most unbelievable thing that this Government would single out America's service disabled, those who were wounded and disabled as a direct result of war service, and for the sake of economy deny these men and women the necessary medical care to relieve the ravages of disease and disability incurred by serving the Nation in time of war on the battle fronts of the world; and

Whereas this situation is a most serious one, and even grave, and is of much greater importance than the sending of billions of dollars overseas for the care and rehabilitation of Europe's millions: Now, therefore, be it

Resolved by the Ohio Department of the Disabled American Veterans—

(1) That an appeal be made to the President of the United States and to the Congress for a deficiency appropriation sufficient to maintain adequate medical service for the Nation's wartime disabled.

(2) That an appeal be made to the Administrator of the Veterans' Administration to consider temporary reallocation of funds pending action by the President and the Congress, and that the Administrator also consider closer supervision of the medical service with a view of improved efficiency; be it further

Resolved, That copies of this resolution be mailed to the President of the United States, to the Administrator of the Veterans' Admin-

istration, to the Members of Congress from Ohio, and that a copy be given to the press.

Adopted by the executive committee, Disabled American Veterans, department of Ohio, this 6th day of December 1947.

ALBERT L. CROY,
Department Commander.

Mr. Speaker, the Disabled American Veterans, commonly referred to as the DAV, is composed exclusively of those who were wounded, or disabled as a direct result of war service, and is the only organization of its kind ever to receive a charter from the Congress of the United States. The DAV in Ohio has rendered a most valuable service to this particular group of veterans and to the widows and orphans for more than 25 years. During the last fiscal year ending June 30, 1947, the representatives of this organization at the offices of the Veterans' Administration in Ohio, arranged for 2,971 hospitalizations, obtained 4,745 physical examinations, received 27,571 letters from veterans regarding their claims, addressed 27,703 personal letters to veterans regarding their claims, personally interviewed 19,517 claimants, made 5,602 personal appearances before the rating boards of the Veterans' Administration for veterans, and reviewed 27,833 claims files.

The Ohio department of the DAV is leading all States in membership in the organization for the tenth consecutive year, has more members than the combined total of 23 States, and more chapters than the combined total of 15 States. Approximately 60 percent of the entire membership in Ohio, are either part-paid or fully paid life members. More than 30 percent of the entire membership in the State are fully paid life members. This is a record that is unequalled by any State organization in any State.

The officers responsible for this great record are Mr. Albert L. Croy, the present State commander of the DAV in Ohio, who, I am proud to say, is a fellow editor and publisher, publishing two newspapers in Van Wert County, and who has long been an outstanding leader in veterans' affairs; and State Senator Albert L. Daniels, the State adjutant and treasurer of the Ohio DAV, who has been the most able representative of my own State senatorial district in the Ohio Legislature, and has for many years served as an officer of the Ohio DAV, with great benefit to such veterans and honor to himself.

World Situation Regarding Nitrogenous Fertilizers

EXTENSION OF REMARKS OF

HON. HELEN GAHAGAN DOUGLAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 9, 1947

Mrs. DOUGLAS. Mr. Speaker, under leave to revise and extend my remarks in the RECORD, I wish to include the following letter dated November 20 which I have received from Mr. C. Tyler Wood,

Deputy to the Assistant Secretary for
Economic Affairs, Department of State:

DEPARTMENT OF STATE,
Washington, November 20, 1947.

The Honorable HELEN G. DOUGLAS,
House of Representatives.

MY DEAR MRS. DOUGLAS: The following information concerning the present world situation as regards nitrogenous fertilizers is sent in response to your telephoned request of November 10 to the Department. Information concerning the present status of Government-owned plants in the United States is included.

The United States is a member of the International Emergency Food Council, which has a total membership of 35 countries. This Council, among its other functions, has found it necessary, in view of the obvious importance of nitrogenous fertilizers to food supplies and in view of the extremely short supplies of fertilizer nitrogen throughout the world, to establish a recommended world distribution of fertilizer nitrogen.

The Council makes its recommendations, of course, only after agreement is reached among the member countries on the basis of full discussions within the Committee on Fertilizers. As you know, the IEFC does not have powers to compel a given member to take action which is not acceptable to that member. In June of this year the IEFC recommended that the United States should receive 187,330 short tons of fertilizer nitrogen (this figure is expressed in terms of nitrogen content as a common denominator; the aggregate tonnage of the actual materials is much higher) during the 1947-48 production year (July-June) from countries having exportable supplies. It also recommended, with the concurrence of the United States, that this country export 57,860 short tons of nitrogen from commercial sources during the same period; this figure has been raised by the United States to 61,160 tons to include an increase of 3,300 tons of nitrogen in the form of solutions, which are in relatively good supply, to be exported to Cuba. The United States Government's decisions to accept the IEFC recommendation and to institute the increase were taken with the concurrence of the interested Federal agencies.

The guiding principle followed by interested agencies (the Departments of Agriculture, Commerce, and State) in determining the level of the commercial export program for the current fertilizer year was that the United States net import balance should be essentially the same as that during the previous fertilizer year, and that the increase in domestic production contemplated at the time the present program was established would be retained entirely for the domestic market. This means, of course, that larger supplies will be available to domestic consumers than last year. Comparative figures are as follows:

Short tons of nitrogen

[All figures rounded off to nearest hundred tons]

	1946-47	1947-48
Exports.....	61,900	161,200
Imports.....	186,300	187,300
Domestic production ²	663,800	686,500

¹ IEFC allocation.

² Exclusive of Army Ordnance production.

³ Recent developments now being investigated by the Department of Commerce may indicate whether this figure may be increased.

Following the IEFC's recommendations, it is the responsibility of member countries to establish individual programs for the import and export of nitrogenous fertilizers. Pursuant to the provisions of Public Law No. 188, Eightieth Congress, "Second Decontrol Act, 1947," the Department of Commerce is the agency of this Government authorized to provide for the fulfillment of such programs.

The nitrogen-export program for the 1947-48 production year, as originally established, provided for the export of 57,860 short tons of nitrogen. In establishing the program great care was exercised to minimize the impact upon domestic requirements. It was also determined that the composition of the total export tonnage as regards specific nitrogenous fertilizer materials (viz, ammonium nitrate, ammonium sulfate, etc.) should be arrived at in an equitable manner, so that no individual material would be compelled to bear an undue share of the burden. To this end, the projected program was fully discussed with and agreed to by representatives of the industry, whose recommendations were incorporated into the present program. The export program thus established was published as Direction No. 4 to Allocations Regulation No. 2, a copy of which is available from the Office of Materials Distribution, Department of Commerce. This regulation requires all producers of nitrogenous fertilizer materials to accept certified export orders for these materials up to stated percentages of their respective production of such materials in the 1946-47 production year. The subsequent increase of 3,300 tons of nitrogen is in the form of "solutions," which are not in short supply. This form of fertilizer is exported to Canada and Cuba in tank cars, by overland railroad, and sea train, respectively; long-distance water shipment is not feasible.

The world's commercial exportable pool of nitrogen is smaller than last year's; consequently several countries will consume considerably less than last year. Recent IEFC data show that in 1947-48 the estimated world production of nitrogenous fertilizers (exclusive of Ordnance output in the United States and United Kingdom for Germany, Japan, and Korea) is 2,576,000 metric tons of nitrogen, as against total stated requirements of 3,500,000 tons, the deficit being more than 900,000 tons. In 1937 there were 12 countries exporting fertilizer nitrogen; now there are only 5 major exporters in the commercial sense. If the output and shipments from the United States Ordnance plants are taken into account, there are now 6 major exporters of nitrogen. The report of the House Committee on Agriculture, Eightieth Congress, first session, entitled "1947 Fertilizer Supplies" contains, among other things, the explanation of how the Army came to sponsor the operation of the United States Ordnance facilities for the production of fertilizer. The salient facts relating to the present situation are given below. You may desire to communicate directly with the Department of the Army for further details.

Upon assuming the responsibilities of occupation, the Army was faced with a net import requirement of considerable magnitude as regards nitrogenous fertilizers. Funds were appropriated by the Congress to cover the cost of the needed fertilizer. It was found, however, that the quantities required could not be purchased from commercial producers without seriously impinging on the supplies available to domestic consumers. It was subsequently decided by the Government to make available for the Army's program certain Government-owned plant facilities, some of which had previously been declared surplus, and others which the Army was retaining as stand-by munitions facilities. Actual operation of the plants is by commercial companies, on a contractual basis. Originally, the Army had 16 plants reactivated for the production of ammonium nitrate. Anhydrous ammonia was made in 4 plants, transported in pressure tank cars to another 6 plants for the manufacture of ammonium nitrate solution, then forwarded by ordinary tank car to 6 additional plants for finishing (graining). However, due to a shortage of available tank cars, it was found necessary to take some 5 plants out of production, thus reducing the available capacity for the production of finished

ammonium nitrate from 28,600 short tons of nitrogen per month (88,000 tons of material) to 21,125 tons (65,000 tons of material). During the 1947-48 production year the Army's program is understood to call for the production and shipment to the occupied territories of about 252,000 short tons (230,000 metric tons) of nitrogen. It is understood that about 20 percent of the total is programmed for Germany, 48 percent for Japan, and 32 percent for Korea.

One of the plants released from the Army's program, for the reasons outlined above, was turned over to the Bureau of Mines for synthetic fuels research. This is the Missouri Ordnance Works. Recently two of the producing units ("trains") of this facility were declared surplus to War Assets Administration; the latter agency is proceeding to dispose of this capacity to a commercial bidder. The Department has recommended to War Assets that the facility be disposed of in such a manner as to assure its use for the production of nitrogenous fertilizer materials during the emergency period of world-wide nitrogen shortage. The capacity of the two units at Missouri, in terms of nitrogen, is understood to be 18,000 short tons a year on the basis of a 300-day operating year.

According to the best information available to the Department, additional unused capacity at Government-owned ammonia plants consists of 36,000 short tons of nitrogen a year at the Morgantown Ordnance Works and some 54,000 tons a year at the Cactus Ordnance Works. In the latter case the facilities necessary for the increased production are completely unassembled, and it is understood that a considerable capital expenditure would be involved. In the cases of both these plants, due to the continuing shortage of tank cars, the problem of integration would have to be solved—that is to say, the problem of bringing together in one producing area the facilities needed in the manufacture of finished nitrogen fertilizer.

The information furnished above is believed to be sufficient to indicate the complexity of the task of contributing to the alleviation of the severe world shortage of fertilizer nitrogen, and I trust that it will be of some assistance to you. However, it is appreciated that there may be many questions you have on this subject that could not possibly be answered in one letter. Please feel free to communicate with the Department whenever you have questions that you feel this agency is in a position to answer.

Sincerely yours,
C. TYLER WOOD,
Deputy to the Assistant Secretary for
Economic Affairs.

Interim-Aid Bill, 1947

SPEECH OF

HON. JOSEPH P. O'HARA

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 8, 1947

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

Mr. O'HARA. Mr. Chairman, I move to strike out the last word.

(Mr. O'HARA asked and was granted permission to revise and extend his remarks.)

Mr. O'HARA. Mr. Chairman, I think the amendment offered by the gentle-

man from Georgia [Mr. WHEELER] raises the very proper question of whether you are first thinking of the best interests of your own country or whether you are thinking about some other country. When it comes to my thinking, I am going to think in terms of what is best for my own country. I am going to support the amendment offered by the gentleman from Georgia [Mr. WHEELER] and I will tell you why. After Congress adjourned last summer all of us were appealed to by the propaganda agencies for the need of the Marshall plan, and the need of food and the need of clothing for the hungry and starving of Europe. Every one of us knew that when this bill came in it would come in loaded up with all of the problems which we have here, and which include many items other than food.

Mr. WHEELER. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. WHEELER. The distinguished majority leader just finished saying that a strict application of this amendment would mean lower prices. If that is so, then I cannot very well understand his opposing the amendment.

Mr. O'HARA. It is difficult for me to understand. I feel we are faced with the problem, and we all recognize it, that these foreign-aid programs are taken out of sources of short supply and given first preference to the peoples of other lands. Perhaps that has to be done, but I say to you, first let us weigh the effect and the impact of that program upon our economy.

For instance, the gentleman from Mississippi [Mr. WILLIAMS] spoke about fertilizer. Down South that is a matter of life and death. Many items are being shipped out in great quantities which my people cannot buy. Our farmers have to live upon a mechanized farming operation. We cannot get tractors. We cannot get necessary farm machinery. If you gentlemen are interested, I just ask you to call the Secretary of Commerce and ask him the terrific amount of these short items that have gone to foreign lands, and they are listed as short items by the Secretary of Commerce. I might say to you that the Secretary of Commerce has the authority to declare and determine what items are short items. True, they may be taken off or put back on, but amazingly those which he admits are in short supply are still going out all over the world, and we in this country are forced to face that sort of a situation.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. GATHINGS. The gentleman is entirely right. Right now France has twice as many tractors as they had prior to the war, and they are asking for 10 times as many under the so-called Marshall plan.

Mr. O'HARA. I thank the gentleman.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. Yes; I yield to my colleague.

Mr. KNUTSON. Is it true that these countries that are asking for help now have about \$23,000,000,000 invested in

this country in securities of one form or another?

Mr. O'HARA. I have heard the figure quoted from twenty-three to twenty-six billion.

Our people have sympathy and desire to help in the matter of food items that are needed, but that is not the purpose of this bill. The purpose of this bill is to continue a program and to take from our people, those who are paying the bill in taxation, and deprive them of critical items which are presently in serious short supply.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. WHITTEN. If it is the attitude of our Committee on Foreign Affairs, or the administration, or whoever it may be, can the gentleman conceive of bringing this bill in without any evidence in the hearings of what fertilizer we have, what tractors we have, or any information concerning those matters when the authority rests in the departments downtown to send this full supply over there as they are going with regard to nitrogenous fertilizers right now?

Mr. O'HARA. Exactly. My answer to the gentleman is that I think it is entirely reckless for us to disregard the welfare of our country in this bill.

The Unheard Cry of the World's Children

EXTENSION OF REMARKS

OF

HON. HELEN GAHAGAN DOUGLAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 4, 1947

Mrs. DOUGLAS. Mr. Speaker, under leave to revise and extend my remarks in the RECORD, I wish to include the following article from the New York Times Magazine of October 12, 1947, by Gertrude Samuels who is a member of the Sunday staff of the Times. To gather material for this article she interviewed Red Cross and former UNRRA workers returned from overseas and officials of the United States Children's Bureau and the United Nations.

The article follows:

THE UNHEARD CRY OF THE WORLD'S CHILDREN—THIRTY MILLIONS IN EUROPE, TWICE THAT MANY IN ASIA, MAKE THEIR APPEAL TO US FOR AID

(By Gertrude Samuels)

WASHINGTON.—Thirty million children in Europe and thirty to sixty million children in the Near and Far East—children on two-thirds of the face of the earth—are in dire need of help. They are living in caves made out of rubble, in areas where every dwelling has been destroyed by fire, in patched-up buildings and in wartime dugouts. Their faces—old, emaciated, green from deficiency diets—show the nature of the enemy. Thousands are mutilated for life, without arms, hands, legs, and lacking even the artificial limbs to replace them. Nearly all bear the deeper wounds of the spirit—the result of broken families, lost faith, and hunger.

These children don't complain. No one has ever seen them gather in angry, self-pitying mobs before some ambassador's house or military government headquarters with

hunger placards. In fact, like the proverbial children, they aren't—diplomatically speaking—heard at all. But they are terrifyingly there—for all to see who want to see.

Their greatest problem is food. Some of the problem derives from the military war which, like any war, turns countries into battlefields and destroys farms, villages, and cities. That military phase of World War II took a grim toll. It not only mutilated children, it killed their families, robbing them of love and security; it cut into their means of existence, taking the basic foods, especially milk, which children must have for health and growth.

The other phase of the problem, particularly in Europe, stems directly from the amazing Hitler-Hauschofer strategy to colonize the continent for Germany. This is the crime without a name, as Winston Churchill called it in his broadcast of August 1941, for which a name has since been coined—genocide.

Genocide, which comes from the Greek word *genos* (race, tribe) and the Latin *cide* (killing), was the plan to win the peace even though the war be lost—by annihilating whole populations, whether of national, racial, or religious character, and so change the demographic picture of Europe in favor of Germany. This took several forms. In the case of the Jews of Europe and their children, it almost succeeded. That was by direct extermination in the gas chambers and crematories. In the case of the occupied countries, particularly eastern Europe and western Russia, the philosophy of Hitler, Goering, Keitel, Hauschofer was expounded by Heinrich Himmler in October 1943:

"What the nations can offer in the way of good blood of our type, we will take. If necessary, by kidnaping their children and raising them here with us. Whether nations live in prosperity or starve to death interests me only insofar as we need them as slaves for our Kultur. * * *

Thus in all the former occupied countries where the enemy looted the food stores and underfed the young, malnutrition and disease had a 6-year start before the end of the war.

As the Nuremberg indictment summed it up: "[The defendants] conducted deliberate and systematic genocide. * * * While German babies and children waxed fat and healthy on balanced diets and German women faithfully carried on their "Kinder, Kueche, Kirche" role, enduring weakness ate away at the rest of Europe's child reserves.

This was the children's problem facing the allies as their liberating armies went into Europe—a problem which they met with imagination, trained workers, and with cash in the form of body-building supplies and medicines—from the International Red Cross, from the voluntary welfare agencies aided by the National War Fund, and from UNRRA.

To the occupied countries, UNRRA became a holy word and often meant the difference between life and death. It was never enough, but it did reach part of the children, and it did stave off epidemics. Now UNRRA is closed down. But the need is not only graver than ever—it is a matter of weeks to a crisis.

Perhaps the most crucial areas are Italy and those which were marked for death by the Nazis—Greece, Poland, Byelorussia. Most of their children can never remember what milk looks like. Hundreds of thousands are orphans who never had a chance. I saw some of this among the United Nations children in the miserable displaced persons camps of Germany this year. The children of the eastern European nations are, if anything, a hundred times worse. Here, from the grave, Hitler continues to win his demographic war.

In Greece, in a desperate plan to save pre-tubercular children (those who could not survive the winter without contracting TB) doctors helped by the Australian Red Cross have been going on mule or horse back into the mountains, picking out children here and there and accrediting them to rest camps for 3-week periods. Such a camp was Eagle's Nest at Karpenessi, northwest of Athens where the more fortunate children, trudging through the mountains for 9 to 14 hours, clad in rags and wearing pieces of old tires for shoes, for the first time saw what civilization could be like.

One child, Kosta, 9½ years, his father shot by the Germans, his mother dead of TB, made the journey with his grandmother. Washed down in a primitive shower, his head shaved, Kosta was treated for body sores and put into new clothes made from flour sacks. In the 3 weeks Kosta gained in height and weight. Now, say leading pediatricians, virtually no children can have even this care, because there is no food for them.

Nor will Greek children get their one 600-calorie supplementary meal. They can continue to meet in the rubble-heaped graveyards which serve as their schoolrooms—for how long as the living?

In Italy children are dying because they lack a few drops of cod liver oil, milk, and a minimum of nourishing food. Thousands of babies live in old, battle-scarred barracks which have walls but no floors, easy prey for TB, rickets, and scurvy. For the lack of milk, they are fed on bread ground in water. This brings another scourge—hunger edemas, their bodies swelling with water under the skin. Hundreds carried to the pediatrics clinic of the University of Rome are affected in the corneas; these children will be nearly totally blind for life. "Yet a few drops of cod liver oil * * * goes the plea."

In Poland nearly 5,000,000 children, 200,000 of them orphans, lack every basic necessity of life. These are the children of the "inferior" race who were serfs of the "Herrenvolk." They are the children who witnessed an appalling human tragedy.

Their reward for having survived is the near-fulfillment of Hitler's genocide strategy. They live in many areas in dark, subterranean dwellings under the rubble of the cities, crucially dependent on outside help, their "potato fat" stomachs signifying the lack of milk, eggs, fresh fruits, bread.

A child-feeding center at Lodz gives a recent picture. Beginning at 11:30, about 1,000 children aged 6 to 14 years lined up for their main meal—a soup made of cabbage, potatoes, and water. Observers from the United States Children's Bureau and UNRRA were "mostly struck by their weary, ragged, stunted appearance. It was shocking to talk with Ludwik and Jerzy in the line, who looked about 7 years old, and discover that they were actually 13 years old." Is Hitler to have his way with the Polish children?

The most desperate need in the whole picture—from England where children are at least getting a school lunch, to Poland, Italy, Rumania, Byelorussia—is milk. The simple truth is that children of all ages need milk for growth and development. Moreover, to be of real value it should meet the nutritional standards of cleanliness, quality, and be used as quickly as possible. And there is virtually no fresh milk in the war-devastated countries, while the powdered milk supply is nearly gone.

Germany presents a strange paradox. Milk is what most German infants, at least in the American and British zones, are apparently sure of getting. Dr. Rudolph Degawitz, chief of the Children's Department at the University of Hamburg, told me: "In the American and British zones the children are normally fit for the first 4 years of life. Infants up to this age are getting their milk regularly, although they don't get enough

of other foods. The school children look undernourished and those between the ages of 11 and 14 years are in bad shape because they need more food at that age to keep on growing fast. But these school children also get milk in their schools plus a 300-calorie meal."

Dr. Degawitz said that the "worst headache" was the Russian zone "where children are getting only about one-fifth of the milk that they get in the other two zones."

But if Europe is a continent of hungry children the Far East presents a stranger tragedy. At least before the war Europe knew a decent living standard. In the East traditional poverty and starvation are still complicated by war. In all China, there are two children's hospitals to care for, roughly, 200,000,000 children. Chinese children need everything—milk, food, cod-liver oil, medicines, clothes, shoes—and, equally important, some show by the rest of the world of human understanding. In the famine area of Honan province last fall, children lay down in the street and died and were buried in common ditches. Today the dying are seen on the streets of Shanghai.

Children carried into the Shanghai Public Hospital for Children (the other is in Peking) died within 24 hours of TB, meningitis. Sixty percent of the cases are malnutrition—"but how can we afford to buy even milk? One pound of milk powder costs one United States gold dollar or 80,000 Chinese dollars." Silent, orphaned, abandoned children clutch the only possessions they have left—a sandal or a wash cloth.

In the primitive villages of India, with their mud huts and spare water supply, children often live on a plate of boiled rice a day.

One canteen near Bombay, provisioned by voluntary agencies, served seven villages in a vain attempt to reach the children with one nourishing meal a day, "so whatever the United Nations can do for India will at least be a start."

This is the extent of the children's problem. What are the nations of the world doing about it? After faltering starts, four efforts are being made:

1. Nations are themselves doing what they can.
2. There is the substantial effort of existing voluntary agencies.
3. UNESCO, the educational and cultural agency of UN, will project a campaign against illiteracy and try to promote understanding among nations.
4. The International Children's Emergency Fund is beginning to operate. This last has the widest attention because it, above all, was expected to fill the immediate need. The UN member nations have badly let it down.

When ICEF was formed last December, composed of representatives of 28 countries, including the big five, the original aim was to reach at least 20,000,000 infants and adolescents in the war-devastated areas with a 6-cents-a-day meal. Enthusiasm for the plan was tremendous, a budget of \$450,000,000 was set for the first year of which the United States—as a nation blessed with surpluses and undamaged by war was expected to contribute \$100,000,000.

What happened to the emergency fund is what has happened to many another humanitarian plan—it sickened of a disease called lack of interest and support. At this writing, UNRRA has transferred \$5,000,000 to the fund; the United States has contributed \$15,000,000, and Canada \$5,000,000; France has promised to contribute 6 percent of what the United States offers. Latin-American countries may contribute \$20,000,000. The probability is that the most the fund can ultimately expect from UN members is \$70,000,000. Meantime the money in hand is only enough to supply a daily ration for 1 year of 3 cents worth of powdered milk,

cocoa, fats, and fish to 4,155,000 children in all the world. No medicines, basic foods, clothes, or shoes are now contemplated.

So hopeless is the situation that many feel that if governments refuse to respond to the need the people of the world must. The chief spokesman for this point of view is Aake Ording, Norwegian member of the Secretariat. Through his efforts the UN appeal for children is taking shape. It will take time for the international machinery to start moving, for national committees to be formed, for a campaign to stimulate the people into an act of world citizenship to save millions of young lives.

On a given day, in a given month, every adult in the world will be asked to give 1 day's pay or its equivalent in potatoes, wheat, fruit, rice, milk, cows. Much of the money raised will go directly to the Children's Emergency Fund. As Mr. Ording sees it: "The practical and emotional possibilities for good are tremendous. What use is the best of all worlds if the children don't exist?"

However, the earliest that the "Appeal for Children" can get under way is in 1948. But the crisis is now. And the biggest question is: How can this terrible gap be bridged?

It must be done in two ways: First, the Children's Emergency Fund must be immediately strengthened by its UN members with large-scale grants. Second, the voluntary agencies must triple their efforts which, while UNRRA existed, found them contributing supplies equal to 30 percent of the whole UNRRA program. They cannot do this without the people, and the fervent hope is that the American public will respond to the need for strengthening their services and to the coming UN appeal.

Americans would seem to have no choice but to respond. As a Nation, we are traditionally generous—and this is one catastrophe which has a personal meaning for everyone who loves children. Equally important, we are forced to see these children in terms of tomorrow's world—the hope or the threat of civilization.

Are they to have the chance to nourish their bodies and minds on the good foods of life, or are their broken bodies to breed a generation of neurotics? In short, are we to let Hitler's genocide plan succeed? The means are in the hands of nations with well-stocked larders. The answer depends largely on us.

Action on Fuel-Oil Shortage

EXTENSION OF REMARKS

OF

HON. GEORGE MacKINNON

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 9, 1947

Mr. MacKINNON. Mr. Speaker, my attention has been called by many constituents to the shortage of fuel oil in Minnesota and the upper Midwest States. The unmatched severity of our winters in those areas makes any fuel shortage more acute for us than is the case in other sections of the United States. We know what acute suffering freezing temperatures can bring. It was for this reason that I have consistently supported amendments to the foreign aid bill to prevent the shipment of our fuel oil to foreign countries unless our supplies were adequate for our own needs.

To further prevent the development of an acute shortage of fuel oil in Minnesota and the upper Midwest States I have today wired the President, the Office of

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

Issued December 11, 1947
For actions of December 10, 1947
80th-1st, No. 161

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HIGHLIGHTS: House debated foreign-aid bill: Rejected various amendments to reduce amount, and Murray amendment to strike out food-conservation provision. Senate adopted order disagreeing to House amendments to foreign-aid bill, when received, and appointed conferees. Senate received USDA proposal to amend tobacco acreage allotment provisions. Rep. Wolcott introduced inflation-control measure. Rep. Gillie inserted subcommittee's report to House Agriculture Committee on foot-and-mouth disease program.

HOUSE

1. **FOREIGN AID.** Continued debate on H. R. 4604, the interim foreign-aid bill (pp. 11360-90).

Agreed to various amendments, including:

- By Rep. Redden, N. C., to create a joint congressional committee to observe and advise recipient countries regarding distribution of relief (pp. 11364-9), by an 84-47 vote.
- By Rep. Judd, Minn., to provide for distribution of a "fair share" of food to indigent and needy people in recipient countries (pp. 11372-3).
- By Rep. Ellsworth, Oreg., to provide that nothing in the bill shall be deemed to authorize "controlling production or prices or allocating deliveries of any commodity within the United States" (p. 11375).

Rejected various amendments, including:

- By Rep. Murray, Wis., (47-180) to eliminate provision for a National Food Conservation Committee (pp. 11379-80).
- By Rep. Smith, Wis., to strike out the provision for RFC advances of \$150,000,000 (p. 11390).
- By Rep. Jonkman, Mich., (78-171) to reduce the authorization to \$290,000,000 (pp. 11381-90).
- By Rep. Smith, Wis., to decrease the amount to \$500,000,000 (47-147) (pp. 11381-90).
- By Rep. Merrow, N. H., (24-165) to increase the amount to \$661,000,000 (pp. 11381-90).
- By Rep. Rees, Kans., to prohibit grain shipments as long as recipient countries use grain for alcoholic beverages (84-104) (p. 11390).

The following items were proposed but ruled out of order:

- By Rep. Gwinn, N. Y., to prohibit payment of more than \$4 per bushel for wheat under the program (pp. 11370-1).

By Rep. Andresen, Minn., to provide that only 1/3 of the relief food could be sold and the remainder turned over to the Red Cross and other charitable organizations for free distribution (pp. 11360-4).
By Rep. Sadowski, Mich., to permit relief packages not over 44 pounds to be mailed by individuals, free of transportation costs (pp. 11376-8).

2. APPROPRIATIONS. Majority Leader Halleck obtained unanimous consent for consideration of a deficiency appropriation bill providing money for foreign aid and other Government activities at any time after it is reported and that all points of order against the bill be waived (p. 11391).
3. INFLATION. Rep. Holifield, Calif., urged legislation to curb inflation and spoke in support of the "Marshall plan" (pp. 11391-2).
4. R.F.C. AUDIT. Received from the Comptroller General volume 4 of the report on the audit of RFC for the fiscal year 1945 (H. Doc. 474) (p. 11392).
5. PERSONNEL. Both Houses received from the Civil Service Commission a report on the appointment of hearing examiners provided for in the Administrative Procedure Act (pp. 11356, 11392).

SENATE

6. FOREIGN AID. Adopted an order disagreeing to House amendments to S. 1774, the European interim-aid bill, when received in the Senate, and Sens. Vandenberg, Carper, White, Connally, and George were appointed conferees (p. 11351).
7. A.A.A.; TOBACCO. Received from this Department a letter recommending passage of S. 1530, to repeal certain minimum acreage-allotment provisions regarding tobacco, and recommending further that the amendments become effective for the 1948-9 marketing year (p. 11356).
8. INFLATION. The Daily Digest states that the Banking and Currency Committee approved with amendments S.J.Res. 157, to provide for the regulation of consumer installment credit for a temporary period ending March 15, 1949 (p. D709).
9. FOREIGN AFFAIRS. Sen. Lodge, Mass., inserted his statement and newspaper articles advocating a more effective U.S. information program in Western Europe (pp. 11351-5).
10. HOUSING. Received the fifth annual report of the National Housing Agency. To Banking and Currency Committee. (p. 11356).
11. RECLAMATION. Received a Colo. State Federation of Labor resolution endorsing the work, policies, and plans of the Bureau of Reclamation in its development of U.S. natural resources (p. 11356).
12. RECESSED until Fri., Dec. 12 (p. 11358).

BILLS INTRODUCED

13. PERSONNEL. S. 1848, by Sen. Langer, N.Dak. (for himself and Sen. Chavez, N.Mex.) to increase the rates of compensation of employees of the Government. To Civil Service Committee. (p. 11357.)
H.R. 4696, by Rep. Clason, Mass., to amend the act entitled "An act to provide for vacations for Government employees." To Post Office and Civil Service



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Senate

(Legislative day of Thursday, December 4, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

It is good, O Lord, that it is not custom that brings us again into this sacred moment of prayer, but our deep sense of need.

Forgive us all that we talk too much and think too little. Forgive us all that we worry so often and pray so seldom. Most of all, O Lord, forgive us that, so helpless without Thee, we are yet so unwilling to seek Thy help.

Give us grace to seek Thee with the whole heart, that seeking Thee we may find Thee, and finding Thee may love Thee, and loving Thee may keep Thy commandments and do Thy will. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the legislative proceedings of Monday, December 8, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a bill (H. R. 4627) to authorize an appropriation for the immediate relief of the Navajo and Hopi Indians, and for other purposes, in which it requested the concurrence of the Senate.

INTERIM EUROPEAN AID PROGRAM

The PRESIDENT pro tempore. The Chair wishes to make a statement to the Senate. On Monday a recess was taken until today on the theory that the Senate would today receive from the House of Representatives Senate bill 1774, which is the interim relief bill, and it was the general understanding that no business would be transacted today except that the Senate would receive the report and proceed to a conference with the House.

The House has not yet acted on the bill. It is expected it will act in the course of the afternoon. It seems to the Chair needless to hold the Senate in continuous session today, or to ask Senators to return tomorrow for the mere purpose of joining in the conference action; but in order to accomplish the desired result and still relieve Senators of the necessity of attendance, the Chair suggests that the following order be entered:

Ordered, That notwithstanding the adjournment or recess of the Senate today, the Secretary of the Senate be, and he is hereby, authorized to receive a message from the House of Representatives on the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis; that the Senate disagree to any amendment or amendments of the House to the said bill, and either ask for a conference or agree to a conference thereon, and that the President pro tempore be authorized to appoint the conferees on the part of the Senate.

The Chair may say there is ample precedent for action of this sort, the most recent precedent in the Senate being on April 11, 1938, there being precedent also in the House of Representatives on August 4, 1939, and September 19, 1940.

Is there objection to the order? The Chair hears none, and the order is made.

The PRESIDENT pro tempore thereupon appointed Mr. VANDENBERG, Mr. CAPPER, Mr. WHITE, Mr. CONNALLY, and Mr. GEORGE conferees on the part of the Senate.

UNITED STATES PUBLIC RELATIONS IN WESTERN EUROPE—INDIVIDUAL VIEWS OF SENATOR LODGE

Mr. LODGE. Mr. President, due to the fact that the subcommittee of the Committee on Foreign Relations on the information program was appointed so late in the last session, I was unable to make the trip with the members of the committee, but followed a prearranged personal plan and visited western Europe and Greece individually. For this reason, I submit herewith my individual views on the subject of United States public relations in western Europe, and ask unanimous consent that they be printed in the RECORD.

There being no objection, Mr. LODGE's individual views were ordered to be printed in the RECORD, as follows:

UNITED STATES PUBLIC RELATIONS IN WESTERN EUROPE—INDIVIDUAL VIEWS OF SENATOR LODGE

Unless the United States promptly takes two forthright steps, we run the risk of having a sort of Marshall plan in reverse.

This means (1) that the suicidal separatist and nationalist tendencies of Europe will be enhanced instead of discouraged. It means (2) that the working out of the Marshall plan will resemble that famous American political campaign in which one candidate spends most of the money and the other candidate receives most of the votes. It need hardly be said that in such a case the Americans would be the money spenders and the Communists the vote getters.

Such a development would be far worse than doing nothing and letting the present desperate situation take its course. Indeed, such a development would be an utter tragedy. The tragedy can, however, be avoided and the Marshall plan can measure up to the highest hopes which we all have for it if (1) we develop clear-cut ideas regarding our hopes for Europe and our aims for ourselves, and (2) we develop means which are at once tactful and effective for presenting those ideas to the great masses of population in Europe. We are doing neither of these things at present. The foreign information program, as presently conceived, is utterly inadequate for such a purpose. Its conception is so limited that even were its appropriations far greater, it could never be more than a drop in the bucket.

What follows here attempts to outline a modern, effective, and far-reaching public-relations policy which will in fact present America and her aspirations to the world. The world can then take us or leave us. It is confidently hoped that once our hopes and aims are known that they will be embraced with enthusiasm.

Background for these ideas lies in recent travel to Europe, to many trips in other days, to military service in the Mediterranean and European theaters, to years of newspaper training and political activity, and to schooling abroad.

It is clear to me that in western Europe we are losing the battle for men's minds. Wide circulation is given to statements about America which are both fantastic and insulting. Moreover, these statements are also widely believed. Here are two illustrations which, unhappily, are perfectly typical:

(a) A French physician, wealthy and of good reputation in his community, made this shocking statement: "Of course, we

realize that medical science is way ahead in America of what it is in France, but then we also know that you have all those underprivileged people over there on whom your doctors constantly experiment."

(b) A deputy of one of the conservative French political parties, a substantial landholder and of considerable private means, told me: "We know that you Americans are trying to build up Germany industrially faster than you want to build up France. We can tell from General Clay's speeches that this is so. The reason you do this is because you intend to have a war with Russia and you want to get Germany into shape as your ally." I asked him why he thought we wanted to fight Russia and he made this astonishing reply: "Because Russia has taken away so much of your export trade."

This shows how the lies which the Communists are spreading about America are being repeated so often that, after a while, they are believed. This is not to say that there is no friendship for us in France. Notwithstanding some popular reports, the presence of the United States military forces has, by and large, left a good and grateful memory; the French people are sophisticated and wise enough not to judge the many by the unfortunate actions of the few. But as long as so many American spokesmen maintain an inert and indifferent silence, the Communists cannot help but gain and we cannot help but lose. We are in a debate, but the Russians are doing all the debating.

I stated earlier my feeling that a Government information program, despite good intentions, ample funds, and efficient organization, is utterly inadequate as an instrument of debate. To elaborate:

While the war was in progress, there was but one message to proclaim—win the war. At that time the great obstacle to overcome was the physical task of getting this message abroad. Now that hostilities have ended, the physical transmission of the message raises no particular problem. The real task today is to devise a continuing message for world-wide publication which will effectively meet the need of changing situations. For example, during the German occupation of France the people there would listen eagerly to the foreign short-wave broadcasts because these transmissions furnished the only means of keeping in touch with patriotic French activities and the news of the outside world. Now that the shooting war is over, however, the people listen to their own broadcasting stations. Why should they bother with short wave, except, perhaps, for special events? How many radio listeners in the United States regularly tune in short-wave programs from abroad in preference to their local stations?

Our problem, then, is not to find a broadcasting station to which people abroad will listen. We must rather preoccupy ourselves with the task of thinking out our message and then of getting it into those media—whatever they may be—which the people in western Europe normally use.

In the case of the French (and I believe this holds good for other countries as well), all information having its origin in an embassy or government bureau is automatically suspect. The French people remember instinctively how the German Embassy in Paris was wont to issue an incredible amount of so-called information. Their reaction to information of this sort is no different than if the situation were reversed and the French Consul in a city like Detroit, for example, issued press releases and statements to the newspapers and tried to get the people to listen to broadcasts from Paris or Marseilles. The impression it would make on mass American public opinion would be nil—yet, for some reason, our approach to the problem so far has been to assume that the ordinary Frenchman would react enthusiastically to such tactics.

It is all very well to talk of the Voice of America in the abstract, but we must remember that the true voice of America in the eyes of the world is the President of the United States, and, only to a slightly lesser degree, the Secretary of State. The President does not require his own private broadcasting station. The world radio and the world press are largely open to him. Moreover, the President's personal representatives abroad—the Ambassadors and Ministers—can get his views into the foreign press quite often if they are alert and energetic and if they devote a substantial amount of their time to going about the country saying things and doing things. An almost unlimited and to date virtually unexplored horizon exists in every country for this type of activity. We must be realistic and face the fact that our Government information services are limited in their appeal and reach chiefly a minority of intellectuals. Our motion pictures get into schools and local chambers of commerce, but there again the mass mind, where public opinion is made, is not reached at all.

I have heard the suggestion that everything will be all right if we get rid of the amateurs in our Government information services and instead people the staffs with expert press agents. This assertion completely misunderstands the nature and importance of the problem. What candidate for political office would leave the basic strategy of his campaign in the hands of a public relations man? Of course, press agents and public-relations men perform very useful and desirable functions indeed, but they are not—and certainly do not pretend to be—policy makers and it is not fair to treat them as such.

I submit the following recommendations which I believe will prove helpful in dealing with this problem:

1. Recognizing that there is a world debate going on and that the world is a welter of propaganda, we must insist upon having men in our Foreign Service who have training or experience in publicity methods and in public speaking. Whether we like it or not, we are the spokesman for one of the two principal sides to the debate. It is true that the United States is well served in the conduct of its foreign relations by men of real ability whose experience in the fields of military science, economic and orthodox diplomacy are of the greatest value to us in these troubled times. But we simultaneously suffer from a lack of men whose experience has been in the field of public opinion—for example in journalism and politics. If we are to be successful in the battle for men's minds, we must have personnel who are really politically minded. We need men whose life has been spent in the exercise of the arts of persuasion in the field of public affairs. We must have men and women who are able to talk to, mix with, and understand all groups, just as we who hold elective office must do every day. We have learned a great many new things in the past few years, and it is time we started developing some system for getting Americans who are skilled in debate and in politics into the day-to-day conduct of our foreign relations.

2. Americans who have had close and friendly associations with foreign countries should be used wherever possible to give speeches, to head missions, and to make as many contacts as possible. Mastery of the particular foreign language is an added attribute of almost indispensable value. A few such men would be more effective than a host of so-called information programs, useful as such programs may be in a strictly limited sense. Reference is made, of course, to western Europe, although I am quite prepared to believe that some really politically minded men could get a great deal accomplished behind the iron curtain—often without benefit of publicity.

3. We should make funds available in order to enable the United States to buy time on foreign broadcasts and to buy space in foreign publications for the effective propagation of our messages, our music, our news broadcasts, and all our radio features.

4. Instead of being content to let our educational films be seen by school children and local chambers of commerce, study should be given to the proposal that Hollywood "block-book" these Government films along with their own. The result would be that our films would get into the larger theaters before the mass audiences where they would have their most effective force.

5. The President and the Secretary of State should coordinate their public pronouncements and activities. I am informed by veteran newspapermen that on the day when Secretary Marshall made his speech at Harvard outlining the Marshall plan, President Truman gave out an interview denouncing the Russian outrages in Hungary. He thereby took the front page away from the Secretary of State.

6. Those American activities abroad which are of a benevolent nature should receive every possible encouragement—for example, medical or educational missions. We tend to underestimate sometimes the tremendous good done our prestige abroad by the activities of American doctors, nurses, and teachers. Roberts College in the Near East is a case in point.

7. Within the State Department itself, there is evident considerable room for improvement in the matter of public relations generally. An article which appeared in the New York Times on October 27, 1947, by the noted and careful reporter, James Reston, describes the situation vividly. (See appendix A.)

8. Washington news items having primary interest abroad ought to be released abroad. If we are giving 30 old ships to Italy, the story should be released in Rome where it will have a real punch, instead of in Washington. The net result of releasing such a story in Washington is that the wire services will send simply a few hundred words to the local Italian press and all the timely drama which a local release could generate is utterly lost. I appreciate that this suggested practice would require overcoming some bureaucratic prejudices in Washington, but it should be done and would cost nothing more than an exercise of common sense.

9. Very few Europeans have ever seen a real American newspaper. All they ever see are the little sheets of political opinion. We should, therefore, give very serious consideration to the proposition of translating the Paris Herald into French or the Rome American into Italian. Were the Paris Herald published in French, it might well reach a circulation figure of about 200,000. Granted that it would be read by many who are pro-American anyway, yet it would be worth while if it could be done without violence to the principle of keeping the United States press free and independent of the United States Government.

10. If newsprint could be made available to the foreign press, much of its anti-American tone could be diminished. In France, for example, it was reported to me that the government agency which allocates newsprint is far from generous to those newspapers which fail to hew to the anti-American line. This has the rather extraordinary result that one can find Communist dogma and propaganda in newspapers which are about as pro-Russian as the Chicago Tribune. It is small wonder that the French reader is often caught completely off guard.

11. Foreign-born American citizens might be carefully selected with a view to having them tell the people of their native countries, via transcribed talks or interviews, about the United States, what it stands for and what it has meant to them in their own lives. (For

House of Representatives

WEDNESDAY, DECEMBER 10, 1947

The House met at 11 o'clock a. m.
The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father Almighty, Thou who art light eternal, shine upon us with that radiance that leads us through the depths of our understanding. Forgive our weakness and our follies and give us the secret of overcoming all things that baffle and bewilder us. Grant that the lesser lures of today may cease to hold us and that in Thy sight we may find that goal toward which humankind is ever striving. Day by day draw us into the bonds of a blessed friendship, for no one can call Thee Father without having man as brother.

Bless our honored and beloved Speaker and all others upon whom an expectant Republic has placed great responsibilities. In all things help us to "fear God and keep His commandments for this is the whole duty of man." In the name of our Redeemer we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

SPECIAL ORDER GRANTED

Mr. JAVITS. Mr. Speaker, I ask unanimous consent that on tomorrow, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. O'HARA asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. SUNDSTROM asked and was given permission to extend his remarks in the RECORD in two instances, in one to include a progress report to members of the Joint Committee on Housing from the Honorable RALPH A. GAMBLE, chairman, delivered at a dinner meeting on December 8, and the other to include a letter from Mr. Thomas F. Flanagan, publicity director of the New Jersey Affiliated Postal Employees Legislative Committee.

PERMISSION TO ADDRESS THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include an article from a newspaper.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE FUEL-OIL SITUATION IN THE NORTHWEST

Mr. H. CARL ANDERSEN. Mr. Speaker, the headline in a St. Paul newspaper this morning states: "Fuel-oil rationing studied as crisis gains in Northwest." Many Members here yesterday did not know the serious situation that prevails today in the Northwest when they refused to vote for my amendment which would have prohibited the exportation of petroleum products from this Nation. Our own people, my friends, are going to go cold this winter unless something very drastic is done about the matter.

Mr. O'HARA. Mr. Speaker, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Minnesota.

Mr. O'HARA. I noticed in the press last night that the weather up there is between 20° and 30° below zero.

Mr. H. CARL ANDERSEN. It is between 20 and 30 below in the northern part of Minnesota, and 500 homes in that one particular town that I referred to yesterday have been absolutely without fuel oil. That condition has prevailed for several days and will become worse unless Congress acts speedily.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Georgia.

Mr. PACE. If food is the keynote to recovery in Europe, as stated by the authorities, how is it estimated that the farmers can produce this food unless they have the necessary farm machinery and materials to do it with?

Mr. H. CARL ANDERSEN. They cannot. The gentleman is absolutely right. The article I refer to is as follows:

FUEL OIL RATIONING STUDIED AS CRISIS GAINS IN NORTHWEST—SHORTAGE BECOMES CRITICAL

(By Gareth Hiebert)

Rationing of fuel oil to Northwest consumers is definitely being considered to keep many people from being cold this winter, it was revealed Sunday night by H. F. Horning, of Minneapolis, executive secretary of the Northwest Petroleum Association.

"The critical shortage in International Falls over the week end should serve as good warning to other communities that unless people learn to conserve fuel oil this incident will be repeated many times over before spring," he declared.

Horning said it has been the hope of the oil industry that consumers could be supplied without enforced rationing.

NATION-WIDE RATIONING

"That hope is rapidly dwindling and some quarters feel that rationing is the only way to keep people from being cold," he added.

Meanwhile, it was learned from another source that a master rationing plan already has been set up in Washington by Government and oil industry officials for the entire Nation. This would include gasoline.

The same source said it was the consensus that all other forms of conservation should be tried first, however.

In this respect Horning said he does not know exactly what happened in International Falls, but added that even if the shortage resulted from something not directly connected with the general shortage throughout the Northwest it was still a symptom of a serious situation.

"Home owners will have to shut down their thermostats, close off unused rooms, if they want to stay warm this year," the secretary said.

He pointed out that there just isn't enough fuel oil to sell and people have got to realize that now while there may still be time.

The shortage stems from the fact that demand since the end of the war has far surpassed the construction of tank cars, pipe lines, and refining equipment.

One petroleum industry official estimated Sunday night that for every two new tank cars put into operation one is wearing out.

EXTENSION OF REMARKS

Mr. AUGUST H. ANDRESEN asked and was given permission to revise and extend the remarks he intends to make in Committee of the Whole today and include therein certain extraneous matter.

Mr. THOMAS of New Jersey asked and was given permission to extend his remarks in the RECORD in connection with the Josephson case in the circuit court of appeals and include an article which appeared in the New York Times this morning.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BECKWORTH asked and was given permission to extend his remarks in the RECORD.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. FOOTE asked and was given permission to extend his remarks in the RECORD and include an article by his colleague the gentleman from Connecticut [Mr. LODGE] which appeared in the Bridgeport Life of December 7, entitled "Eliminate Juvenile Delinquency."

CALL OF THE HOUSE

Mr. O'HARA. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 142]

Bell	Davis, Tenn.	Havener
Brooks	Dawson, Ill.	Henricks
Buckley	Gearhart	Hinshaw
Clements	Harris	Jackson, Wash.
Cooper	Hart	Keogh
Coudert	Hartley	Kersten

Landis	Price, Fla.	Smathers
McDonough	Rabin	Smith, Ohio
Meade, Ky.	Reed, Ill.	Somers
Morrison, La.	Reed, N. Y.	Trimble
Nicholson	Sabath	Vail
O'Toole	Sadowski	West
Owens	Shafer	Wood
Powell	Sheppard	Zimmerman

The SPEAKER. On this roll call 386 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. HORAN asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his remarks in the RECORD and include an address delivered before an Ohio Republican audience in Columbus, Ohio, by Frank Gannett.

Mr. MCGARVEY asked and was given permission to extend his remarks in the RECORD and include an article on anti-inflation by J. A. Livingston, economist.

Mr. WEICHEL asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. BAKEWELL asked and was given permission to extend his remarks in the RECORD and include a resolution.

Mr. GILLIE asked and was given permission to extend his remarks in the RECORD and include a report and recommendations of the subcommittee on the foot-and-mouth-disease program.

Mr. TIBBOTT asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD and include two newspaper articles.

Mr. CHELF asked and was given permission to extend his remarks in the RECORD and include two letters.

Mr. BRYSON asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mrs. DOUGLAS asked and was given permission to extend her remarks in the RECORD in five instances and include in each extraneous matter.

Mr. LARCADE asked and was given permission to extend his remarks in the RECORD in three instances and include in each newspaper articles.

Mr. PRICE of Illinois asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the St. Louis Post-Dispatch.

Mr. RAINS asked and was given permission to extend his remarks in the RECORD in two instances, to include in one an editorial and in the other an address delivered by Senator SPARKMAN.

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD in two instances, to include in one an editorial and in the other an address he recently delivered.

Mr. STEVENSON asked and was given permission to extend his remarks in the RECORD and include two letters from constituents.

SPECIAL ORDER GRANTED

Mr. SIKES. Mr. Speaker, I ask unanimous consent that on tomorrow, at

the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

INTERIM AID BILL, 1947

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4604, with Mr. MICHENER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 5 of the bill.

Are there further amendments to section 5?

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: Page 6, line 18, strike out the period and insert a semicolon; and after line 18 insert the following indented paragraph:

"(k) to insure that, notwithstanding any other provision of this act, the following conditions are fulfilled in the case of food made available to Austria, France, and Italy, under the authority of this act: (1) Not more than 33⅓ percent of such food shall be sold; (2) the proceeds from such sales, or as much as is required, shall be used only for paying local expenses of processing and distributing food made available under the authority of this act; and (3) all food made available to it under the authority of this act which is not sold shall be distributed among needy persons in low-income groups in such countries, without cost to such persons, except the surrender of coupons for rationed food, through the Red Cross and through such other relief, charitable, and church organizations as may be approved by the field administrator referred to in section 10 of this act."

Mr. VORYS. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill H. R. 4604, which, as its title indicates, is "to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries." The entire structure of the bill provides for aid furnished by this Government to governments of other countries. The section of the bill in question, section 5, provides for agreements that the recipient countries are required to make before any of the aid is supplied. This amendment would provide a new subsection, subsection (K), by which the foreign country is not only required to insure the distribution of the bulk of the products through private organizations selected by an American representative, but each of the foreign countries is required to make an undertaking that the other countries insure that these private or-

ganizations selected by the American representative carry out the distribution. Therefore, the purpose of the amendment is foreign to this entire bill and is not germane.

Mr. RANKIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Is it not a fact that all points of order were waived under the rule?

The CHAIRMAN. Points of order were waived against the bill as it was reported by the Committee on Foreign Affairs. The rule, therefore, is applicable only to those provisions appearing in the bill as reported and not against amendments proposed on the floor.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, may I be heard on the point of order?

Mr. Chairman, I am very much surprised at the acting chairman of the committee raising a point of order against this humane amendment which I have offered to the bill. In my opinion, the title of the bill is a rather far-fetched reason for claiming that this amendment is not germane to the provisions of the bill. The title of the bill reads as follows:

To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

The country was told that this special session of Congress was called to deal with a crisis, particularly in France and Italy. It was stated by administration officials and others that the need for this food was causing a crisis in those countries and that Congress had to legislate to give food to starving and hungry people of those countries.

Section 2 of the bill provides as follows:

It is the purpose of this act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries—

For what?—

to alleviate conditions of hunger and cold and prevent serious economic retrogression which would jeopardize any general economic recovery program based on self-help and cooperation.

I call the particular attention of the Chairman to the fact that this deals with food and hungry people, and this legislation has at least as one of its objectives providing food for hungry people in addition to providing raw materials and other commodities to prevent economic retrogression in particular countries that are to be the recipients of the beneficence of the American people.

Referring in particular to section 5, to which my amendment is offered, I call the attention of the Chairman that it relates to the distribution of commodities. I quote from the section:

Before any commodities—

And that means food, Mr. Chairman—

Before any commodities or credits are made available to any recipient country under the authority of this act, an agreement shall be entered into, subject to the limitations and provisions of this act, between such country

and the United States containing an undertaking by such country—

What kind of an undertaking?—
to make efficient use of any commodities—

And that is food, and there are \$281,-000,000 worth of it in this bill—

to make efficient use of any commodities made available under the authority of this act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy.

Then subparagraph (b) reads:

That when such commodities—

And here you deal with food again—made available under the authority of this act are not made available on terms of repayment in dollars—

That is where we are not to be repaid, and I think it is generally conceded that the entire authorization is a gift to the recipient countries, but in cases where arrangements are not made with those recipient countries to repay in dollars—they shall be made available only upon condition that the government of the recipient country agrees that when it sells such commodities for local currency (1) the amounts of such local currency will be deposited by it in a special account; (2) such account will be used within such country until June 30, 1948, for the purpose of paying local currency expenses of the United States incident to the furnishing of interim aid to such country under this act, and for such other purposes as may be mutually agreed to between such recipient country and the Government of the United States.

Now, if the United States can enter into an agreement with any foreign country to sell commodities at a certain price or to collect the currency of that recipient country and put it into a particular fund and direct that part of it can be spent by the United States in the other country, but the other part can be spent for any other purpose, it seems rather strange that an agreement cannot be entered into between the United States Government and the foreign country that they will have to disburse the food in a certain manner, to people who are, as section 2 states, hungry, and who are, in my opinion, in some cases, starving because of the inability to secure food through the regular and normal channels of trade or through the black market.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes; I yield.

Mr. RANKIN. In other words, this is a limitation and, in my opinion, is clearly in order.

Mr. AUGUST H. ANDRESEN. That is true. It is not only a limitation but it goes further, because it provides that no country is to be the beneficiary of what is provided for in this act unless it enters into an agreement with the United States Government to make efficient distribution of the food, to take care of hungry people, and to provide for the spending of the money that the government collects when it sells the food to their people.

Subparagraph (c) of the bill on page 5 provides: "To give full and continuous publicity by all available media" about

what is done with the food; the source and the character and the amount of commodities made available under authority of this act.

Subparagraph (e): "To make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this act." That has to be in the contract between our Government and the government of the recipient country, to make available to its people at reasonable prices, consistent with economic conditions, and that takes care of the low-income groups; but our Government can go so far as to specify what the food should be sold for by the government over there, that is given to them as a gift from the American people.

In subparagraph (f) it states: "To make all possible efforts to secure the maximum production and distribution of locally produced commodities," that is food; and to see to it that the food we send over as a gift is utilized in the proper manner.

Then we have subparagraph (g) that goes to the core of my amendment. You will recall the committee yesterday adopted an amendment relative to incentive goods. Incentive goods was the luxury item that was provided so that our Government could make arrangements with those foreign governments to give away luxury items to people as an incentive to do more work and produce more food.

The Government today can enter into agreements to give away those luxury or incentive goods to workers in the respective countries for nothing if they so desire without any further authorization in order to get those people to do more work. It seems to me it is very clear that if the Government can employ methods and means to distribute luxury goods in France, Italy, and Austria, they surely have the power to state how the food can be distributed to the people who do not have the money with which to buy it.

My amendment, Mr. Chairman, proposes that two-thirds of the food that is provided by this bill for France, Italy, and Austria, to be distributed by the Red Cross and the charitable organizations in those countries selected by the Commissioner provided in section 10 of this act to administer the provisions of the bill. It would be rather difficult for me to figure out in any manner how the point of order could be sustained when it is so clearly pointed out within the paragraphs of section 5 of the bill and the general intent of the act, and this amendment be held to be not germane, for the reason that our Government has no power to direct how the food is to be distributed within the respective countries. With this argument, Mr. Chairman, I submit the case to the ruling of the Chair.

Mr. VORYS. If I may be permitted a word further, Mr. Chairman.

The CHAIRMAN. The Chair wants light.

Mr. VORYS. The gentleman from Minnesota has discussed the merits of his amendment on the point of order and it is quite possible that some persons

might think this is a good way to distribute charity in foreign countries.

The point I am making is that this system of distribution through private organizations selected by one American citizen in foreign countries is not germane to this bill but is utterly foreign. Let me call the attention of the Chair to the fact that this amendment further requires each recipient country in its individual agreement—and I quote:

(k) To insure that notwithstanding any other provision of this act the following conditions are observed in the case of food made available to Austria, France, and Italy under the authority of this act.

So that under this amendment if adopted—and we have to consider that if it is germane it may be part of the bill—under this amendment if the President finds under section 6 of the bill that Austria or France was not having private organizations distribute food he would then be required to terminate relief to Italy, because each of the countries which is to be a recipient has to make an agreement as to other countries under this subsection (k) as amended.

Let me point out further that if this amendment is held to be germane, then amendments to the amendment would, of course, be germane, and amendments which would attempt to specify other organizations than the Red Cross would then be in order. It would then be perfectly germane for this House to consider amendments to the effect that instead of leaving the selection of these relief, charitable, and church organizations to the administrator the House would attempt to specify and would say, for instance, that the Daughters of I Will Arise, this church, that church—for instance, my church, the Methodist Church, should be the exclusive distributing agent, or some other church, or that the Jewish synagogues should be the only means of distributing the relief.

The consideration of what this amendment would make germane from now on if it in itself is germane to this legislation shows that it has nothing to do with the bill which provides for, as the title says, aid to certain foreign countries, a bill wholly concerned with action by governments.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, may I add a word?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, the chairman of the committee in charge of this bill was very unkind when he stated I was trying to argue the merits of the amendment.

The CHAIRMAN. The Chair is not interested in the merits of the amendment at this time.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I have tried to keep away from the merits of the amendment and discuss only the purpose of it and also to show that it is germane to this bill.

I would like to call the attention of the Chair to the authority contained in section 10 of the bill. Section 10 states:

In accordance with the direction of the President, the responsibility for administering in the recipient countries the program

of assistance provided for in this act shall be vested in the field administrator of the United States foreign-relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947.

Then it goes on to say:

The field administrator may, when he finds it essential to the purposes of this act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

Mr. Chairman, the purpose of the field administrator provided in this act is to supervise the program. It is up to him to see that the program for the distribution of food is carried out in accordance with the agreement entered into between the Government of the United States and the governments of these recipient countries. That field administrator will not only work in Italy or France or Austria, but he will have staffs in each country. We already have a staff in Italy that is supervising the relief program and seeing to the proper distribution of food.

I also wish to call the attention of the Chair to the reference made in the selection of the Red Cross or some other organization, as contained in my amendment. It is up to the Administrator to approve the agency. The reason that was put in the amendment was because we wanted to get a reliable agency. It is quite possible that the Methodist Church, to which the gentleman belongs, is the only reliable agency; it may be that the Friends Society is the only reliable agency; it may be that the Red Cross will not be able to carry on the program; but certainly giving discretionary power to the representative of the United States Government, the Administrator appointed by the President to look after this program, will put us in a position to select a competent charitable or church organization, or several of them, to dispense this relief as provided in my amendment to the hungry people, and in that part of the bill at least that is brought here before the House for consideration.

Mr. MORRIS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Oklahoma.

Mr. MORRIS. Does the gentleman agree with me that section 2, on page 1 of the bill, which reads as follows: "It is the purpose of this act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries" defines the word "countries" in the title of the bill, and the word "countries" as used in the title of the bill means the peoples of those countries, according to the definition of the bill itself?

Mr. AUGUST H. ANDRESEN. The gentleman is quite right. The bill speaks for itself. The countries themselves, I may say, are not hungry; it is the people within the countries who are hungry and who need the food.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Mississippi.

Mr. RANKIN. I call attention to the fact that the National Red Cross is chartered by the Government of the United States, and we have relied on it. It is a pity that we did not rely on it to distribute UNRRA funds. I think many of the Christian women and children who died in Europe would not have starved if we had done so. But, again I call attention to the fact that there is not one of these governments that we have any assurance will last 60 days. They can change governments overnight in Austria, in France, or in Italy. Now, suppose we should find one of those countries in the hands of a Communist government. Are we going to shut the door in the face of the Red Cross, a nationally chartered organization, and say, "You must give this money to the head of that government that is dedicated to the destruction of this Government?" So, I say the gentleman's amendment is clearly in order; it is a limitation. It is certainly germane to the bill, and complies with the Holman rule, which is the rule the gentleman from Ohio attempts to quote.

Mr. AUGUST H. ANDRESEN. I thank the gentleman.

Mr. VORYS. Mr. Chairman, one more point. The gentleman mentioned the discretionary power which the field administrator might have. Under this amendment, the field administrator has no discretion as to whether two-thirds of this shall be distributed through private organizations, because the amendment provides that two-thirds of this "shall be distributed through the Red Cross and such other relief organizations," so that the type of distribution under this amendment is not discretionary. It is mandatory that it shall be through private nongovernmental organizations.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, on that point subsection (b), on page 4, states:

That when commodities made available under the authority of this act are not made available on terms of repayment in dollars, they shall be made available only upon condition that the Government of the recipient country agrees that when it sells such commodities for local currency—

It shall do so and so. Here the bill specifies how the Government shall deal with it. It states there "when it sells." Now, it can distribute in some other manner which I am trying to provide in my amendment, but it states there that when it sells it for local currency, that local currency is to be used in a certain manner. So I do not feel that the gentleman's last point is well taken or any of the other points, as far as that is concerned.

The CHAIRMAN. As the House must realize, this is a very difficult question to rule on. It is one of those things where one's sentiments and feelings might dictate other action than one in strict conformity to the rules of the House and the interpretation of those rules, that is, the precedents.

Reference has been made to the Holman rule. That applies, of course, to general appropriation bills, and has no reference here.

This is a bill to provide relief for specified foreign countries. A specific method

is provided for administering that relief. That method proposed requires an agreement between the governments involved. The bill provides that the recipient governments must administer the relief in their respective jurisdictions.

Section 5, the section which is attempted to be amended, reads:

Before any commodities or credits are made available to any recipient country under the authority of this act, an agreement shall be entered into, subject to the limitations and provisions of this act, between such country and the United States containing an undertaking by such country—

To do certain things. The gentleman from Minnesota has read paragraphs (a), (b), (c), (d), (e), (f), (g), (h), (i), and (j) of section 5. His amendment adds another subsection, (k), and creates a new plan of distribution, including participation by the Red Cross. Is this amendment germane to this section under the rules and precedents of the House? Part of the amendment undoubtedly is germane, but the amendment goes further and provides for distribution in a method and a manner not contemplated in section 5 or in the bill. The Red Cross is designated in the amendment as a proper agency to distribute the aid. The personal view of the Chair is that he would like to see the Red Cross in the picture, were it practical or possible. However, legislation must be formulated pursuant to the rules of the House. The fact that the Red Cross is chartered by the Government has no more effect here than if it were any other organization or corporation that is chartered by the Government.

At the request of the Chair, the very capable Parliamentarian has presented the applicable precedents. The first precedent to which the attention of the Chair has been called is section 2954 of Cannon's Precedents, where a point of order was made against a similar amendment. The syllabus of that section reads as follows:

To a provision authorizing distribution through the Red Cross an amendment providing for distribution through the Salvation Army was held not germane.

The ruling was made on a point of order made by Mr. Marvin Jones, then a Member of Congress and now chief justice of the United States Court of Claims. The precedents continue:

On March 3, 1932, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (S. J. Res. 110), authorizing the distribution of Government wheat by the American Red Cross for the relief of distress.

The Chair will not read further. In short, the Chairman held that in a relief bill, as in the bill now before the Committee, an amendment authorizing that the wheat be distributed to the needy through the Salvation Army or any agency, other than the one provided in the bill, was not germane.

The same point of order was again before the House and on a kindred amendment, in the consideration of House Joint Resolution 266, during the Seventy-ninth Congress. That was another foreign relief bill, and is precedent pertinent to the instant case.

At that time the gentleman from Mississippi [Mr. RANKIN], who has also spoken today, offered an amendment, the purpose of which was to change the method of distribution and provide that the Red Cross perform a function in the distribution of the relief. The eminent parliamentary authority, the gentleman from Missouri, the compiler of Cannon's Precedents, made a point of order that the amendment was not germane. To this point of order the gentleman from Mississippi replied in part:

Mr. Chairman, * * * I want to send the Red Cross to feed these people instead of sending an aggregation of bureaucrats to exploit people all over the world.

In sustaining the point of order the Chairman said:

The effect of the amendment offered by the gentleman from Mississippi [Mr. RANKIN] would be to substitute the American Red Cross for the organization that is provided for in House Joint Resolution 266 * * *. The Chair believes the amendment is not germane and consequently sustains the point of order.

The present occupant of the Chair feels constrained to adhere to these established precedents. Therefore, the point of order is sustained.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]?

Mr. VORYS. Reserving the right to object, Mr. Chairman, and I shall not object because I told the gentleman last night I would make no objection to his request for an extension of time. But I do want to serve notice that, in accordance with the statement of the leadership yesterday afternoon, we have got to finish this bill, and the committee will be disposed to object to long extension of time from now on.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]?

There was no objection.

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. BREHM. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BREHM. Mr. Chairman, isolationism died forever in the middle of the Atlantic Ocean when Mr. Churchill apparently induced Mr. Roosevelt that America should again hop into Europe's war a second time.

Anyone who brands as isolationists, those of us who are simply attempting to keep our own economy sound, in order that we might lead the world to a better day, is simply trying to confuse the issue. We, as a Nation, are too warm-hearted, and I may say gullible, for anyone to brand us as isolationists and make it stick.

No one is more willing to share his goods with hungry destitute friendly peo-

ple than I am. However, when magnified relief needs are used to camouflage the real purpose of perpetuating a political party in power, as well as the granting of military loans, and I am asked to swallow it under the guise of helping cold, hungry, and homeless people, then that is laying it on just a little too thick.

I refuse to subject those whom I am honestly and conscientiously trying to represent to further and continued hardships of high taxes and high prices under the false premise that it is necessary to win the peace, when I am convinced that it is the highway to war.

No one has yet explained to me how we intend to defeat communism if this administration continues to send supplies and materials to the breeding ground of communism. This will only increase its potency for begetting a more powerful war machine.

It has been reportedly stated that Russia could take over the whole of Europe within 24 hours, and also that Russia and her satellites have over 5,000,000 men under arms who could move at a moment's notice. Now if that be true then I wish someone would explain how the passage of this bill or any bill proposing any method short of total war, might deter Russia from moving, providing she decided so to do.

Anyone who is so naive as to believe that the so-called Marshall plan or plans will destroy communism is ignoring historical facts. Communism can only be uprooted and destroyed by righteous indignation and an uprising of the people against it. If we are going to lull nations to sleep on the false premise that by sending American dollars and American relief supplies to their country, communism will be destroyed, then they will deliberately sit back and wait for it to happen. Only when they know that their salvation and the salvation of their country depends upon their taking action, will they act, just as France is now acting to throw out the Communists.

If one is sincere he does not choke a person with one hand and attempt to administer artificial respiration with the other. Either this administration is for or against communism, and it should be consistent and not follow a program of appeasement one time and then later pretend to be tough, just because political expediency seems to indicate that it would be popular at the time.

The nations of Europe which need financial help should be granted that help so far as possible through loans from the World Bank as well as from private sources, rather than out of taxes collected from the American public. They have assets and resources. Let them use this collateral to help themselves.

Mr. Chairman, I feel that if and until a program is offered, the administration of which I know will put food into the stomachs, and clothing on the backs of hungry and cold men, women, and children, as well as bind up the wounds of the afflicted, that I just cannot permanently commit my people to such a nebulous hypothesis.

If the success of our present or any proposed foreign policy requires a regi-

mented and planned economy in America, then it just cannot be an American foreign policy, bipartisan or otherwise.

I cannot help but feel in the final analysis that instead of thanking us for what we have done, that the nations involved will follow the pattern set after World War I, and only condemn us for not having done more. This bill was certainly not drafted with the idea in view of how to win friends and influence people for America.

Mr. Chairman, for these reasons and many more which I could cite, based on experience and bitter disappointment of the past, I just cannot support this program and still keep faith with those who sent me to Congress.

[Mr. AUGUST H. ANDRESEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, this proposal has been disposed of on a point of order as it was the duty of the Chairman to do. But, let me point out a couple of things. The gentleman who has just spoken traveled in Europe and has stated that he saw no signs of starvation, which would be one sign that the relief is being distributed fairly over there. We have here at the Committee desk, and there is in the hearings, evidence that France, Italy, and Austria have relief systems now by which they are distributing fairly to the indigent and to the widows and the orphans. The proposal has been made that the Red Cross should deliver such food. I checked with Mr. Basil O'Connor, the head of the American Red Cross, and he told me yesterday, after taking it up with his staff, that neither the American Red Cross nor the league of National Red Cross Societies of the world nor the International Committee of the Red Cross were equipped to do this. He said it would be impossible for them to do this job in the next 5 months.

Herbert Hoover, who knows something about relief—the greatest expert on this planet on the matter of relief—and who distributed relief after World War I, said what? Distribute it through private organizations? No; through the governments organized over there, such as they were, down to the municipalities. We have the evidence here at this table. Here is what Herbert Hoover said in 1943, in talking about postwar relief:

Fighting famine is a gigantic economic and governmental operation handled by experts and not welfare work of benevolent handing out food hit or miss to bread lines. There must be no waste, no inefficiency. * * * To do this a large part of the purchase, the overseas transportation, and the distribution must be in the hands of governments.

That was Herbert Hoover, the greatest humanitarian and food expert and relief expert known on this planet. He would be against the proposal which was attempted to be made here today and in favor of the administration provided in the committee bill.

I think we have saved a lot of time by disposing of this amendment on a point of order, and I hope we can go on to another part of the bill. I wanted to

point out to the Committee of the Whole that relief is being distributed fairly to poor people under systems in effect in all the countries in Europe to receive aid under the provisions of this bill.

Mr. RICHARDS. Mr. Chairman, I move to strike out the last three words, and ask unanimous consent to proceed for three additional minutes.

Mr. JOHNSON of Oklahoma. Reserving the right to object, Mr. Chairman, it seems to me that all through this whole debate the members of the committee, who are always recognized first under the rules of the House, have spoken on this matter for 4 or 5 days, but they very conscientiously object every time a nonmember of the committee tries to get an additional 3 minutes. The other day quite a colloquy occurred here when the gentleman from Alabama [Mr. JARMAN] was speaking on what the attitude of the committee was. I am going to do this on my own. The rest of the afternoon, if the committee does not give the nonmembers of that committee an additional three minutes when they ask for it, I am going to object every time a member of the committee does, because they are talking more than everybody else, anyway.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. JOHNSON of Oklahoma. I am going to object if someone over here on either side does not tell us what their attitude is. I think that is due us in fairness to the rest of the Members.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. JOHNSON of Oklahoma. I object, Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, I am a member of the Committee on Foreign Affairs and I have not heretofore spoken in general debate or in the consideration of this bill under the 5-minute rule, but I cannot sit here and let go without challenge some of the statements made by my good friend the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]. He ended his remarks just now by saying that he intended to offer another amendment, although that might be ruled out of order, too, to the effect that a picture of the American flag should be placed on every article going abroad.

This bill already provides for full advertisement as to where this aid comes from. In section 7 of the bill it is provided:

All commodities made available under the authority of this act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit.

That is plain; anybody can understand that.

I do not know whether or not the gentleman from Minnesota is in favor of this bill. He has never said whether or not he is in favor of this bill. All he has said in proposing his Red Cross amendment, which was ruled out of order, is that he is not in favor of the method

of distribution. He proposes to turn over about \$400,000,000 to the Red Cross and other charitable organizations for distribution, notwithstanding the fact that he and I are agreed, along with other members of the Herter committee who traveled together over there this summer, that the people who receive relief supplies from America should work if they are able to work; yet his proposition is an incentive not to work.

This bill seeks to insure that the people in the recipient countries will work and earn their local currency, and then pay for the supplies we send over there, not in American dollars, but in local currency.

That is not the end of the thing, of course. Whatever you do about permanent relief or the Marshall plan or temporary aid, we should make the money provided in this bill go as far as possible. This bill provides that this money will, in effect, become a revolving fund, and that the United States and the recipient countries, after it has collected its local currency, may get together in an agreement as to what will be done with the proceeds.

The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] says that the poor people will not get any relief out of this thing. As a matter of fact, not only the working people will get relief, but the people who are unable to work or cannot get work, will get relief because the currency taken in from the sale of these relief commodities by agreement with the recipient countries, may be used to provide direct relief for the unemployed needy. It may even be used to establish a soup kitchen. Who is there to say here, whether he be Democrat or Republican, that an Austrian or Frenchman or an Italian who can work should not work to get this relief? As a matter of fact, everybody knows that one reason why people are not working over there is because there is no incentive to work. There is no incentive to save money when there is no stability of the currency. There is no incentive to work and get a wage when you cannot buy anything with it. Why can you not buy anything with it? Because there is great scarcity there.

This bill not only provides relief for the suffering but it attempts to relieve the scarcity of things that the people must have to live and want to buy. When you relieve the scarcity of goods, you are not only providing temporary relief but you are also starting those countries on the road to recovery by encouraging the people to work and produce.

It would be a great mistake to adopt the dole idea in this bill. It would get us nowhere toward an economically sound Europe.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. AUGUST H. ANDRESEN. Can the gentleman assure us that such a provision will be written into the agreement, that part of this money would be used to help hungry people?

Mr. RICHARDS. I think I can. Twenty percent of the relief money already sent to Europe has been used for that purpose, and the same rules will apply under this bill.

Mr. AUGUST H. ANDRESEN. They should have that written in there so they can take care of these people.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. REDDEN. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. REDDEN: On page 6, after line 18, insert the following section:

"SEC. 6. The President pro tempore of the Senate and the Speaker of the House of Representatives, acting jointly, are authorized, in their discretion, to create such special joint committees of the two Houses as they may deem appropriate for the purpose of observing and advising, in recipient countries, as to the distribution among the people of such countries of commodities made available under the authority of this act, each such committee to consist of three Members of the Senate appointed by the President pro tempore of the Senate, and three Members of the House of Representatives appointed by the Speaker of the House of Representatives. Committees so appointed shall observe and advise on such distribution in recipient countries at such times as may be necessary to keep fully informed, and shall report to the Senate and the House of Representatives, not less frequently than quarterly, on their activities pursuant to this section."

And renumber sections 6 to 17, inclusive, of the bill as section 7 to 18.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment close in 15 minutes, 10 minutes to be granted to the proponents and 5 minutes for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. COX. Mr. Chairman, I want to be heard on this amendment.

Mr. JOHNSON of Oklahoma. I object, Mr. Chairman; I want to speak on this amendment, too.

Mr. REDDEN. Mr. Chairman, I shall take only a moment or two to explain this amendment, because it needs little explanation.

You probably observe that the authority proposed by this amendment is to authorize the Speaker of the House and the President of the Senate, acting jointly, to appoint a committee of three from each body to investigate and report on conditions in the recipient countries, in the event those two officials of those bodies determine in their discretion that the need has arisen. In other words, if you approve this amendment it still has to be determined by them in their discretion that the necessity exists before it can be done. I do not know that it will be necessary. I am hopeful that it will not be, but I call to your attention this fact, that the individual Members of Congress are going to be held responsible to the people back home for the carrying out of the provisions of this act. Everybody is not for this bill, by any means. I think a majority of the American people are behind it, but there are many just as loyal as some who will vote for it who oppose it. So for that reason there is considerable argument in this country about whether we should pass this legislation at all or not. Frankly, I think we

should, not just merely as an act of charity, but based upon an investment in security.

The very fact that this amendment is in the bill, the very fact that the Speaker of the House and the President of the Senate may in their discretion call an investigation of all that has transpired in this matter will, in my opinion, be a deterrent, a warning to those recipient governments that they had better handle it with care. Certainly this amendment can do no harm, and as far as I am concerned I am willing to risk the judgment and discretion of the Speaker of the House and the President of the Senate in any matters in which the interests of America are involved.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. REDDEN. I yield.

Mr. DONDERO. Might not your amendment place the lawmaking or legislative branch of the Government in the executive branch of the Government or the law-enforcing branch of the Government?

Mr. REDDEN. I think not. If that is true, certainly there is plenty of precedent for it right here on the books. I believe it was only last July that this body passed a resolution setting up a committee to go all over Europe, and I understand there were so many went that they had signs "American Hot Dogs" on the stands, so that they would know where to eat.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. REDDEN. I yield.

Mr. HOFFMAN. Do you not remember that we gave one President a revolving fund of a couple of million dollars and there was no accounting? Does not the gentleman think this will be a little discriminatory to put that on the President now?

Mr. REDDEN. Of course, this is not the President. This is the President pro tempore of the Senate and the Speaker who are to appoint this committee.

Mr. HOFFMAN. But they are going to ride herd on the executive branch. You are putting the legislative branch over the executive branch.

Mr. REDDEN. Well, does the gentleman feel it would be improper for the Members of this body to know of their own investigation and from their own efforts whether this matter has been properly administered?

Mr. HOFFMAN. No. I think we should; but the policy of the administration, as I get it in these committee hearings, is to tell us that it is none of our business how they spend the money after we appropriate it.

Mr. REDDEN. That may be true, but all of us are not bound by the policies of any particular committee.

With that, Mr. Chairman, I hope this amendment will be approved, to authorize the Speaker of the House and the President of the Senate to set up such committees in the event they, in their wisdom and judgment, feel they are necessary.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. REDDEN] has expired.

Mr. COX. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is not an effort to weaken the bill. I think the amendment is meritorious and that the committee would be acting wisely in adopting it.

There are a great many of us who entertain misgivings about the bill. We are troubled by the thought that it may not be administered in the manner wished by the Congress. The experience that comes to us from the way relief moneys have heretofore been expended is the basis for our doubts and for our misgivings as regards the administration of the present bill. What is here proposed is that the interest of the Congress be extended to the point of distribution of the fund which is provided. Can any exception be taken to that? Is it wise that Congress should follow through on this proposal? I have heretofore taken a critical attitude as regards visitations that Members of Congress have made abroad. I now entertain the feeling that they are investments made by the Congress that have paid handsome dividends.

I appeal to the membership of the committee to give careful and very sympathetic consideration to the proposal now made because all you are doing is simply setting up a committee in the discretion of the presiding officer of this House and of the other body, which shall observe and report to the agency which is the author of the relief which you propose to carry to the suffering people of other parts of the world.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. RAYBURN. If that were all this agreement did, maybe so, but this amendment states that the Speaker of the House—of course, the author of the amendment has the President pro tempore of the Senate in ahead of the Speaker of the House, which is not exactly according to protocol, but anyhow, this amendment reads:

Authorized to create such special joint committee of the two Houses as they may deem appropriate for the purpose of observing and of advising in recipient countries as to the distribution among the people of such countries of the commodities made available under the authority of this act.

The question that arises in my mind—in the first place, I do not know, of course, who would want to serve on a committee like that—but the question that arises in my mind is whether we are going to inaugurate the theory in our legislation that after we pass an act we are going to follow it all the way down the line in its execution and administration. That is a thing that seems to me is a very wide departure from our usual way of legislating.

Mr. COX. Let me say to the gentleman in response to his question that if Congress had in many instances heretofore provided for the following through on the administration of laws it passed the affairs of this country would be in very much better shape than they now are. Let me also say a word with regard to the provision of the bill which gives discretion to the presiding officers of the two bodies.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. COX. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Chairman, the amendment might be improved if you would strike out the word "discretion" but as drawn it is not objectionable to me.

Mr. Chairman, I wish here to emphasize the worthiness of the address made by the gentleman from South Carolina a few moments ago. It is entitled to further consideration. I also want to applaud the committee handling this bill for its tolerance and patience. It has been agreeable to the committee that there should be full debate on the bill and there has been no effort on the part of the committee to drive it through the House without full debate.

Mr. Chairman, no objection can be offered to this amendment other than that in the opinion of certain Members perhaps it may be unnecessary; but it is my conviction that it strengthens the bill. I should be very much more comfortable and better satisfied in giving the bill my support if the amendment is adopted.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield to the gentleman from Alabama.

Mr. JARMAN. I appreciate very much the complimentary references which the gentleman made about the committee.

Mr. COX. The committee has earned them.

Mr. JARMAN. I think so too but unfortunately many do not agree with us. I call his attention to the fact that other Members of this body will not permit members of our committee to speak. They do not wish the information we have gained. I especially call attention to the fact that the gentleman from Oklahoma [Mr. JOHNSON] objected to the gentleman from South Carolina speaking two additional minutes. The latter is a member of the committee who was replying to one who is not a member of the committee who had been permitted to speak 15 minutes without objection from the committee.

Mr. COX. That is not the right attitude. Let us not quarrel with one another. We want to do the right thing. Our country and the world is in distress. Things are not satisfactory. We are trying to do something to help. I wish the committee might find it agreeable not to resist the amendment which has been offered.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. MILLER of Connecticut. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is the first time I have participated in this debate. A week ago when I read the committee report and went through the hearings I thought I had a fair understanding of what this interim-aid program was all about and I certainly intended to vote for the appropriation requested to

carry out the program until we had time to study the so-called long-range Marshall program. But I must confess that as the debate has gone along I have become more confused and I wonder if I know as much about the bill now as I thought I did a week ago. Many of the conflicting statements are made by members of the Foreign Affairs Committee. Members of that committee have offered amendments which I think have added to the confusion. I have in mind the amendment offered by the gentleman from South Dakota yesterday which seemed important.

I take this time primarily to ask two direct questions so that I might fully reply to my mail and clear up a little of the confusion in my own mind.

On page 4, in subsection (b) we find language reading:

That when commodities made available under the authority of this act are not made available on terms of repayment in dollars, they shall be made available only upon condition that the government of the recipient country agrees that they shall be made available in dollars—

And so forth. Has the committee had any testimony or does it have any idea how much of this will come back in payment in dollars of the over-all appropriation?

Mr. VORYS. The committee made provision that some of it might be paid off in dollars, but there was no testimony that gave the committee much hope that a substantial part of it is going to come back in dollars.

Mr. MILLER of Connecticut. That is what I want to get. This will be expended for relief. No repayment is intended or expected?

Mr. VORYS. No repayment other than the provision for deposit of local currency to be disposed of as the Congress shall provide in that country. While the Congress would have control of that, there was no evidence that the Congress would require that the local currency be sent back to this country. That was not the purpose of the program.

Mr. MILLER of Connecticut. It is the Committee's understanding that most of the food—I understand \$281,000,000 worth of food is provided for in this bill—will be sold through the regular trade channels of those countries, or how much do we distribute free and how much is it anticipated will be sold?

Mr. VORYS. In Italy 20 percent is to be distributed on the relief basis and 80 percent sold. It is the understanding that probably all the food will be sold and that relief will be furnished through payments in local currencies to the indigent persons so that they can get their rations. That is the way it is handled by France. The Italian distribution will no doubt proceed about the way it is now, with 20 percent going for relief distribution.

Mr. MILLER of Connecticut. If that formula is followed there will be roughly about \$200,000,000 in foreign currencies in those three countries when this program has been terminated. Is it approximately that sum, or am I wrong?

Mr. VORYS. It might be much more. It might be 80 percent of the whole amount; it might be \$400,000,000.

Mr. MILLER of Connecticut. I was speaking of the food item alone. Now, must that foreign currency be spent for relief and rehabilitation purposes in those countries, or is there any truth to the statement made on the floor of this House that in some way that currency is going to be used or transferred into dollars, and the French Government will pay off its indebtedness to Belgium and the South American Countries? What will become, in the final analysis, of the approximately \$200,000,000 in foreign currency?

Mr. VORYS. The gentleman will find on page 4 of the bill this language:

Any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as the Government of the United States, pursuant to act or joint resolution of the Congress, may determine.

The Select Committee on Foreign Aid has recommended that such amounts be spent for rehabilitation of the country and building it up so that it will no longer need relief. Congress has not yet determined what will be done with that balance, but certainly it will not be used to pay dollar obligations.

Mr. MILLER of Connecticut. In other words, that information will come to us at some later date.

We have been told throughout this debate that we must make sure that we spend enough to do the job the way it should be done. It has been said that it is foolish to throw a 15-foot rope to a drowning man 20 feet away from shore. I might add that it is very foolish to throw any length of rope to a drowning man unless one end is securely fastened to the shore. We must keep our own economy sound if we are to render aid to other nations.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I move to strike out the last word.

(Mr. JOHNSON of Oklahoma asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Oklahoma. Mr. Chairman, I think oftentimes in this House we all have fallen into the habit of saying that debate never changes any one's mind. I know that when I came over here Monday that I intended to support this bill. After carefully studying it and after listening to 3½ days' debate I have now come to the conclusion that I am going to vote against it. I voted last summer for the Greek-Turkish loan because I told you then I felt that it would accomplish its announced objective, and that was stopping communism. After reading this bill, so far as I am concerned, it being our intention and so stated in the enacting clause of the bill, that that is what we wish to do, it does not do me any good unless I feel that it will do that one thing. In the Greek-Turkish loan, we knew that the articles, commodities,

and implements that went to the governments of Greece and Turkey would be used directly against the Communist guerrillas.

I do know this, and I think I can speak with some authority. I do not have to take the word of anyone on the Committee on Foreign Affairs, because one of these countries, namely, France, I know like the palm of my hand. For 2 years I spent a lot of your money, millions and millions of it, that belonged to you and the taxpayers of this country, as a member of the Foreign Claims Commission. I know what the French officials think, I know what the French peasants think, and I know what the French nobility think. I think I know a little about what will happen to this aid if it is distributed as proposed under this bill. It will not accomplish what we think it will, because we will also be feeding in France roughly the 30, 35, or 40 percent of the French people who are Communists. This is entirely a different situation from what we did when we provided relief for Greece and Turkey.

I am against this bill also because I do not think you can provide the relief under this bill without contributing greatly to inflation. Any man who votes for this bill is going to have to be ready to vote for stringent and tough controls, such as price control and consumer rationing. I do not know that the temper of this country or this Congress is ready for that, and if we do not do that our people will be faced with ever-rising prices.

One other observation: My friend from Oklahoma [Mr. RIZLEY] said that if wheat goes to \$6 a bushel there are a lot of people that cannot buy bread at that price. I say that at \$3.07 a bushel there are many people in this country that cannot buy bread today. I am going to read extracts from two letters I received yesterday. One of them was from a girl in Oklahoma who was in my high-school graduating class. She is a widow with three children. She has no job and she is sick. She says, "I don't know where my next meal will come from."

I also have received this card, and I hope the gentleman from Illinois [Mr. DIRKSEN], who pleaded so eloquently yesterday, will listen to this. This is from people 74 and 68 years old, in the State of Oklahoma, former teachers. They say:

My wife and I stood in the rain and cheered a food train for Europe, but only to see ourselves on the verge of dire, sad need and want here at home.

They were glad, as the gentleman from Illinois [Mr. DIRKSEN] pointed out to you, that this food was going over there, but they wonder what is going to happen to them down in the State of Oklahoma. They wonder what their Congress up here is doing when it can appropriate millions and millions to go overseas but leave them in want here at home.

The gentleman from Michigan [Mr. HOFFMAN] gave us an illustration the other day. He told us about a woman down here, one block from the Statler

Hotel, in Washington, D. C., with seven children that need clothing and food.

There are many Members of this House who, when they get in a plane and fly to Italy or fly to other parts of Europe, find there is a lot of glamor to it. They can meet some ambassadors, they can meet some French officials, and they get all disturbed about hungry people. But there is no glamor in going down into this little room one block from the Statler Hotel right here under our noses in official Washington. But it needs attention just the same.

I am not going to vote for this bill primarily because it will not achieve its announced objective. You cannot take 100 percent of commodities and send it overseas and let the French Government give 40 percent of it to the very forces they are trying to defeat, and then give the remaining 60 percent to non-Communists. It cannot be done. It is foolish on the face of it. It is not analogous to the situation when we sent commodities over to Greece and Turkey, because they took the implements we sent there and shot them at the guerrillas or used them to feed their own soldiers so they could fight the Communist guerrillas. I say that in France neither Schuman nor anyone else can divide what we send over there, because the Communist Party is a recognized party. You look at the members of the Chamber of Deputies and you will see that there are a lot of people in France who are Communists. Are we going to send this wheat over there that our own people need, are we going to send this wheat over there and give 35 percent of it to the Communists and let the other 65 percent non-Communists then get their share and hope thereby to defeat communism?

I was astounded at my colleague the gentleman from Oklahoma [Mr. MONROE] when he said that of this year's wheat crop we had already earmarked two-thirds to go to Europe. I do not know that that statement is true, but if it is, we ought to get one-third of it back, stop it out in the Atlantic, and bring it back and feed our own people here at home.

Mr. KNUTSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there is a great deal of merit in what the preceding speaker said. The relief bill now under consideration is highly inflationary because there is no provision for placing ceilings on prices we are to pay for foods and grains bought for export. We must not deceive ourselves. Nearly every dollar we appropriate will be spent in this country, hence will tend to further increase prices here at home. We know that the policy of the administration heretofore has been to go into the market and buy grain, paying a bonus of 10 cents above the market. When the millers, in order to get grain for milling, had to meet the Government price, the Government immediately jumped the price another 10 cents a bushel. That is the reason, or at least one of the reasons why we are having these spiraling prices. I would like to have the attention of the gentleman

from Ohio [Mr. VORYS], who is handling the bill. The gentleman and his committee should bring in an amendment fixing a ceiling on wheat bought for export. If you do not do it, you are going to see wheat go to \$4, \$5, and even \$6. If it is hard for people of small means to live now, in the name of common sense, what is it going to be when this huge sum, \$570,000,000, is spent in open competition with buyers for domestic consumption? Then prices will start soaring again. We do not know—we might have eight-dollar or ten-dollar-a-bushel wheat. God forbid; prices are much too high now. If the Committee on Foreign Affairs does not bring in an amendment fixing the ceiling price on the things the administration buys and sends abroad, you are merely opening the door wide to the greatest era of inflation that we have had since the Civil War.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. ARENDS. I wonder if the gentleman happens to be acquainted with certain testimony brought out yesterday before a Senate committee.

In questioning Mr. Fisher, of the Commerce Department, who was a witness in support of the administration's control and rationing bill offered by Secretary Harriman, Senator COOPER, Republican, Kentucky, demanded to know whether the administration could enforce individual rationing under the terms of such a bill. Mr. Fisher replied that the administration could do so. He also admitted that since the Government is already able to buy food through the CCC the additional authority to shut off other purchasers would enable the Government to buy up entire crops and to fix the price on them.

Chairman COOPER also asked Mr. Fisher if the proposed bill would enable the President to compel a farmer to sell his produce. Mr. Fisher said that it would but that the administration would not object to a congressional limitation on such power. I feel the attention of the citizens of this country should be called to this testimony in order to emphasize to what extremes this administration would go if granted powers the President has asked for.

Mr. KNUTSON. I would not be for doing anything like that. That is communism—unadulterated communism. I understand that France is buying wheat in Argentina and paying more than \$5 a bushel. If we go into Argentina we will have to meet her price. But if we have a statutory ceiling beyond which we will not go you are going to do more to stop inflation than anything else that this Congress can do. I plead with you to act before it is too late, because we are at the brink of a precipice, the bottom of which no one has any conception of.

I yield to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. When the gentleman speaks of placing a ceiling price on wheat, he means that the ceiling price should be placed on wheat which the Government purchases for foreign shipment?

Mr. KNUTSON. Precisely. I thought that was understood. I am sorry if I did not make myself clear.

Mr. SMITH of Ohio. You would not fix a ceiling price on domestic supplies?

Mr. KNUTSON. No. That must be taken care of separately. We cannot legislate domestic prices. That has been tried before many times and always failed.

Mr. BUFFETT. If foreign prices are causing inflation, then the price-fixing that ought to be done in this country is on that part of our production which is going to foreign countries.

Mr. KNUTSON. Exactly. I am going to again plead with the gentleman from Ohio and his colleagues on the Committee on Foreign Affairs to bring in an amendment which will do much to take the curse off this legislation.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. VORYS. The Committee on Foreign Affairs has been criticized for invading the province of other committees. It certainly does not want to invade the province of the Committee on Banking and Currency, which is wrestling with the problem of price controls right now. There will be amendments which will make it clear that this bill does not give the President any power along that line. But I do not think this bill should go into price fixing.

Mr. KNUTSON. I am merely addressing myself to exports and not to domestic consumption. I can see no objection to placing a ceiling on exports. In fact, we will have runaway inflation unless a ceiling is placed on the price of wheat and other foods that are bought for export.

We are in general agreement that high food prices here at home are altogether due to the terrific competition in the home market. Add to the sums already spent by foreign governments for American grains the \$750,000,000 this bill authorizes and it may send the price of wheat and other grains, meats, and eggs to levels now undreamed of. The hour is late, but there is yet time to avert a catastrophe.

Mr. KIRWAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, about 6 years ago, in 1941, I believe, I called the attention of the Congress to the fact that the most essential economic need in the United States was scrap. Three years afterward, the gentleman from Texas, Judge Sumners, inserted those remarks again in the Record. I want to call the attention of the House today to the fact that I am for this bill now before us because I think it is going to do more for America, if properly administered, than it will do for Europe. The most essential need today in the United States is not wheat but scrap, because, and this is important, there is only a 30-day supply of scrap in the United States.

Like many other Congressmen, I have just returned from an investigation trip to Europe. I told the press on my return that it was a junkman's paradise over there because of the huge amounts of scrap I saw lying around.

I do not care who the man is traveling back and forth across the United States but I can tell you that when he passes a freight train going from the West to the East he will find three or four carloads of scrap on it, consigned, most likely, to the Bethlehem Steel Co. The same story will hold for the trains going west. You do not have to take my word for it; just go in the market and try to buy some.

In Germany I did not see one steam shovel, one crane, or one bulldozer. If Germany had this equipment she would have a chance to recover. Not only do I make this statement but I say further there is no American officer who has seen a steam shovel, a crane, or a bulldozer.

If this relief is properly administered, with a few acetylene torches the Europeans can start to work on that junkman's paradise over there and ship that scrap back here. It is not expensive to get that scrap back to this country. Ship it to the Bethlehem Steel Co. on the seaboard, and that will make it half as cheap as the price you are paying for scrap today. Furthermore, you will not be cluttering up the railroads of the Nation shipping scrap back and forth. Let me give you a few examples of the scrap shortage in this country—and particularly in my area—today. The Youngstown Sheet & Tube Co. has a 2 months' supply of scrap. The Sharon Steel Co. in western Pennsylvania has a 1-month supply. I repeat, this scrap is more essential than wheat. On most of the little farms they raise wheat, but you cannot make steel and that is the one thing that the whole Nation is calling for today.

I repeat, when we send this money over there, some of it should be applied to this scrap. I have seen Germans employed at 145 marks a month, not doing any constructive work. But if you send a few torches over there and a few bulldozers and cranes you will accomplish something. There is no difference in the American zone today than in any other zone. Instead of being able to point to the rest of the world today, two and one-half years after the war, and saying "This is what we Americans did" we have to admit that there is not a bit of difference between the American zone and any other zone. We are shipping food over there. I would like to see an amendment put into this bill, if we are going to put any amendments in the measure, that when we give food we also give some machinery and some torches, in order to see to it that the most vital thing needed in this country today, scrap, will be shipped back to this country. If we do that, every dollar we send to European countries will do us much more good than the money we are giving them.

There are many ways to help Germany and the other nations and at the same time help ourselves. I am not one to come down here in the well of this House and say that we will give to everybody. Very little we will give unless we see something coming back. We are giving this money over there for what? To try to stop communism, to bring about economic rehabilitation, to aid people in distress, and to insure our own security. The majority of the Nation today is shouting for conscription; shouting for somebody to do something to build up

our Army of 950,000. There are only 200,000 in the National Guard when there should be 600,000. In this respect France and many other of the countries of Europe are much better off in that way than we are today. I hope when this bill is finally rounded up there will be an amendment placed in there for the money that we send over there to bring back something of value to us as well as to the other nations.

This call for scrap should be heeded—and heeded now.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I understand there are 15 amendments at the desk. Our leader has urged that we conclude this bill. I therefore ask unanimous consent that all debate on the Redden amendment close in 10 minutes, the last 2 to be reserved for the chairman of the committee.

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, I see four Members on their feet wanting to speak to this amendment.

Mr. VORYS. Mr. Chairman, I modify my request to 15 minutes, the last two to be reserved to the committee.

Mr. PHILLIPS of California. Mr. Chairman, reserving the right to object, I ask the same question as before: How many are there who desire to be heard on the amendment, Mr. Chairman?

Mr. VORYS. I see four Members seeking recognition.

Mr. Chairman, I move that all debate on the Redden amendment close in 15 minutes.

The motion was agreed to.

The CHAIRMAN. The following Members on their feet seeking recognition: Messrs. PHILLIPS of California, CRAWFORD, MILLER of Nebraska, and KEEFE. They will be recognized for 3½ minutes each, and 2 minutes will be reserved to the committee.

Mr. KEEFE. Mr. Chairman, you can eliminate me from the list.

Mr. MILLER of Nebraska. Mr. Chairman, inasmuch as I have not had any opportunity to speak at all on the bill during the last 3 days I do not care for just 3 minutes at this time. You can take my name off.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD] for 5 minutes.

Mr. CRAWFORD. Mr. Chairman, I first want to join with my friend the gentleman from Ohio [Mr. KIRWAN] in asking for more scrap iron. Through the years 1936, 1937, 1938, 1939, and 1940, I pleaded with the Ways and Means Committee to take the necessary steps to stop the exportation of scrap iron from this country to Japan. Industrially, scrap iron is one of our greatest needs today. I would not agree with the gentleman, however, that there are no heavy pieces of machinery in Europe with which to condition that scrap iron for shipment back to the United States, because there must be literally billions of dollars of heavy equipment to do the job; so I would not go along with him in sending equipment from here for that purpose to Europe. I do join with him, however, in having Europe send to us one of the

greatest industrial needs we have, namely scrap iron, for which we could pay them dollars. In that way we would be getting something instead of nothing for the relief we send them. We need the scrap iron badly now, but we will need it worse next week and next month.

Secondly, I am very much in favor of this amendment. I wish to join the gentleman from Georgia [Mr. Cox] and the others who are promoting this amendment, because I believe sincerely that before the administration of this act goes very far you will be praying for someone to go over there who can ascertain what is happening to report back to the people of this country. By that time our people will be sufficiently tired and weary of carrying this kind of financial burden, paying for it in the form of advancing costs of living which will certainly move in the direction of completely destroying the buying power of our people in the months to come.

The gentleman from Connecticut [Mr. MILLER] raised a question awhile ago to which I would like to add: I am satisfied that before this debate is over, proposals will be made from this floor for us to enter into outright blocking of currencies. That, as I indicated yesterday afternoon, would be your next move. Now, let us take the questions raised by the gentleman from Connecticut with respect to the handling of these local currencies. A movement is well under way for the creation of a United States Government agency to be furnished appropriations with which to purchase these foreign currencies. A movement is well under way to trade great masses of agricultural goods in this country for the practically worthless local currencies of other countries. That currency so traded will be thrown in the hands of this Federal agency to carry along from year to year and to be financed with more dollars through appropriations to the Federal agency to handle these blocked currencies. We travel the same road through improvising, through doing one thing now to get us out of a mess we created yesterday, and doing another thing tomorrow to get us out of a mess we create today, exactly as Germany and other western European countries did when they began to move away from long-established orthodox economic principles in the years from 1920 to 1940. We now travel their road. The operations under this bill will move us further down the line than all other operations heretofore; and this because we are reaching the point where these things are accumulating very rapidly, and the last straw will break the camel's back. That is why I am in favor of this amendment, so that as these situations develop more seriously in the coming 12 months, the leaders of the House and Senate, the Speaker and President pro tempore, may select a committee based upon their analysis of the situation at that time, send them to Europe, get a direct report, bring it back to the Congress, and enable those who are running for office during the next election to get some facts to a suffering and inquiring citizenry.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Did I understand the gentleman to say that he had asked the Ways and Means Committee to place an embargo on the exportation of scrap iron?

Mr. CRAWFORD. Yes.

Mr. KNUTSON. The Ways and Means Committee would not have authority to act.

Mr. CRAWFORD. I thought the Ways and Means Committee handled tariffs and imports and exports back in 1935 to 1940 and before the Reorganization Act.

Mr. KNUTSON. We do not have anything to do with quotas. They are established by the administration under the War Powers Act.

Mr. CRAWFORD. I understand that.

Mr. KNUTSON. The President has the power.

Mr. CRAWFORD. This is going back prior to 1940.

Mr. Chairman, we have a situation now where we are sending millions of dollars to aid the Philippines. We gave to the Philippine Government surplus material in the way of great earth-moving equipment, shovels, caterpillar tractors and so forth which the Philippine Government has not been able to use and it is now pleading with this Government to permit the Philippine Government to sell that equipment back to the people of this country who are standing ready and bidding for the equipment at 40, 45, or 50 percent of the original price. Our Government will not permit the equipment to come back for our contractors to use. I can see no sense to forcing the Filipinos to keep the equipment for which there is a need and demand in this country.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS of California. Mr. Chairman, I rise in support of the amendment. I doubt very much if the author of the amendment himself, when he stated yesterday that he was going to introduce it, had any idea that it was as important an amendment as it has become this morning. It has become so by the action of the Committee on Foreign Affairs in making a point of order against the amendment introduced by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]. I do not question the decision of the chairman, but I do point out that by that decision and by the point of order made this morning we have for the first time a clear picture before us of what is involved in the bill we have been discussing for 2 days last week and for more than 2 days this week.

The people of the United States are very anxious that food shall be taken to the distressed people of Europe and the Orient. That is the reason for the wholehearted support of the so-called Friendship Train. I believe if you could ask every one of the people of the United States about this bill, 99 out of 100 would undoubtedly say that it is his or her belief this bill would provide food for the starving people of Europe and for that reason they want it supported. It would

be, in my opinion, a matter of intense surprise to them that, as evidenced by the point of order this morning and by the ruling of the Chair, this is a bill to put money in the hands of the State Department to support the governments of Europe and not primarily to take food to the people of Europe.

Now, I did not understand under the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] nor my interpretation of it, that Mr. Basil O'Connor, mentioned by the gentleman from Ohio [Mr. VORYS] had to go to a grain mill and get a package of flour and take it in his hands and hand it to some poor person in Europe who needed food. I did understand that some reputable agency of the United States, in which the people of the United States and this Congress have confidence, would be responsible for assuring us that the food was actually getting to these people.

It is a curious thing that this very matter was brought up after World War I, when a distinguished member of the party which is now the minority party of this House was the President of the United States. The same proposal was made to him. Woodrow Wilson was the President, and when it was proposed to him that we should take food and help from the United States and hand it to another government to distribute, or to somebody in another government to distribute, his answer was in effect, No; the United States will distribute it and see that it reaches the people that we want it to reach; not, said he, because we want the credit as a nation, but because only in that way can we be sure of the effectiveness of it, and only in that way will it help write the peace.

Now, I think, therefore, that the amendment offered by the gentleman from North Carolina [Mr. REDDEN] in view of the curious situation produced by the committee itself this morning, is essential; that we should provide some means of saying through this House that the intent, not of this Congress, but of the people of the United States is carried out, and that the food gets to the people who need help and not merely to support some government of Europe.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from Ohio.

Mr. VORYS. Was the gentleman present when I read the direct quotations from his fellow Californian, Herbert Hoover, approving the method of relief provided by this bill and disapproving the method provided by the Andresen amendment?

Mr. PHILLIPS of California. I was present. I have the honor of being acquainted with Mr. Hoover. I should like to ask Mr. Hoover himself if he really said that in connection with what we are presently discussing or as a general statement regarding certain conditions in the bill.

Mr. VORYS. The testimony of Mr. Hoover on the relief bill this spring is at the committee desk.

Mr. PHILLIPS of California. I take the gentleman's word that Mr. Hoover

said that. I observe he did not say it about this bill.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I will say to the gentleman that in all of the countries that we visited in the devastated areas there was one name that stood out, an American name, and that was Herbert Hoover, who directed relief over there after World War I and saw to it that the hungry men and women and children were fed.

Mr. PHILLIPS of California. The relief under President Wilson's plan, administered by Mr. Hoover, followed the line, in my opinion, of the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The CHAIRMAN. The time of the gentleman from California has expired.

The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, the Redden amendment has a laudable purpose. The only objection is that it is a case of "Officer, call a policeman." As far as legislative power to follow this through is concerned, we already have a select Committee on Foreign Aid, of which the gentleman from Georgia is a member, for the very purpose of studying the administration of such aid. Under the reorganization bill the standing committees of both Houses are given responsibility for following the administration of any act which is put through. If, on the other hand, this is an attempt to invade the province of the Executive and to attempt to execute foreign aid, of course, it would be an unconstitutional proposition.

I therefore hope that the amendment will be defeated.

Mr. COX. Mr. Chairman, if the gentleman will yield, does the gentleman not agree with me that the functions of the Committee on Foreign Aid have practically ended?

Mr. VORYS. I certainly do not.

Mr. COX. And it was never contemplated that it would follow through on the pending bill; never.

The CHAIRMAN. The time of the gentleman from Ohio has expired. All time has expired.

The question is on the amendment offered by the gentleman from North Carolina [Mr. REDDEN].

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 84, noes 47.

So the amendment was agreed to.

(Mr. PHILLIPS of California and Mr. MILLER of Nebraska asked and were given permission to revise and extend their remarks.)

[Mr. MILLER of Nebraska addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I merely want to answer the question raised by my good friend and colleague, the gentleman from Nebraska. If he will look on page 3 of

the bill, section 5, it says that "Before any commodities or credits are made available to any recipient country under the authority of this act an agreement shall be entered into, subject to the limitations and provisions of this act, between such country and the United States, containing an undertaking by such country" to carry out each of 10 carefully drawn conditions.

The country must agree to each of the 10 limitations and provisions before any commodities or credits are made available. I do not know how we could write it any tighter. I am sure the General Accounting Office would not honor any checks that were made out under the authority of this bill if the conditions of the bill had not been fulfilled.

If there is some way you can make sure that the provisions will be fulfilled other than by writing it in plain language in the law, I do not know what it is. The Congress cannot carry out the administration of acts of Congress, but the policy the administration must follow is laid down in unmistakably clear language.

Furthermore we have had 6 months of experience under precisely this same sort of program. No serious complaints have been raised against it at all, as there were—and they were justifiable complaints—under the UNRRA program. This is a totally different set-up. There has not been any complaint at all, so far as the committee has been able to find out, that any of the governments involved in the original assistance act have not been living up faithfully to the pledges they made. These 10 conditions are almost verbatim the provisions and limitations that were in that act, Public Law 84, which we passed last May.

I now yield to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. I think that the countries will agree to the conditions, but what assurance do you have that they will carry them out?

Mr. JUDD. The assurance we have that they will carry them out is on page 6, section 6:

The President shall promptly terminate the provision of aid under this act for any country whenever he determines (a) that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this act is no longer necessary or desirable.

Now, we have our experts over there under Dick Allen, who was formerly administrator of the Red Cross. They have all been cleared by the FBI. They will be on the job. Not only do our American officials have to be there and able to observe and report, but also representatives of the American press and radio. It is required that they be allowed to observe freely. I do not know what more you can write in to make sure that we have a careful check on how the program is being administered. If and when word comes back that it is not being administered properly, as you can be sure the American press representatives, if not our officials, will send word back if it is not being administered properly, then the President has a mandate to terminate immediately any aid under this act.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. MUNDT. Not only can they observe but we also provide that they shall advise, so that they will advise the foreign governments on these matters, and if their advice is not followed there is a mandate on the President to stop the aid.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. BUFFETT. Will this appropriation be subject to the same price-control and rationing requirements that were in the bill this spring?

Mr. JUDD. Do you mean that the countries themselves have to agree?

Mr. BUFFETT. To price control and rationing.

Mr. JUDD. Well, what the bill states is that they must make efficient use of any commodities made available under authority of this act, and to take, insofar as possible, economic measures necessary to increase their ability to achieve a self-sustaining economy. That is one requirement. Another is that they have to agree to make available to their people, at reasonable prices, consistent with economic conditions in the country, such commodities as they sell under the terms of this act. In the effort to get equitable distribution and reasonable prices it is probable that they will continue the rationing systems that each of the governments now has.

Mr. BUFFETT. Then it is the feeling of the Foreign Affairs Committee that they must continue these price-control and rationing programs?

Mr. JUDD. Not that they must. If they can devise a better way to get equitable distribution, then that is within their province. We will have people over there consulting with them and reporting. I do not think we should say to them, "You must discontinue the rationing system that you now have or the price-control system that you have in operation." But they have to agree to get equitable distribution and at reasonable prices. I may say that I expect to offer an amendment, when the proper time comes, which I hope will make even more certain that our aid gets to those who need it most.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JUDD] has expired.

Mr. GWINN of New York. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. GWINN of New York: On page 6, after line 18, insert:

"(k) In case wheat is to be purchased for the purposes of this act, the price paid shall not exceed \$4 per bushel."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. The amendment is not germane to the section of the bill. This section of the bill has to do with agreements to be made by foreign countries. Obviously, the foreign countries could not make an agreement as to what price should be paid for wheat in the United States.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. GWINN of New York. I do, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. GWINN of New York. I think it is quite so that the more appropriate place to have offered this amendment would have been to an earlier section; but it seems perfectly clear that if we are to make contracts abroad for the disposition of a commodity we can provide what that commodity shall be and at what price it shall be procured. We simply cannot make an agreement about the resale of a commodity in France, for example, unless we have wheat, if that be the commodity, at \$3 a bushel on which to make a contract.

The CHAIRMAN. Is that all the gentleman desires to say?

Mr. GWINN of New York. Yes.

The CHAIRMAN. It would seem to the Chair that this amendment might be germane to section 4, but section 5 provides:

Before any commodities or credits are made available to any recipient country under the authority of this act, an agreement shall be entered into, subject to the limitations and provisions of this act.

Clearly, there could be no agreement entered into with a foreign nation as to the price that America was to pay its farmers for wheat.

The Chair sustains the point of order.

Mr. GWINN of New York. Mr. Chairman, I ask unanimous consent to return to section 4 for the purpose of offering an amendment at the end of section 4, page 3, line 21.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. CRAWFORD. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The gentleman is recognized for 5 minutes if he so desires.

Mr. VORYS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. On what theory is the recognition made? Is it a striking out of the last word?

The CHAIRMAN. The Chair would advise the gentleman from Ohio that the gentleman from New York was recognized before he offered the amendment.

Mr. GWINN of New York. Mr. Chairman, in the morning press an item was carried under a four-column spread reading: "Ration authority requested on principal foods, gas, oil—moves to cripple relief beaten."

That was put forward by the President. Now, if we must come to the point in America where we must have OPA again thrust upon us; if we have come to the point where we cannot out of our economy, out of our surpluses, find sufficient food to send to the hungry abroad; if we have reached the place where we must establish a compulsory police state to manage our own economy in order to feed those in France particularly who are now suffering from scarcity caused by the same type of price-control management,

then it seems to me we are doing the most foolish thing that could be done.

Simply stated, the farmers of Brittany refuse to sell their wheat in Paris because the Polit Bureau and other compulsory agencies of France say to the farmers that they must ship their wheat to Paris at a Government price, and the farmers say, "No; we will not ship." The farmers say in addition: "We will not plant wheat." So they planted 1,000,000 acres less this year than they did last year. All that we do by this amendment is to say to the United States Government that we will put the price fixing where it belongs. That is, on the Government itself. If you are going to buy wheat in this market then you cannot buy it at a greater figure than the market itself, which is now approximately \$3 a bushel. It limits the Government only. It does not fix prices in the objectionable sense that we are so wise here that we can tell what the prices of everything should be. If we have a surplus, if we can spare wheat, Mr. Chairman, then that wheat will come out at \$3 a bushel. If we cannot spare the wheat it will not come out. If prices go to \$4 or \$5 a bushel, then the United States Government and this Congress will not be responsible for the Government itself being a party to the inflationary processes by which we push wheat up to \$4 or \$5 a bushel.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GWINN of New York. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I notice particularly that the gentleman made the observation we have come to the time where these controls must be reinstated. If the gentleman will permit, I want to say emphatically and categorically we have not come to that time, the people of the United States are not going to accept those controls, and if this Congress is fool enough to vote them the industry of this country and the consumers and producers will go into the black market and outlaw them in that manner. We might as well make up our minds of that fact now.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GWINN of New York. I yield to the gentleman from North Carolina.

Mr. COOLEY. The gentleman stated a moment ago that Great Britain had wheat in sufficient quantities to ship to Paris and that it was refusing to ship to Paris because of somebody over there.

Mr. GWINN of New York. I said Brittany. That is, the farmers in north France do have the wheat, but the farmers in north France will not send the wheat to Paris at the price which the government insists upon the farmers taking.

Mr. COOLEY. I thought the gentleman said Great Britain.

Mr. GWINN of New York. I said Brittany.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. COOLEY. Mr. Chairman, I move to strike out the last two words, and I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. VORYS. Mr. Chairman, I object.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. MUNDT. Mr. Chairman, reserving the right to object, I wonder if we cannot have an agreement on time. I am not going to object to this request, but I think we should proceed with consideration of this bill. Practically everyone has had an opportunity to speak in general debate. I wonder if we cannot agree that, at the conclusion of the gentleman's statement, the Clerk may read the next paragraph.

Mr. JUDD. Mr. Chairman, I object to that. I have another committee amendment.

The CHAIRMAN. Objection is heard.

Mr. COOLEY. Mr. Chairman, I did not hear any objection.

Mr. MUNDT. Mr. Chairman, I did not object. The gentleman was objecting to my request.

The CHAIRMAN. There was an objection down there to something.

Mr. VORYS. Mr. Chairman, reserving the right to object, we have had general debate for 4 or 5 days on this bill. I served notice the first thing this morning I felt it was my unpleasant duty, in order to get us out of the trenches by Christmas, to object to further extensions of time. I regret that I must exercise that duty at this time. I therefore object.

The CHAIRMAN. The gentleman from North Carolina is recognized for 5 minutes.

Mr. COOLEY. Mr. Chairman, at this very moment over in Arlington Cemetery, with appropriate religious and military ceremonies, 13 American heroes are being reinterred. Around 13 open graves fathers, mothers, wives, children, and loved ones are gathered to touch again the lives and to commune again with the spirits of these 13 men who gave their all in the cause of freedom. I think that their loved ones know why they died and why they gave their all. It was because of their supreme devotion to the ideals of this democracy. Those boys went to war for something that they thought was high and holy, something exalted, something above all of the sordid things of life. They fought and they bled and they died to make men free. They did that job in a magnificent fashion. They are not unknown soldiers. Not so long ago they lived and they laughed and they loved this country of ours. If they gave their all to liberate the people of the world it does seem to me that we should be willing to make this contribution and by doing so keep faith with those who have paid such a precious price.

I do not want to be sentimental about this thing, but I am just as sincere as I have ever been in supporting this bill. One of my colleagues here on Monday chided me because I had not taken the floor to tell this House about some of

the things that I had seen and observed overseas. I have not imposed upon the House, but I want to say to my friend from Kansas that it would take me much longer than 10 or 15 minutes to tell you what I have seen and observed in Europe and in Asia. I wish that I had the time to tell you.

Briefly, I have seen great and proud empires crushed. I have seen the devastation of Europe, and I have seen the devastation of the islands of the Pacific. I have walked on those sacred and blood-drenched islands where American heroes died. I went to the top of Mount Surabachi and looked down on the blood-drenched isle of Iwo Jima and I thought of how our boys had walked ashore over the dead bodies of their fallen comrades to place the Stars and Stripes on the loftiest peak on that island. Yes; I saw the cold, gray ashes of Nagasaki and Hiroshima and the devastation of Yokohama and Tokyo. When I thought of the great contribution of sweat and blood and tears that was given unstintingly by American manhood, I came back from Europe and I came back from Asia with one great picture in my mind. I might say to the gentleman from Kansas that I saw the flag of my country in far-flung places, in strange lands, in Tokyo, in Berlin, and in Vienna, and on all of the islands of the Pacific, and I saw it waving in the gentle breeze above acres upon acres of little white crosses that marked the last resting place of American heroes.

When you tell me to turn my back upon the sufferings of humanity in other parts of the world, I am conscious of the fact that you are asking me to turn my back upon the little white crosses on the graves of the sons of America who gave their all to make men free; yes, free to starve, if you must depend upon the generosity of some of the Members who have spoken here in opposition to this measure—a measure which seeks only to provide food for hungry and starving people. Yes, I have seen the torture chambers created by Hitler at Dachau and Nordhausen, and I have seen men and women who loved liberty die of starvation because of the cruel arts of war. I do not hesitate to tell my people back home that I will vote for this bill, and I would vote for it if it far exceeded the amount specified. I do not think we should be niggardly about it. I think we should be just as generous as the resources of our Nation will permit. I think we will break faith with those who won the great and gallant victories if we now, at this late hour, turn our backs upon their last resting place and let the liberated people of the world stew in their own juice while we wrap the cloak of self-sufficiency around us and think that we can live here in a rich and powerful land far removed from human distress.

We are dealing with a serious matter. We should lift ourselves above the prejudice of partisan politics. I am grateful that I had an opportunity to travel in Europe and in Asia with men of both parties, men whom I know went there on a serious mission, to see and to observe and to know at first hand what the facts were.

I think that in passing this bill we ought to let the heroes of America, the GI's of America, who gave up their homes and their firesides and their loved ones, know that we value the victories they won. We either value them or we do not value them. We are either going to permit the people of the world to become enslaved again or we are going to help them maintain themselves in a state of freedom.

I deem it a great honor to have been assigned to committees authorized and directed to investigate the situation in Europe and in other parts of the world, and I was glad to have the privilege of visiting the war-torn areas of the world. Upon our recent return from Europe, our committee, commonly known as the Herter committee, filed several written reports which I assume the membership of this House has had an opportunity to read. No eloquent words which I could employ could more adequately describe the distressing situation which we found to exist in some of the countries we visited. The fact that each of the reports of our committee was unanimous is a very significant thing. No more sincere men could have been assigned to the difficult task that was given to our committee by the unanimous vote of the membership of this House. The Members of the Herter committee went to Europe with a sincerity of purpose. Each member of the committee worked diligently and, upon the return of the committee, a rather full and complete account was given in the reports to which I have referred. Had I taken the time of the House to have discussed in detail the situation which we observed, I am sure that my speech would have been, in many respects, a reiteration of at least three or four speeches which have heretofore been made by very able and distinguished Members of this House who saw and observed the very same things that I saw and who likewise talked with the very same people with whom I talked.

Stripped of all humanitarian considerations, this bill is a rather small investment in national security. Only in a small degree is it keeping faith with those who have really suffered in freedom's great cause. I shall vote for it with no regrets other than the regrets I have on account of the long delay in its passage. If we withhold this aid, freemen will again be enslaved, our national security will be imperiled, and the glory of the victories won at great cost will be lost.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on section 5 close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 4, line 17, after "of", strike out "interim."

Mr. JUDD. Mr. Chairman, this is merely a clerical amendment. The word "interim" was supposed to be stricken out wherever it occurred in the original

bill, and it was overlooked at this particular point.

The amendment was agreed to.

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 5, line 14, after the semicolon, insert "and, where necessary, to distribute to indigent and needy persons their fair share of all available food supplies."

Mr. JUDD. Mr. Chairman, this amendment is an attempt to do what it did not prove feasible to do under the amendment offered by my colleague from Minnesota [Mr. AUGUST H. ANDRESEN] this morning and ruled out of order. It is to make sure that the food and other commodities made available under this act go in proper proportion to needy people who are not able to pay for them. This is to make such a commitment a part of the agreement our Government enters into with a recipient country before such country receives any of these goods.

Subsection (e) to which this is an amendment provides that the recipient government must agree "to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this act."

My amendment adds that it must also agree to distribute to indigent and needy persons their fair share of all available food supplies. That means its locally grown food supplies as well as any that it receives from the United States or elsewhere.

Personally, I do not believe the amendment is actually necessary, first because I cannot conceive that any government, when it knows it depends for its very existence on the good will of the people, would fail to make every provision possible for getting food to those who are indigent, and needy, the ones who are most easily stirred up into unrest, riots, and disorder; and second, because we already have the test of experience under this program. Without such a mandate there have been no complaints about the food previously provided being unfairly distributed.

My colleague the gentleman from Minnesota reported, when he came home from Europe, that he had not seen anybody hungry, which indicates that there has been an equitable distribution. As was stated here this morning, in Italy about 20 percent of our previous shipments was distributed free and about 80 percent was sold because there was purchasing power to buy that 80 percent.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. AUGUST H. ANDRESEN. Of course the gentleman knows that I did not say I did not see any hungry people.

Mr. JUDD. The gentleman is correct. I should have said starving people.

Mr. AUGUST H. ANDRESEN. I did not see any starving people and nobody else saw any starving people. I want to ask the gentleman whether his amendment provides for free distribution

of this food to indigent people or just a fair distribution to the indigent.

Mr. JUDD. It provides for distribution to indigent and needy persons of their fair share of all available supplies.

Mr. AUGUST H. ANDRESEN. Well, then, they will have to pay for it, will they not?

Mr. JUDD. No; it will be distributed free to those who cannot pay.

Mr. AUGUST H. ANDRESEN. Will the gentleman add the words "without cost" to his amendment?

Mr. JUDD. I shall be glad to make it read "to distribute free" if the gentleman wishes that, in order to make it perfectly clear.

Mr. VORYS. There would be an objection to that, because the amendment as drafted requires them to distribute it. But there may be some who are indigent who can pay in part, and you do not want to change the system which they have now whereby they furnish them with money so they can buy their rationed share. You do not want to get the free end of it involved in the situation where the whole distribution, as in France, is based in giving indigent people money under social-security and relief provisions, and thus permitting them to buy their rationed share. I believe the amendment makes sure that the needy people will get the food.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman, if he visited Italy—

Mr. JUDD. I did.

Mr. AUGUST H. ANDRESEN. If the gentleman visited Italy and France, he knows that the ration system has broken down, and the only thing they do ration is bread, fats, and oils, and sugar. You can go to the black market there in the streets of Paris and of Rome and buy any of those items that you want.

Mr. JUDD. That is so, and that is one of the reasons why we should not distribute free as much as the gentleman's original amendment made mandatory, namely two-thirds, because the surest way to increase the black market the gentleman complains about is to pour in free, for example, a great deal of high-grade wheat or flour. The people have never been accustomed to such high-grade flour, and they immediately go out and sell it in the black market and then buy cheaper food supplies for themselves. It just floods the black market with goods if you give more away than is necessary. Furthermore, it does not sop up purchasing power and reduce inflationary pressures.

Mr. AUGUST H. ANDRESEN. I did have a provision in my amendment that they required the recipient to surrender a ration stamp for all the rationed food.

Mr. JUDD. One reason why there is merit in adopting this amendment is to allay any fears as to what might happen if the government in one of these countries should be taken over by the Communists, or in areas or cities where Communist officials might be in the majority. If this amendment is in the agreement and then any Communist-con-

trolled local government does not distribute fairly to indigent people, usually the neediest, and give only to the party members or to those who can pay, then the next section, section 6, would become operative and the President would be under a mandate to terminate promptly all aid to such countries under this act. This amendment, in addition to requiring that aid go to those who need it most, would make it clear that it will not be possible for the aid program to go ahead in any area or in any country which might be seized by Communists and which would not carry out the agreement committing it to this and other provisions of the bill.

Mr. CHAIRMAN, I hope the amendment will be accepted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. Judd].

Mr. KEE. Mr. Chairman, I ask unanimous consent that the amendment may be read again.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk again read the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. Judd].

The amendment was agreed to.

Mr. RIVERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RIVERS: On page 6, line 19, add a new section (k), as follows: "That as a condition precedent to the application for or acceptance of the assistance provided in this act, the recipient governments enumerated herein must first certify that no part or portion of the aid so received will be allocated or distributed by persons or organizations embracing or formerly embracing communism."

Mr. RIVERS. Mr. Chairman, this amendment very properly follows the amendment offered by the gentleman from Minnesota [Mr. Judd]. He says he wants to see that the people entitled to this aid get their appropriate part. Where there is a situation dominated by Communists they will not scare away those entitled to the aid. This amendment says it will not be allocated or distributed by the people so embracing this philosophy which, as the gentleman from Georgia made abundantly clear in the debate on the rule, that among other things and more than anything else, this measure is to stop communism. Two ideologies remain in the world today, Christianity and communism. This is one of the things to stop communism.

My amendment does not say that if some poor unfortunate fellow who did not understand the error of his ways and went along with the Communists to get some bread would be stopped from getting this food. My amendment says that those boys who allocate this food and distribute it shall not be Communists—past or present.

The gentleman from Ohio [Mr. JENKINS] stated here that one member of De Gasperi's government had spent the last 18 years of his life in jail because he was a Communist. I understand Schu-

man has got some of those people also. I say, don't let those people sit in the councils of those governments whenever this aid is allocated or distributed. Let the pure democracies distribute it.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield.

Mr. VORYS. Does not the gentleman's amendment provide that it cannot be distributed by organizations that profess communism?

Mr. RIVERS. Yes, or persons; either one. Name them and you can take your pick.

Mr. BUSBEY. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield.

Mr. BUSBEY. If the gentleman's amendment is not adopted, will it not mean that, for instance, if a country is 35 percent Communist, those 35 percent will be able to participate in this food-relief program as well as those who are not Communists?

Mr. RIVERS. Why, of course. Now, I have done a little traveling, too. I have traveled Asia and Europe and all about. Whenever I was in China, it was an old Chinese joke that UNRRA was the biggest joke ever participated in by the United States. Remember UNRRA when you give this stuff away. Remember the terrible mismanagement under UNRRA. This is an effort to try to prevent any such thing as transpired under UNRRA.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. Of course, I am compelled to yield to my friend from Alabama.

Mr. JARMAN. As I understood the amendment—and I just want to ask the gentleman whether he agrees with me or not—it seems to me that in view of the fact that time is of the essence of this matter, this being purely a stopgap proposition, that the investigation which his amendment would require of all the officials and of all of the people in those countries would defeat the purpose of the bill. That is, it would be too late.

Mr. RIVERS. No. Everybody in those governments knows the make-up of the personnel of the government. De Gasperi has his government and he knows who is in it. If they have any Communists, I would say, "Brother, you are not giving away 5 cents of this food. Furthermore, you are not going to sit down and allocate it. If you have some people who, unfortunately, have embraced communism who are hungry, they can have some of the food, but they do not distribute it."

Mr. JARMAN. But the gentleman should not overlook the fact that officials in small towns, down through the country, will have a hand in this, and it seems to me it is almost impossible for Mr. Schuman, for instance, to follow out and investigate every man in all these little towns in time for the legislation to serve its laudable purpose.

Mr. RIVERS. Oh, no. The simplest thing in the world is to carry out my amendment.

The CHAIRMAN. The time of the

gentleman from South Carolina [Mr. RIVERS] has expired.

The question is on the amendment offered by the gentleman from South Carolina.

The question was taken; and on a division (demanded by Mr. RIVERS) there were—ayes 70, noes 46.

Mr. KEE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. KEE and Mr. RIVERS.

The Committee again divided, and the tellers reported that there were—ayes 109, noes 57.

So the amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

Mr. REES. I will not impose upon the time of the Committee at this late hour. I will use only 2 or 3 minutes. I shall ask for 5 minutes a little later to offer an amendment to this bill. However, I feel I should take this time to keep at least some of the record straight.

The distinguished gentleman from North Carolina [Mr. COOLEY] seemed to criticize me because I suggested that since he is a world traveler, having been in Europe several times after the war was over and also all over the Pacific area, that he should after 3 days' debate use his time talking about a big dinner in New York for a man who might become a candidate for the Presidency. My only observation was, and he knows it, that since he had gone on so many trips and was so familiar with world conditions that it would have been so much more helpful at that time for him to give this Congress the benefit of his wide experience as applied to this very important legislation, rather than worry himself about some story he read in a magazine.

Now he tells this committee how non-partisan we must be in considering this legislation. I agree with that statement. I know of no partisanship except as he, himself, injected it the other day. Again, I say my only suggestion was my disappointment in hearing him blast a man who may be a candidate for the Presidency instead of imparting some of the funds of knowledge he acquired in his travels abroad.

Let me say to the gentleman from North Carolina, I do not believe there is a Member of this House who would say one word against the expenditure in this legislation, or any part of it, if he believed the spending of it would save one human life, or if it would help to prevent another world catastrophe. But I cannot understand why there should be any objection from him or anybody else to a Member who wants to offer amendments on the floor of the House with respect to this legislation. If someone feels as though he can amend the bill and make it a better one, he should not be criticized for doing so. Amendments offered from both sides of the aisle, many of them by Members who were in the armed forces in Europe or in the Pacific during the heat of the war, are submitted with the intent of

making improvement in dealing with this complicated problem.

I do not think therefore it is quite fair for anyone to take the floor and express the view that because a Member of this House offers any suggestion with regard to this legislation he appears not to want to help the people abroad or that he does not want to do the thing that is right and fair for his own country. Everyone here has just as much sympathy as he has for people of war-stricken areas of the world. And, above all things, we bow our heads in reverence and humiliation in honor of those boys who gave their last full measure of devotion in the belief that by reason of their sacrifice, this Nation and the whole world would be a better place within which to live.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. REES. The gentleman has already had the floor. I am through.

The Clerk read as follows:

SEC. 6. The President shall promptly terminate the provision of aid under this act for any country whenever he determines (a) that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this act is no longer necessary or desirable.

Mr. FISHER. Mr. Chairman, I have an amendment at the Clerk's desk to section 6.

The CHAIRMAN. May the Chair suggest that when Members send amendments to the desk that does not mean that the amendments will be offered unless they are called up when the proper time arrives. Many amendments are sent up that are never called up.

The Clerk read as follows:

Amendment offered by Mr. FISHER: On page 6, line 25, substitute a semicolon for the period and add the following: "or (c) whenever he finds that the government of such country is dominated by the Communist Party or by the Union of Soviet Socialist Republics."

Mr. FISHER. Mr. Chairman, I will take just 1 minute. Section 6, which provides for the contingencies under which aid shall be terminated, now reads as follows:

SEC. 6. The President shall promptly terminate the provision of aid under this act for any country whenever he determines (a) that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this act is no longer necessary or desirable.

If the pending amendment is adopted, the following contingency will also be included:

or (c) whenever he finds that the government of such country is dominated by the Communist Party or by the Union of Soviet Socialist Republics.

The proposed amendment is self-explanatory.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield to the gentleman from Georgia.

Mr. COX. It appears to me that this is an amendment that no one can afford to resist. I wonder if the Committee on

Foreign Affairs will not accept the amendment and eliminate long discussion?

Mr. FISHER. I earnestly hope so.

Mr. JARMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is, of course, one of those amendments which on the surface and in the headlines is very attractive and very appealing. It is such an amendment, however, as I regard as dangerous to be written into legislation on this floor. I merely illustrate the fact by calling attention to the invitation it extends to the Communists in the countries concerned to speed up their efforts to dominate those countries in order to stop this relief program on stopping of which Moscow is so bent. I am very strongly of the opinion that the amendment would serve the purpose of directly and positively defeating the laudable purpose which the gentleman has in mind and, of course, it would defeat the Marshall plan. I realize we are not all for the Marshall plan, but many of us are. It would defeat the Marshall plan, in my opinion, before we ever discussed it on the floor of the House.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. According to the press, Under Secretary of State Lovett, when testifying before a committee in the other body, responded to the question regarding communism, and he stated that when the governments of those countries became communistically controlled, that no further relief would be sent to those countries. Now, in the light of that statement why should the gentleman object to the amendment offered by the gentleman from Texas.

Mr. JARMAN. Because of the fact that my recollection is that Secretary Lovett made that statement to our committee, and that statement appears in both the hearings on this side and the other side, and there is no use in stimulating the Communists, as I have indicated, by adding it to this bill. It is already in the hearings. The intention is well known or well ascertainable, and I see no reason to deliberately try to defeat our purpose, appealing delightful and beautiful though the sentiment may appear.

Mr. MILLER of Nebraska. The gentleman should not have any objections to spelling it out in the legislation, then, if it has already been testified to by the State Department.

Mr. JARMAN. That is the reason I do not want to spell it out, because it is already in evidence.

Mr. FISHER. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Texas.

Mr. FISHER. Of course, the object of the amendment is not to encourage the Communists to take over.

Mr. JARMAN. I know that.

Mr. FISHER. It is to encourage those who are in control to see that they do not take over.

Mr. JARMAN. I know that is the gentleman's idea, but I expressed the opinion that I did not think that would be the

result. I realize the object is laudable indeed.

Mr. FISHER. It should be an incentive to these countries to keep their own houses in order in order that they may qualify for assistance. That is the purpose of the amendment and in my judgment it will have that effect. It expresses the purpose of this country to provide no aid to Communist-dominated countries.

Mr. JARMAN. As I say, I realize the gentleman's purpose is quite laudable, but I just do not believe it will accomplish what he has in mind.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. FISHER].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 78, noes 37.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 7. All commodities made available under the authority of this act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States.

Mr. MEADE of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADE of Maryland: On page 7, line 8, after the words "United States" and before the period, insert "of America."

Mr. MEADE of Maryland. Mr. Chairman, this amendment is merely clarifying. It is just to make it perfectly clear that this aid is coming from the United States of America and not from the United States of any other place, such as the Soviet Union.

Mr. VORYS. If the gentleman will yield, the gentleman spoke to me about this amendment. He wants to make it clear that this aid does not come, for instance, from the U. S. S. R. As far as I have been able to learn, the committee has no objection to the amendment. I hope it will be adopted.

Mr. HUBER. Mr. Chairman, will the gentleman yield?

Mr. MEADE of Maryland. I yield to the gentleman from Ohio.

Mr. HUBER. There might be some advantage in limiting the relief supply to alphabet vegetable soup and using only those sections of the alphabet "U. S. A."

Mr. MEADE of Maryland. I think that would be a splendid suggestion.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. MEADE].

The amendment was agreed to.

The Clerk read as follows:

SEC. 8. Wherever reference is made, in this act, to commodities made available under the authority of this act, such reference shall be deemed to include commodities procured with credits made available to a recipient country under the authority of this act.

SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such aid as they may be able to furnish.

SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this act; and he may delegate to the Secretary of State or any other head of a department or agency of the Government any of the powers or authority conferred on him under this act. In accordance with the direction of the President, the responsibility for administering in the recipient countries the program of assistance provided for in this act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947 (Public Law 84, 80th Cong.). No citizen or resident of the United States shall serve under this act as a United States representative, observer, or adviser until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation. The field administrator may, when he finds it essential to the purposes of this act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

Mr. ELLSWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLSWORTH: On page 7, line 19, strike out the semicolon and insert a colon and the following:

"Provided, That nothing in this act shall be deemed to authorize the issuance of any proclamations, orders, rules, or regulations in any way controlling production or prices or allocating deliveries of any commodity within the United States."

In line 20 strike out the words "and he" and insert in lieu thereof the word "he."

Mr. ELLSWORTH. Mr. Chairman, by way of explaining my amendment, I want to again read the first three lines of section 10. They read as follows:

The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this act.

You will notice there is no limitation whatever placed upon the President of the United States in those three lines, and my amendment simply limits his right under those three lines to matters pertaining directly to the bill. Unless my amendment is adopted, the President will have very broad powers including, I believe, the power to institute a program of price control and rationing.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ELLSWORTH. I yield.

Mr. VORYS. The gentleman's amendment provides a limitation similar to one which was put on by way of precaution in the other body. It seems to me that it is perfectly clear that this bill should have exactly the effect that the gentleman's amendment provides, and that is not to give any power as to price control or allocation in this country. I have had no opportunity to consult the full committee, but I am certain that the committee would agree with the gentleman in his view. Therefore, I hope the amendment will be adopted without further debate.

Mr. ELLSWORTH. With that statement, for which I thank the gentleman, I will yield back the balance of my time and merely say that the adoption of this amendment does not in any way affect the bill, but it does provide protection

against an OPA coming on us when we did not intend to vote for one.

Mr. VORYS. Mr. Chairman, if the gentleman will yield further, as I said before, it is not the object of the Committee on Foreign Affairs to invade the province of the Committee on Banking and Currency, which is dealing with these matters. This amendment makes it doubly certain that no such invasion is being made.

Mr. ELLSWORTH. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. ELLSWORTH].

The amendment was agreed to.

Mr. AUCHINCLOSS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the legislation now being considered by the Committee of the Whole House on the State of the Union, H. R. 4604, is of the greatest importance because it affects the future of every man, woman, and child in this country in our relationships with the world of tomorrow. This legislation is one of the opening steps in a program which launches our country on a road of international relationships, a path to which we are more or less unaccustomed. The passage of this act is additional definite and final acknowledgment that the United States of America is no longer a Nation unto itself, but is ready to assume the responsibilities of peace and the well-being of people all over the world.

This is undoubtedly the normal result of our development over the years. Our free enterprise system based on a love for liberty and freedom, with equal opportunity for all, has proved itself to be the best and soundest Government in a world that is torn asunder by strife, hate, intrigue, and the devastation of war. The importance of what we do here today cannot be overemphasized and for that very reason this legislation cannot be considered on its merits alone but must be considered in the light of what has happened in the past and what is planned for the future.

On May 6, 1947, during the consideration of the President's proposal to advance \$400,000,000 for the aid of Greece and Turkey in their fight against communism, I made some remarks in which I stated that I would support the proposal but that my support was not inspired with very much enthusiasm. The bulk of my remarks on that occasion was devoted to a resolution, introduced by the distinguished and extremely able gentleman from Massachusetts, CHRISTIAN A. HERTER, known as House Resolution 173, Eightieth Congress, in which it was proposed that a select committee be appointed by the Speaker of the House to investigate the whole foreign relief program together with an appraisal of the resources of our country and our ability to partake in any such program. I may say, Mr. Chairman, that I was the only one in the entire Congress who spoke on this resolution, either pro or con, and I hope I may be forgiven the pride which I have in this fact. This pride is based largely on subsequent events, since this resolution, in substan-

tially the form introduced by the gentleman from Massachusetts [Mr. HERTER], was finally adopted, the committee was appointed, and we have before us today the workmanlike report of the so-called Herter committee on conditions at home and abroad and we will soon be asked to consider permanent legislation on world relief based on this report endorsed by the Herter committee.

I am no longer impressed with the cry of emergency. Legislation on domestic and foreign affairs for the past 15 years has been based largely on the sharp cries of emergency. It is a well-known fact that in days gone by the most effective policy of the New Deal in securing the enactment of legislation was a plea from the White House that an emergency was upon us which would brook no delay and that legislation should be adopted to overcome it without any undue debate. I hope that this cry "Wolf, wolf" will no longer be heard or heeded by the Congress and that we get down to earth in the deliberate consideration of these tremendous questions which face our country.

In a recent speech at Harvard University the Secretary of State, George C. Marshall, made a general suggestion for aid to Europe which was immediately called the Marshall plan. The policy which he promulgated on this occasion was no more than an idea based on the general proposition that the United States of America should and would help those nations who helped themselves in their own rehabilitation. Immediately nations all over the world questioned the State Department as to just what formula was necessary for them to adopt in order to merit American aid and the British Government started things going by calling a conference in Paris and asking the nations to submit their figures. The State Department had no answers because they themselves did not know what the Secretary of State had in mind. It was merely his idea and the exposition of this totally unbaked suggestion started false hopes all over the world, which to say the least was a serious diplomatic blunder. To this very date neither the President nor Secretary of State Marshall has described just what is meant by the Marshall plan nor have they submitted to the Congress just with what and how our country would aid others.

The measure which we are considering today, and which I will vote for, is nothing more or less than a stop-gap measure and is justifiable only in order to tide over these poor stricken people in the world facing the threat of totalitarianism until their next harvest. In the meantime something must be done by this country in the adoption of a sound, definite, stable, and solvent foreign policy and at long last put an end to stop-gap emergency legislation which makes our foreign policy look like a patchwork quilt.

It is my personal view, Mr. Chairman, that it is a great mistake for us not to have coupled, at the same time with this emergency aid, the outlines, if not the definite plan, of a relief foreign policy, but it was decided to take two bites of the cherry, and I hope that those bites will come so close together as to

resemble one big bite in the settlement of the whole problem.

There is one feature of this legislation which I am most delighted to support and that is the provision in the House bill for aid to China, even if it is a very small amount. Of all the nations in the world China, during the years gone by, has been a faithful and loyal ally of the United States, in spite of the fact that our policy toward China presents a pretty sorry picture. We have made many promises to the Chinese Government which we have failed to keep, and yet China has remained loyal to the cause of freedom in the belief that the United States of America would not fail her. When the whole history of World War II is written and the diplomatic story is thoroughly told in the years to come, the intrigue and double-crossing by the leadership of our Government in its dealings with China during World War II will certainly be a bad black blot on the principles of honesty and Christianity on which our Nation was founded. One need not be versed in the niceties of international relationships or international diplomacy to recognize the fact that today, in this balanced world situation where there are only two powerful nations in existence—one representing communistic despotism and the other representing the freedom of democracy—China holds the balance of power. China, if unified, today would be self-sufficient; China today has the will to live; China today is hard at work; China today is fighting a rear-guard action against communism, and China today is looking with beseeching eyes toward the United States of America in the hope that we may come to her aid so she may not have to fall prey to the domination of communism. All that China wants from us is the matériel and the financial help to conquer communism, and for our own good we must not fail her. If what is now left of the Chinese Government has to capitulate to communism it will be a simple matter for Russia to dominate the Philippines, Hawaii, and Japan, and control the entire trade of the Far East. With that secure, the Communists can then devote their entire attention to the domination of all of Europe. It is a great pity, if not a serious blunder, that the Secretary of State has failed, as well as the President of the United States, to recognize this simple fact.

It has been stated that the present Chinese Government is corrupt and irresponsible. This may be true, but I submit, Mr. Chairman, that the choice is between this government and communism. If we chose communism, which, of course, is unthinkable, it would be a complete reversal of our policy in all other parts of the world. Furthermore, I have heard it stated by those who know that the present Chinese Government which we recognize is a great improvement over all previous governments in China, and that surely is something to be grateful for.

I would point out one other thing, Mr. Chairman, that as far as I can learn, and

I have asked a great many questions concerning it, the greatest American authority in Far Eastern matters has not been consulted by our Government concerning our problems in the Far East. General Douglas MacArthur has lived there a long time. He led our armies to extraordinary victories and has accomplished something which is almost unbelievable in the restoration and the rejuvenation of Japanese economic and spiritual rights. And, I repeat, I am well informed that his suggestions and advice as to our responsibilities, as well as our policy, in the Far East have never been sought. The short-sightedness of such a policy must be too evident to all; it is a disservice to the welfare of our country.

I trust the House will act promptly on this measure in order that our attention may be speedily given to the recommendations of the Herter committee. The time is short; the necessity for prompt action is at hand, because the march of communistic Russia is pressing onward and can only be combated by giving heart and encouragement to those valiant souls all over the world who love freedom and who are looking to this great Nation of ours for salvation. It is our Christian duty; it is our high privilege to be liberal with our bounty in accordance with our ability, and to act quickly. However, the United States must be strong if we are to be of any help in the world. God give us strength to act wisely and in the interest of peace and freedom.

The Clerk read as follows:

SEC. 11. There shall be established and maintained, out of the funds authorized under this act, a National Food Conservation Committee, composed of representatives of business, labor, agriculture, and consumers, appointed by the President to serve, on a voluntary basis, for the purpose of advising on ways and means to conserve foods and foodstuffs, to avoid inflationary pressures on domestic food prices and food supplies, and generally to facilitate the purposes and objectives of this act.

Mr. SADOWSKI. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. SADOWSKI: On page 8, line 12, after section 11, insert "(a)."

On page 8, line 21, insert as follows:

"(b) That, subject to such rules and regulations as the Postmaster General may prescribe, a package not exceeding 44 pounds in weight, containing food and/or clothing, intended as a gift for relief purposes and not for resale, may be sent by parcel post free of postage for delivery in a foreign country if such package is addressed to an individual, or an organization (not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual) which is engaged in the relief of economic distress in such foreign country;

"(b) This act shall be applicable with respect to parcels sent to any country that was ravaged by war and where the people are needy and destitute, regardless of whether they were allies or enemy nations.

"(c) The Postmaster General shall, at the close of each quarter of each fiscal year, submit to the department, agency, or instrumentality of the Government of the United States charged with the duty of administer-

ing relief in foreign countries the cost to the Post Office Department of transmitting during such quarter packages of food and clothing under the first section 11 (b) of this act. The Post Office Department shall thereupon be reimbursed by such department, agency, or instrumentality for such cost out of any funds available to such department, agency, or instrumentality for the relief of economic distress in, or for rehabilitation of foreign countries."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Mr. Chairman, the amendment which has been added either as a new section or as an amendment to section 11, which has just been read, is not germane to this bill, in that it has to do with the postal rates and the Post Office Department. While I have only had an opportunity to hear the amendment read, it goes far afield in many particulars, but its general purpose is not germane to this bill and certainly not to this section of the bill.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. SADOWSKI. I do, Mr. Chairman. I think this amendment is germane. It has to do with relief. It provides that a certain amount of this money that is being appropriated in this bill will be set aside to pay the postage on some of these relief packages that are going to Europe, being sent by private individuals, without charge to the United States Government or to the United States Treasury. It certainly is in line with relief if we will assume these postal charges that the people who send packages have to pay. It certainly would fall in line with the objectives of this bill.

Mr. JARMAN. Mr. Chairman, is it in order for me to rise against the point of order?

The CHAIRMAN. Certainly. The Chair will recognize any Member who can throw any light on the question raised by the point of order.

Mr. JARMAN. The gentleman from Alabama does not know whether he can throw any light on the subject, but he wants to try, just briefly.

I am impressed that this bill, which is, among other things, for the purpose of promoting the general welfare and the national interest and the foreign policy of this Government, and which proposes to do so largely by supplying relief to certain European countries, that relief which would be provided under the gentleman's amendment by this method of free postage certainly makes it germane, because it is also relief.

Another point: As I recall the gentleman's amendment it provided that the Post Office Department be reimbursed for the funds it would lose by this postage from the authorization herein. Therefore, it seems to me that makes it directly germane since it pertains to the use of the funds authorized to be appropriated.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard further on the point of order?

Mr. SADOWSKI. No, Mr. Chairman; I believe the point of order has been well presented by the gentleman from Alabama.

Mr. VORYS. Mr. Chairman, one more point has been called to my attention. The gentleman's amendment applies to all the countries of the world. I think it names a number of countries. The present legislation, however, applies to only four foreign countries. This is another reason why it is clearly not germane to this legislation, although the purpose may be meritorious and the proposition could be taken up in separate legislation, as has been proposed.

Mr. BLOOM. If the gentleman will yield, I might point out the fact that under the amendment the money is paid out of this bill to cover the postal charges.

Mr. SADOWSKI. According to the gentleman's reasoning, then, I would be barred from offering an amendment to extend the number of recipient countries under this bill. I do not believe I would be so barred. I could offer such an amendment. I think the gentleman's reasoning is wrong.

The CHAIRMAN. Is there anything further on the point of order? If not, the Chair is prepared to rule.

This bill deals with three designated countries and provides a specific sum of money to furnish this relief to the countries mentioned. If therefore the gentleman's amendment were adopted covering all nations in the world it might deplete the amount of money intended for the three nations mentioned. Again, the gentleman's amendment is in effect an amendment to the postal laws of the United States and has had no committee consideration. The Committee on Foreign Affairs has no jurisdiction over the post office. Again, the section to which the amendment is offered deals with the establishment and maintenance of the funds authorized under the act, and so forth.

The Chair feels that the amendment is not germane to the particular section to which offered even though it might be germane to some other section of the bill.

For these reasons the Chair is compelled to hold that in the Chair's opinion the point of order is well taken. The point of order is sustained.

Mr. SADOWSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am sorry the Chair has seen fit to rule against this amendment. While many Members are thinking in terms of this hocus-pocus political relief bill which extends sympathy to the pangs of hunger in the Frenchman's stomach, but at the same time ignores the pleas of a million orphan children in Poland, there are at the same time thousands of American citizens who have a real concept of relief. They are thinking in terms of American relief and

Christian relief. They are doing a great job of giving charitable relief and have been doing it for a number of years. They have been sending packages of clothes and food to the people who needed these supplies, to those who were actually in need. Many millions of packages have gone out this way from our citizens to the people of Europe. These were the real friendship packages. These packages that have gone out have not cost the taxpayers of the United States any money.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. SADOWSKI. I yield to the gentleman from Georgia.

Mr. COX. If the gentleman's amendment had been held in order and had been adopted by the committee, it would, in my opinion, have had the effect of bringing out of the closets, storage rooms, and package rooms in this country millions and millions of dollars worth of clothing that could be used for protecting the naked people of Europe against the cold of the coming winter and would have resulted in the development of a finer friendship and a better appreciation of America.

Mr. SADOWSKI. The gentleman is absolutely right. The main thing about this program, Mr. Chairman, is that it has not cost the Treasury of the United States one dollar. Here is a program that comes from the hearts of the people of the United States to the poor, needy people of Europe. It has cost the senders approximately \$44,000,000 so far this year to send these packages. There are \$44,000,000 that has been given by big-hearted, generous Americans, people with big hearts who have paid this money out of their own pockets for postage and it seems to me the least we could do is to cover the expense of the postage.

Mr. Chairman, the country that received most of these packages was Germany. Germany received 121,000,000 pounds of food and clothing. The next country was Italy, which received 45,000,000 pounds of food and clothing. Poland received 34,000,000 pounds of food and clothing, France 11,000,000 pounds, Hungary 10,000,000 pounds, and so on down the line. Every country has received some packages.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. SADOWSKI. I yield to the gentleman from Alabama.

Mr. JARMAN. The gentleman referred to the fact that the passage of his amendment would not cost the country anything. Is it not true that instead of costing the country anything it would save the country a great deal in relief expense because the need for relief in these countries would be reduced by the amount of packages this amendment would have covered?

Mr. SADOWSKI. That is right. The kind of goods and supplies that are being sent to Europe in these packages is the kind of supplies and goods that

the people desperately need. These people write letters pleading for these things—shoes, old clothes, underwear, and blankets. Our folks are sending things that they can afford to send, including old clothes that would otherwise be cast away. They are sending help to their relatives and friends in Europe. They are not sending trinkets and junk that is worthless and would have no value to those people.

Under the program outlined in the pending bill, Lord knows what they are going to get. Under my gift-package program they will get exactly what they need—medicines, food supplies, and clothing.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. SADOWSKI. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I introduced a bill on the opening day of this session to accomplish what the gentleman proposes to do by his amendment. I am sorry the amendment was ruled out of order. In the first 9 months of this year over 600,000,000 pounds of packages were sent out. The postage on the packages cost more than the food.

Mr. SADOWSKI. Yes. It cost 14 cents a pound to send out one of these packages. A 44-pound package would cost over \$6.

Nearly all churches are sponsoring and collecting food and clothing for the needy people of Europe. The Catholic Church, the Quakers, the Lutherans, the Jewish, and practically all Protestant church groups are engaged in a sincere program of relief and charity. Two hundred and fifty million dollars appropriated to cover the shipping costs for these people, and charitable organizations would do more good than \$6,000,000,000 wasted on this program in this bill.

Postage paid on volume of parcel post sent to countries in Europe during fiscal year 1947

Country	Volume (pounds)	Postage paid
Albania.....	469,563	\$65,738.82
Austria.....	7,806,671	1,092,933.94
Belgium.....	1,717,961	240,514.54
Bulgaria.....	340,762	47,706.68
Czechoslovakia.....	8,480,636	1,187,289.04
Denmark.....	3,140,300	439,642.00
Estonia.....	16,732	2,342.48
Finland.....	7,034,170	984,783.80
France.....	11,760,022	1,646,403.08
Germany.....	121,520,814	17,012,913.96
Great Britain.....	26,454,637	3,703,649.18
Greece.....	8,310,279	1,163,439.06
Hungary.....	10,477,101	1,466,794.14
Ireland.....	3,496,937	489,571.18
Italy.....	45,750,084	6,405,011.76
Latvia.....	54,334	7,606.76
Lithuania.....	97,022	13,583.08
Netherlands.....	6,755,488	945,768.32
Norway.....	4,455,186	623,726.04
Poland.....	34,403,665	4,816,513.10
Portugal.....	203,878	28,542.92
Rumania.....	1,226,482	171,707.48
Spain.....	389,053	54,467.42
Sweden.....	2,251,139	315,159.46
Switzerland.....	1,281,180	179,365.20
Turkey.....	48,969	6,855.66
U. S. S. R.....	1,489,232	208,492.48
Yugoslavia.....	8,048,170	1,126,743.80
Total.....	317,480,467	44,447,265.38

Volume (in pounds), by months, of parcel post dispatched to civilians in countries in Europe during the fiscal year 1947

Country	July 1946	August 1946	September 1946	October 1946	November 1946	December 1946	January 1947	February 1947	March 1947	April 1947	May 1947	June 1947	Total
Albania	36,670	19,618	19,316		88,453	49,464	22,563	34,719	42,236	74,937	26,275	55,312	469,563
Austria	262,035	527,587	324,420	87,500	1,054,475	951,466	450,544	826,334	911,266	839,840	870,299	700,905	7,806,671
Belgium	193,579	147,458	69,590	104,870	193,593	234,570	148,254	120,148	134,376	123,858	136,857	110,808	1,717,961
Bulgaria	10,770	40,293			73,690	24,753	63,827	19,753	26,298	34,226	47,152		340,762
Czechoslovakia	739,762	845,168	492,626	805,720	1,059,637	1,201,351	506,558	463,837	738,266	490,576	596,503	540,632	8,480,636
Denmark	168,720	200,269	110,669	169,911	289,069	525,281	386,647	245,519	237,761	285,618	240,918	3,140,300	
Estonia	575	1,171	427	1,696	1,723	1,252	835	960	900	2,112	1,976	3,105	16,732
Finland	303,485	295,838	453,958	381,270	1,011,650	1,301,373	259,531	518,360	489,874	1,563,845	454,986	7,034,170	
France	1,197,254	1,046,247	618,528	401,782	1,422,031	1,567,488	639,593	1,048,021	968,821	914,319	977,525	958,413	11,760,022
Germany	2,688,605	5,184,920	4,396,395	5,086,310	7,751,990	17,261,890	8,856,211	12,605,657	14,881,187	15,601,319	14,541,902	12,664,428	121,520,814
Great Britain	2,015,081	1,432,283	770,159	337,379	3,223,450	4,569,306	1,007,237	2,363,365	3,103,435	2,680,684	2,642,544	2,309,714	26,454,637
Greece	401,820	1,178,300	495,467	356,280	1,065,506	667,147	875,050	738,821	510,653	624,576	735,404	661,255	8,310,279
Hungary	2,946,760	440,170	970,660		1,959,281	710,336	576,944	493,478	502,975	886,547	264,465	725,485	10,477,101
Ireland	296,250	193,171	145,593		492,240	139,516	518,810	234,447	312,403	288,826	463,706	411,975	3,496,937
Italy	2,621,972	6,346,851	2,112,840		6,507,258	8,848,958	2,206,007	2,666,437	4,909,832	3,091,144	4,255,126	2,183,659	45,750,084
Latvia	2,306	2,856	1,878	4,578	4,632	5,325	2,456	3,780	3,988	6,740	9,430	6,365	54,334
Lithuania	4,096	7,008	2,865	5,469	8,201	7,626	3,162	6,686	5,447	8,109	19,992	18,361	97,022
Netherlands	765,127	513,627	319,195	526,370	677,836	959,445	606,508	448,150	565,285	434,310	571,905	367,730	6,755,488
Norway	470,126	314,359	238,198	234,655	306,465	1,362,663	244,317	259,700	159,698	352,050	242,456	270,499	4,455,186
Poland	2,091,137	2,239,444	2,548,544	4,161,880	3,749,919	3,174,096	3,962,119	2,574,335	1,797,737	4,488,351	1,529,283	2,086,820	34,403,665
Portugal	12,844	13,817	9,664	15,546	18,281	18,603	18,675	21,959	20,005	19,261	14,944	20,279	203,878
Rumania	55,180	137,025			167,802	43,650	212,220	75,720	144,175	141,160	249,550		1,226,482
Spain	25,263	15,275	21,250	11,194	36,952	34,886	23,579	57,880	40,681	53,726	31,884	30,483	359,053
Sweden	85,783	86,732	53,020	94,071	279,848	265,096	136,810	199,716	172,238	301,746	361,407	214,672	2,251,139
Switzerland	87,711	105,223	70,910	47,982	161,189	125,421	101,330	117,106	132,072	108,820	118,079	105,337	1,281,180
Turkey	2,467	4,664	2,246	1,612	3,718	4,549	3,198	2,622	6,530	4,444	7,413	5,506	48,969
U. S. S. R.	74,280	117,480	61,709	112,636	105,818	112,613	85,597	141,128	145,220	199,879	189,278	143,594	1,489,232
Yugoslavia	598,720	429,275	696,395		1,221,857	881,483	608,419	546,359	563,835	1,005,864	523,586	972,377	8,048,170
Total	18,158,378	21,886,129	15,006,522	12,948,711	32,936,564	45,049,607	22,527,001	26,834,997	31,527,194	33,063,042	31,233,704	26,308,618	317,480,467

Volume (in pounds), by months, of parcel post dispatched to civilians in countries in Europe during the fiscal year 1948

Country	July 1947	August 1947	September 1947	October 1947	Total	Postage collected
Albania	66,036	59,336	56,804	164,835	347,011	\$48,581.54
Austria	928,956	909,679	651,707	1,129,924	3,620,266	506,837.24
Belgium	126,667	97,022	92,170	182,856	498,715	69,820.10
Bulgaria	63,686	46,494	32,643	48,136	190,959	26,734.26
Czechoslovakia	534,190	468,579	625,592	861,014	2,489,375	348,512.50
Denmark	209,767	337,530	291,641	480,723	1,319,661	184,752.54
Estonia	2,087				2,087	292.18
Finland	501,967	360,791	186,762	1,269,530	2,319,050	324,667.00
France	659,597	813,564	759,224	1,292,581	3,524,966	493,495.24
Germany	19,516,469	17,117,349	15,778,965	21,856,058	74,268,841	10,397,637.74
Great Britain	2,370,728	2,421,501	2,763,474	4,828,684	12,384,387	1,733,814.18
Greece	622,755	393,627	244,354	656,754	1,917,490	268,448.60
Hungary	681,387	549,342	492,025	817,198	2,530,952	355,593.28
Ireland	291,325	368,660	240,416	396,420	1,296,821	181,554.94
Italy	4,146,287	2,701,036	2,844,716	3,759,625	13,451,664	1,883,232.96
Latvia	13,446	13,088	42,710	15,117	84,361	11,810.54
Lithuania	7,707				7,707	1,078.98
Netherlands	438,280	509,180	357,170	649,878	1,954,508	273,631.12
Norway	205,533	271,314	149,643	336,302	962,792	134,790.88
Poland	1,255,687	2,653,147	1,826,833	2,061,389	7,797,056	1,091,587.84
Portugal	32,644	24,322	20,553	15,853	93,372	13,072.08
Rumania	401,055	258,250	152,490	135,227	947,022	132,583.08
Spain	42,346	20,730	49,529	39,413	152,018	21,282.52
Sweden	303,725	196,777	197,892	255,055	953,449	133,482.86
Switzerland	72,238	99,498	85,706	124,005	381,447	53,402.58
Turkey	3,515	4,411	5,113	5,625	18,664	2,612.96
U. S. S. R.	130,546	108,009	122,927	196,937	558,419	78,178.66
Yugoslavia	765,774	715,220	623,453	989,153	3,093,600	433,104.00
Total	34,394,400	31,518,456	28,734,512	42,568,711	137,175,660	19,204,592.40

The CHAIRMAN. The time of the gentleman from Michigan has expired. (Mr. SADOWSKI asked and was given permission to revise and extend his remarks.)

Mr. KEATING. Mr. Chairman, I am very sympathetic with the general objective sought to be achieved by the gentleman from Michigan and regret that, due to the parliamentary situation, it is not possible to incorporate in this bill a provision along the general lines he suggests.

For some months I have been endeavoring to convince the President and the Postmaster General that steps should be taken to increase the maximum weight limitations on voluntary shipments of relief goods to Italy, Vatican City, France, and Eire, and to decrease the postage on such shipments to all countries. So far as weight limits are concerned, I am happy to state that following the representations which I made to the President, and his prompt referral of the

matter to the Postmaster General, the limitation on shipments to Italy and Vatican City was increased from 11 to 22 pounds, thus relieving the unfair discrimination which had theretofore existed. I have been informed, furthermore, that negotiations are in progress with the Government of France to obtain its approval of a like increase there.

There is clear provision under title 5, section 372 of the United States Code, authorizing the Postmaster General, with the consent of the President, by administrative action, to reduce the postage on these foreign shipments. This section reads as follows:

The Postmaster General, by and with the advice and consent of the President * * * may reduce or increase the rates of postage or other charges on mail matter conveyed between the United States and foreign countries.

It takes time to pass a law on this subject. The need is great. Voluntary aid should be encouraged. All of this as-

sistance afforded to the stricken peoples across the seas by their relatives and friends in this country reduces the expenditure of public funds. Certainly a comparatively small postage subsidy, if necessary, is the most economical method which can be devised for our Government to extend its aid.

I should welcome the intervention by the gentleman from Michigan with the executive branch to convince them that action should be taken immediately to reduce the sometimes prohibitive postage charges on shipments of food, clothing, medical supplies and other necessities, which our families in this country of modest income, with close ties abroad, desire to make.

Since I have not yet succeeded in accomplishing this objective with the Postmaster General, and I should not want to be understood to ascribe to him any lack of interest in this proposal, I have introduced H. R. 4616, to force the reduction by one-half of the postage charges on individual relief shipments. I have in preparation additional legislation to encourage this commendable practice, born of the love, sympathy, and Christian charity of our own people.

I have sought an early hearing on this measure and venture to suggest to the gentleman from Michigan and my other colleagues, who may be interested in this same problem, that they appear before the committee in support either of this legislation or any other bills which may serve this purpose.

Mr. KEEFE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I indicated the other day that I was becoming quite confused with respect to the pending legislation. As the debate proceeds I am becoming more and more confused. If we keep on at the pace we are going in the matter of amendments with respect to this piece of legislation, we may as well close the books so far as this legislation is concerned. Some will hope that perhaps the conference will eliminate most of the amendments if the bill ultimately passes. Perhaps it is all right for the Members

of the House of Representatives to say, "Oh, well, we will satisfy our own little feeling in the matter and we will adopt an amendment against communism or some other thing and write it into this bill in the hopes and expectations that the conferees will ultimately take it out or that the Committee on Appropriations will ultimately see that the country is taken care of."

I appreciate the spirit in which the Members are approaching the task of trying to legislate. Let me say this to you, as I said the other day, that we must make up our minds whether we are going to be for this program or against it. That is all there is to it. Anybody that thinks that he or she can salve his or her conscience because of the adoption in this House of a lot of little petty and meaningless and innocuous amendments and then vote for the bill with the idea that "I thought I was doing something that would be protecting the interests of America" will wake up when this bill finally comes back from the conference in a form quite different in its provisions. You will then be required to vote for or against the bill substantially in the form presented to the House by the Foreign Affairs Committee.

The membership of this House ought to be able to stand up courageously and face the great, tremendous issue that is involved. I am not going to find fault with anybody on the position which he takes, provided it is done with some degree of intelligence. The thing that is facing me right now is this: You adopt an amendment which says that no part of these funds shall be expended in the interest of a Communist or one who has been a Communist. Why, that indicates to me that the Members of Congress just do not know what this bill is about and how it is to be handled. It makes us look silly. I do not want to see any part of this go to Communists. But, my colleagues, if we go into this program, we must do so determined to uphold the arm of our Government as against Stalin. Then we adopt another amendment which says we are going to have a joint committee to go over and investigate and see how this program is handled over there on the ground. Everybody knows that under the program as it is presently operating, under the \$350,000,000 general relief program—Public Law 84—we turn this material over to the civil government of the country that is involved. That government is required to adopt the rationing program and the control program that this country demands. We wrote that very language into Public Law 84 as a protection to the people of this country to see to it that there would be an equitable distribution of this food in the nations that we are seeking to help.

Now then, after having done that, after we say to these countries, "You must distribute this food in a program of rationing and price controls subject to our direction and approval," we say "that is not enough; we are going to send a congressional committee over there now to further investigate and tell the country that has charge of that distribution how they shall handle the proposition."

Oh, the intent is wonderful, it is proper, but this thing is going out to the world. What we are doing here today is going out to the Nation. What are they going to think of the intelligence of a body that acts today in a way absolutely contrary to the way we acted when we passed this relief bill, Public Law 84? I do not know what the answer is, but I want to tell you this: You must not depend entirely upon the Committee on Appropriations to protect the people of America and protect this Congress. The Appropriations Committee of course will try to do the job you chart for them. Many Members seem to feel that the Appropriations Committee can resolve many of these difficulties. I want you to know that, in my opinion, your Committee on Appropriations is going to have a difficult time getting a bill in such shape as to effectively implement this legislation. You must either be for or against the principle involved. You must be prepared to follow through—you must either do the job or quit. I shall have more to say later.

Mr. MURRAY of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Wisconsin: On page 8, line 12, strike out section 11 in its entirety.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes, 5 minutes for the gentleman from Wisconsin and 5 minutes for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MURRAY of Wisconsin. Mr. Chairman, I was under the impression that most of us represent some 250,000 to 300,000 people. The time I am here I am going to try to represent them.

I offered this amendment because to me this section of the bill is a step in the wrong direction. Here we have injected into this bill section 11, and it is going to start us on another rejuvenated OPA. Do you know that so many people in our Government have been over in foreign lands so long watching dictators operate that their fingers are getting itchy and they want to set themselves up as little dictators here within the United States. The time has come when we have to meet that issue. This administration has the control, it has the power, and it has the money at this very hour. There is not a man here today who would deny that with the money and the authority that is in the hands of this administration he cannot control prices. Any time the administration wishes to assume the responsibility that goes along with the power and money something can be done about prices. They are afraid of the responsibility of controlling prices, regardless of whether they are low prices or high prices. They have control of prices, and there is no use of their trying to pass it on to somebody else.

Then this committee wants to start up another institution, another bureaucracy. We have the Committee on Banking and Currency with hearings going on at the present time. We are sup-

posed to have a Steagall amendment. It is not being lived up to at this hour. People come in here, and I have heard them day after day, telling about how they had to have this food to send across, yet you have not paid the farmers of the Midwest but 50 to 60 percent of parity at this hour for chickens, according to the law. The administration has not even paid them for the poultry they produced last year, in that particular branch of agriculture. So I say that we should not be appropriating any money to the State Department to start up any new agency. I come from the fresh-water country; evidently one has to be a salt-water man to know what is going on in the world. The State Department is taking over the Department of Agriculture. If you do not want a Department of Agriculture, quit appropriating any money at all. If this committee is going to take over all the functions of all the other committees, then I guess the rest of us might just as well close up shop, too, because this is the opening wedge. Mr. Luckman has done enough harm already. All the blah, blah, about saving 100,000,000 bushels of wheat. He does not know whether he helped save 100,000,000 or 100 bushels, and no Member on the floor can say what he saved. Everyone knows his program was, to say the least, silly; after 4 weeks' reign soap was 30 cents per pound and chickens 15 cents per pound.

You are putting handcuffs and a strait-jacket on the American farmer today. Nobody in this administration has said they want to put handcuffs on the profiteers of this country. You have not heard a word about that from any of the top officials. They want to put them on labor and they want to put them on the farmer, and yet this is the administration that was going to chase the money changers out of the temple. If anyone wishes to support this back-door pathway to a rejuvenated OPA this will be it.

Mr. JAVITS. Mr. Chairman, the argument of the gentleman from Wisconsin would be an impressive one if it were directed to the provisions of the bill which he seeks to strike out. But unfortunately it is not, as a reading of the provision will very clearly indicate. This provision of the bill for which I am very happy to say I am responsible, says there shall be established a national food conservation committee on a voluntary basis. This committee is to be composed of business, labor, agriculture, and consumer representatives—and is to be voluntary. There is nothing in it about manacling anybody, farmers or anyone else. There is nothing in it about creating a new Government agency or a new control agency or a new OPA or anything at all like that. Now what does this provision seek to do? I think the gentleman who proposed this amendment who represents a farming district is, and I am sure unwittingly—because I know him and have very high regard for him—putting us city people in the position of being like Gulliver who is tied down by a lot of bonds and straps and cannot get up from the ground or move himself even though he is a giant. The

only thing we can do now, to help ourselves is to protect ourselves against inflationary prices of food. I might say to the gentleman that I believe that millions of farmers in this country themselves think that food costs have gone out of reason, and that they themselves would be infinitely better off if the inflationary spiral was stopped here and now. What the proponent of this amendment says to us is that we cannot get off the ground ourselves, that we cannot even help ourselves, voluntarily. The whole point about this Luckman committee, is epitomized in Mr. Luckman's letter of resignation of November 20, 1947, to the President. He says, and I quote:

It is clear beyond question, however, that the urgent need for the utmost conservation of food will not cease with the completion of our emergency program. Conservation will be an imperative necessity for a considerable period of time:

And the statesmanlike act which follows that statement is that Mr. Luckman resigns and says his agency is going out of business and somehow or other we can look after conservation through other Government departments.

The Committee on Foreign Affairs has tried to do something really constructive in this bill in response to the gentlemen who support our private economic system, and who say, "We want no controls. We will look after ourselves. Just give the great heart of the American people an opportunity and they will deliver like nothing on earth that you ever saw." This section seeks to give the great heart of the American people such an opportunity. It rejects any implication, which I reject and I believe that the gentleman from Wisconsin would reject, that the farmers of the country do not want us to have a conservation program, but want us to bring about more and more and more the spiralling of food prices which threatens to destroy our salaries in the cities and to destroy people with fixed incomes.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MURRAY of Wisconsin. I wish to say to my distinguished colleague from New York that so far as I am concerned, I am willing to put the old strait-jacket on the farmers any time that the rest of the people of the United States want to get into that same strait-jacket. But I am tired, because I have seen the strait-jacket put on the farmer when it is not put on the people of New York or other cities who make their profits making millionaires of themselves out of the sweat and toil of the rural people of this Nation.

Mr. JAVITS. There are no people in my district who are making millions. The people in my district are doing without—day after day after day—because their incomes will often not permit them to buy what they have a right to be able to buy. I think that I, for them, have a right to resent any such statement as that made here. It is just the case that people in my district with incomes of \$50 and \$60 a week, and even more, cannot buy the kind of foods and

household items today that they normally would buy because of the inflationary runaway price spiral.

Now just one other point. If the gentleman pressing this amendment were to be consistent he would bring in a bill tomorrow to prevent farmers from having cooperatives. If you are going to try to prevent the city people from doing something about the inflationary spiral through their own voluntary efforts, then you certainly ought to prevent the farm people from entering arrangements and getting together and organizing their marketing.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MURRAY of Wisconsin. I will be glad to answer that at another time and I will not worry about being put on a spot either. But why try to deceive us here today? Why try to deceive any of us who have kept track of this all these years into believing that this committee can bring in a little amendment and that it is going to do something except for one group of people? Stop and realize who has the power and who has the authority and who has the money and who put 150 percent of parity on a certain vegetable oil north of the Mason and Dixon's line, if you please, after OPA was dead and after all the pallbearers had taken off their white gloves and all the mourners had gone home.

Mr. JAVITS. The gentleman's argument is confusing the point that we city people of the United States have a right by voluntary action to protect ourselves as to the price of what we eat and what we buy in an effort to bring prices down, just as well as the farmers in cooperatives and other activities have a right to get together and try to organize their marketing.

The CHAIRMAN. The time of the gentleman from New York has expired.

All time has expired.

Mr. RANKIN. May we have the amendment again reported, Mr. Chairman?

There being no objection, the Clerk again reported the amendment offered by Mr. MURRAY of Wisconsin.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. MURRAY of Wisconsin) there were—ayes 47, noes 180.

So the amendment was rejected.

Mr. KUNKEL. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. KUNKEL: On page 8, after line 20, insert a new section, as follows:

"Sec. 6. (a) Before any commodities are made available to any recipient country other than China under the authority of this act, the agreement entered into between such country and the United States pursuant to section 5 of this act shall contain an undertaking by such country—

"(1) that when commodities made available under the authority of this act are made available on terms of repayment in dollars, such country will use (in the manner and to the extent provided in such agreement and permitted by the law of such country) the

assets in the United States belonging to nationals of such country as collateral to secure the making of such repayment; and

"(2) that when commodities are made available under the authority of this act, they shall be made available on terms of repayment in dollars to the extent of the known value (as determined by the Secretary of the Treasury) of assets in the United States belonging to nationals of such country.

"(b) For the purposes of this section and upon request by a recipient country, each officer and agency of the United States is authorized and directed to furnish (through the Secretary of the Treasury) to the Government of France any information acquired or possessed by such officer or agency with respect to the identity of each French national who holds assets in the United States and the character, locations, and amounts of such assets. Insofar as possible such information shall be furnished in such detail as may be necessary in order to comply with the request; but, except to the extent necessary in order to comply with the request, shall not disclose the affairs of any person.

"(c) The President shall promptly terminate the provision of aid under this act for any country whenever he determines that such country is not adhering to the terms included in its agreement in accordance with this section.

"(d) For the purposes of this section—

"(1) The term 'national' of a country means an individual who is a citizen or subject of such country, or a corporation or association organized under the laws of such country.

"(2) The term 'person' means an individual, partnership, corporation, or association."

And renumber the remaining sections of the bill accordingly.

Mr. MALONEY. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from Pennsylvania.

Mr. MALONEY. The members of the committee are very sympathetic to this amendment. We feel, however, that it should not be placed in this bill but should be taken up in the Herter bill. Hearings on the Herter bill will start Monday morning.

We would suggest that the gentleman withdraw this amendment and submit it at the hearings on Monday.

Mr. KUNKEL. I should like to have this go into the interim-aid bill until we can have a clearer picture of what will happen in France and Italy, and whether effective democratic governments will receive popular support, these nations should exhaust their own resources before receiving free aid. Having studied this question most carefully I find there are a number of difficulties due to the fact that we have to refer to dollars even as merely a unit of measurement in the present amendment and due to the further fact that this bill does not contemplate any dollar advances, nor for that matter any attempted repayment at all. There are several policy questions involved also. The problem should be studied from all angles.

Can the gentleman from Pennsylvania assure me that this matter will be considered in connection with the Herter bill establishing the Government corporation?

Mr. MALONEY. We would suggest that the gentleman from Pennsylvania attend the hearings as a witness and submit his amendment at that time.

Mr. KUNKEL. The hearings in respect to the Herter bill establishing a government corporation?

Mr. MALONEY. We will see that the gentleman is given a full opportunity to present his views at the time of the hearing on the Herter bill.

Mr. KUNKEL. And that this matter will receive consideration by the committee at that time?

Mr. MALONEY. That is right.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. AUGUST H. ANDRESEN. I think the gentleman's amendment is very appropriate and in order to this bill, because the bill on page 4 provides for repayment in dollars from these different countries. Here you have in France possibly \$3,000,000,000 of gold buried, and hundreds of millions of dollars' worth of securities held by French citizens in the United States. It occurs to me we ought to have it as part of this bill, and I hope the gentleman will give us an opportunity to vote on it.

Mr. KUNKEL. The difficulty with that is the complicated nature of the problem. It involves the mobilizing of the assets of the various nationals who are subject to the laws of their respective countries. Conceivably it may serve as a precedent for future action in respect to nationals of other countries. Consequently I welcome suggestions as to ways and means. I would not want to jeopardize the principle involved in this bill by offering it as an amendment, now that I am given assurance that this matter will be given serious consideration within the next few days. With the help of the legislative counsel, I have redrafted this particular amendment four times within the past 2 years. I am not completely satisfied with it even yet.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. VORYS. A further reason for deferring consideration to next Monday, as the gentleman from Pennsylvania [Mr. MALONEY] suggests, and as he has already assured his colleague will be done, is the fact that the Supreme Court on December 8 denied the Government the right to hold property of foreign nationals unless the owner of the property is found to be an enemy or an ally of an enemy. That court decision should be considered by the committee before we put such a principle as that contained in this amendment into legislation. I, therefore, am very happy about the arrangement between our two colleagues from Pennsylvania.

Mr. KUNKEL. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KEATING. Mr. Chairman, I ask unanimous consent to extend my remarks and to have them appear at the conclusion of the remarks made by the gentleman from Michigan [Mr. SADOWSKI].

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

SEC. 12. (a) There is hereby authorized to be appropriated not to exceed \$590,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this act. This act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

(b) Funds authorized under this act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

(c) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$150,000,000, to carry out the provisions of this act, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid to the Reconstruction Finance Corporation the advances made by it under the authority contained herein.

Mr. JONKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONKMAN: On page 8, line 22, after the words "not to exceed", strike out "\$590,000,000" and insert "\$290,000,000."

Mr. JONKMAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JONKMAN. Mr. Chairman, in support of my amendment to reduce the authorization in this bill by \$300,000,000, I submit the following facts:

The authorization was fixed by the administration at \$597,000,000. Since that time it was found that the Italian grain crop was underestimated by the State Department by 1,000,000 metric tons. This is 37,000,000 bushels, and at \$3 a bushel would come to \$111,000,000.

Next, it was found that Italy's export olive crop had been underestimated in the amount of \$13,000,000. Certainly, where the need is found not to exist we cannot say, "Give it to them anyway," so that \$124,000,000 must come out.

Then there were included in the proposed administration figures \$20,000,000 owed by France on account to Belgium and Brazil. We certainly are not paying the debts of foreign nations under the guise of relief. So that must come off.

In the matter of France, it was found that her grain crop was larger than anticipated by at least \$17,000,000. Certainly this should be deducted from the administration figures.

The last three amounts totaling \$50,000,000 have already been allowed as cuts by the committee. The \$111,000,000 was not so treated. We also were informed that so much wheat was not available in the United States; that only one-third of the amount could be spared. So we

gave them that one-third or \$37,000,000 we had, although not needed, and cut \$74,000,000 off. A few days later we restored one-half of this, or \$37,000,000 of wheat not needed and which we do not have, and this, with the \$60,000,000 for China, brought us within \$10,000,000 of our starting point.

So we have a total of \$161,000,000 cuts about which there should be no dispute and which could never be justified by anyone as a basis for giving away our taxpayers' money.

I further have called the attention of the House that according to the March 31 report on UNRRA there were still \$1,088,000,000 unshipped as of March 31, 1947. UNRRA funds have been used at the rate of \$70,000,000 a month. If the administration report is correct, and UNRRA holds out at the rate that it has in the past, there would be \$420,000,000 available after the 1st of January 1948.

Now, I know this fund is an international fund, and not under our direct control. But Italy has had UNRRA funds before, and I see no good reason why it could not be applied for other needy countries, especially Austria, for the first 3 months of 1948. I dare say that we have, in the final analysis, contributed 90 percent instead of 72 percent, as often said, of this fund. With the division of East and West through the iron curtain, the free countries should be able to husband this resource instead of letting it go to pot and then just come back to the American taxpayer for more.

However, instead of \$400,000,000, assume that we utilize only \$100,000,000 of this fund in 1948. This will ease the interim aid bill so we can cut it another \$100,000,000, bringing the justifiable cuts to \$261,000,000.

I further called your attention to the fact that according to the balance sheet furnished the Congress in the hearings on the interim aid bill, that as of November 1 there were still \$204,000,000 available from the \$350,000,000 post-UNRRA aid bill.

The President's report on the post-UNRRA \$350,000,000 aid bill showed that as of September 30, 1947, only \$72,000,000 had been shipped. This means that for August and September we had shipped \$36,000,000 a month, and the report furnished to the Congress by the State Department as of October 31, showed \$128,000,000 had been shipped, which means that in October we shipped \$56,000,000.

Assuming that we continue shipments at the same rate in November and December as in October, it would mean that on the 1st of January there will still be \$100,000,000 available from the post-UNRRA residual relief, or so-called \$350,000,000 aid bill.

This then warrants another cut of \$100,000,000 in the interim aid bill, justifying a cut of \$361,000,000 altogether so far.

So, Mr. Chairman, I have already justified a cut of \$61,000,000 more than my amendment calls for. But that is not all.

On Friday last I further called attention to the fact that the administration's authorization of \$597,000,000 included \$38,000,000 for cotton, and \$35,000,000

for petroleum, which is for manufacturing purposes and not for human relief aid. This amounts to \$73,000,000. Adding this to the last figure of \$361,000,000, justifies a cut of \$434,000,000.

I further called attention to the fact that the amount proposed by the administration contained \$184,000,000 for coal, of which \$111,000,000 is for manufacturing purposes. Inasmuch as this is not for relief, I think this should be deducted, and we have come to the total of \$545,000,000.

These three items, cotton, coal, and petroleum for industrial uses, amounting to \$184,000,000, should not be forced as a gift from the American taxpayer. This sum should be borrowed from the World Bank. Or if the World Bank is failing us, it should be borrowed from the Export-Import Bank, unless we wish to tie ourselves up now to the long-range Marshall plan lock, stock, and barrel without debating it or knowing anything about it.

In addition to all this, it is claimed by the State Department that contributions were made to the \$350,000,000 post-UNRRA aid bill by Australia for \$12,800,000, Canada \$20,000,000, Denmark \$4,000,000, Norway \$3,000,000, and the United Kingdom \$40,000,000, a total of about \$80,000,000.

I want to say frankly that I do not wholly believe this. I think it is exaggerated propaganda. For no mention is made of it in the reports we have received either from the President or the State Department on the so-called \$350,000,000 aid bill. However, if these amounts have been contributed, they should be accounted for. The American taxpayer should be relieved to that extent.

So if we add this \$80,000,000 to the available funds already accounted for, we have justified cuts for \$625,000,000. In other words, we have wiped out the entire amount in this bill. You can take any of these amounts to justify the \$300,000,000 cut.

For, Mr. Chairman, there is really no excuse for this bill. If the United States finances were handled by financiers in these tremendous foreign expenditures, instead of by diplomats and politicians, there would have been no need of a special session on this legislation. The administration should have sufficient funds to carry it through March 31 without the provisions of this interim aid bill or any part of it.

Just a word about China. Its proponent says that the inclusion of \$60,000,000 for China was mainly to bolster morale by, for instance, stabilizing China's currency. For this purpose it would be only a drop in the bucket, and if we want to bolster China's morale we would do far better to change our foreign policy by giving China \$60,000,000 worth of our surplus war material. This should especially commend itself if we think the world situation is one of a cold war, or a hot war, whatever these terms may mean.

Mr. Chairman, we have heard much of calculated risks with reference to war and loss of our freedom by forces from without. Have we calculated the risks from within? The administration is

hopelessly divided on whether our foreign aid program has impact on high prices and inflation. President Truman and others say it has not. Secretaries Harriman and Lovett and others say it has a substantial impact on high prices and inflation. If it has such impact, it has the same impact on our freedom and the threat of substituting the police state. That impact became a reality when President Truman asked for reinstatement of price controls, rationing, and so forth.

Our danger of slavery is far more imminent from that source than from war.

Mr. Chairman, Congress will be in continuous session until the middle of next year. Before we grant the entire funds asked for in this short-range Marshall plan, we should demand a composite balance sheet as to how long the present funds will last. We should also have a better picture of the needs than we have before us now.

I hope the amendment will be adopted.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 8, line 22, strike out "\$590,000,000" and substitute therefor "\$500,000,000."

The CHAIRMAN. Is the gentleman from Wisconsin offering this as a substitute for the pending amendment, or is it an amendment?

Mr. SMITH of Wisconsin. A straight amendment.

Mr. JONKMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONKMAN. Is the gentleman offering another amendment or a substitute?

The CHAIRMAN. He is offering an amendment to the amendment.

Mr. JONKMAN. I think my amendment should be voted on.

The CHAIRMAN. According to the parliamentarian, an amendment to the amendment is in order.

Mr. SMITH of Wisconsin. Mr. Chairman, I am asking that the amount carried in the bill be reduced by \$90,000,000. Of course, that is a small amount when we consider that we are talking in terms of a half billion dollars. I believe we ought to stop for just a moment and realize that this is the third blank check authorization the State Department is now playing with, so far as relief is concerned. First, we had the UNRRA bill, and money is still being expended for UNRRA. No. 2, we had the foreign-relief bill for \$350,000,000, which we passed last spring. Now you are being asked to give another blank check for the same purposes. At the present time there is available for human relief purposes more than \$1,000,000,000 from UNRRA appropriations. The European relief bill was passed last spring. As of November 1, 1947, we were informed that there is \$204,000,000 available. Now we are asked for another \$590,000,000. As I have said, the State Department already has two blank check accounts. Actually, there is no need for this legislation.

There has been a lot of talk about just what this bill does. I have heard

some Members say on the floor this afternoon that this is a relief bill for human needs and for food. I am amazed at that statement, because food is a minor portion of it. It is also a rehabilitation bill, rehabilitation of the economy of these countries. When we consider that food is a minor part of this bill, I believe that the people of this country ought to know just what the fact is. Strangely enough, there has been no focusing of attention to that end. While we are concerned about the rising cost of living and while we worry about inflation, yet we are asked to come in here again, twice in 1 year, and make an appropriation, which is a blank check for a reduced standard of living in this country—and make no mistake about that.

I know there are those who feel that this amount should be increased considerably over \$590,000,000. But I ask you again, are we going to stand for this kind of business? We ought to consider that even \$90,000,000 is a lot of money in anybody's language. What justification is there for me offering a reduction here or suggesting a reduction of \$90,000,000? There is just as much justification for that amount as there is for the amount of \$597,000,000. Our own staff of experts were unable to decipher the justification that came to us from the Department of State with regard to this matter. Here again blank-check legislation is being offered to the House.

If we are going to do something for the starving people in Europe, certainly a reduction of \$90,000,000 in this amount will not deprive them of what we intend that they should have. There is no Member in this body who is not in favor of doing something for the needy and hungry people in Europe, not only in Europe, but in our own country as well. I trust that there will be considerable support for the amount which I have suggested.

I also want to call attention to the fact, as my distinguished colleague, the gentleman from Wisconsin [Mr. KEEFE] said yesterday, that we are just beginning to get the picture as to what is ahead. We have Mr. Peter Edson, of the Washington News, last night stating that \$10,000,000,000 more is asked for Britain just as a start. We have not heard the requests and the amounts that are going to come in for Korea and China and Japan.

Mr. SHAFER. Mr. Chairman, if the gentleman will yield, may I say that the body of Harry Hopkins is dead, but his spirit lingers on.

Mr. RANKIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Mr. Chairman, the gentleman from Michigan [Mr. JONKMAN] offered an amendment and spoke on it for 5 minutes. I understood the gentleman from Wisconsin [Mr. SMITH] then offered a different amendment. I want to know whether it is offered as a substitute for the Jonkman amendment or not.

The CHAIRMAN. The Chair would advise the gentleman from Mississippi that the gentleman from Michigan [Mr. JONKMAN] offered an amendment. The gentleman from Wisconsin [Mr. SMITH]

offered an amendment to that amendment. Now a substitute would be in order if anyone desired to offer it.

Mr. MERROW. Mr. Chairman, I offer a substitute amendment for the Jonkman amendment which is at the desk.

Mr. BLOOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLOOM. Did I understand the Chair to say that the Merrow amendment is a substitute for the Jonkman amendment or a substitute for the amendment to the Jonkman amendment.

The CHAIRMAN. The statement of the gentleman from New Hampshire [Mr. MERROW] was that he was offering a substitute for the Jonkman amendment. The procedure then would be to first perfect the Jonkman amendment, to which an amendment has been offered. After that is done, then the vote will be between the Jonkman amendment as perfected, and the substitute offered by the gentleman from New Hampshire [Mr. MERROW].

Mr. BLOOM. I do not see how you can skip over the Smith amendment, because the Smith amendment is between the Jonkman amendment and the Merrow amendment.

The CHAIRMAN. The Chair intended to say that the Jonkman amendment is pending; that the Smith amendment to the Jonkman amendment is pending. The Smith amendment will be disposed of before any vote comes on the substitute for the Jonkman amendment.

Mr. JONKMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONKMAN. The gentleman from Wisconsin [Mr. SMITH] offered an independent amendment and not an amendment to my amendment. I think the gentleman will so state. My amendment should be voted on. That is why I asked what the situation was. The gentleman's amendment was not an amendment to my amendment, but an independent amendment.

The CHAIRMAN. The present occupant of the chair was momentarily out of the Chamber at the time the amendment was offered. The Chair has been advised by the Parliamentarian that the situation is just as I have stated it. However, I now ask the gentleman from Wisconsin [Mr. SMITH] whether or not he offered an amendment to the Jonkman amendment or an independent amendment.

Mr. SMITH of Wisconsin. An independent amendment, Mr. Chairman.

The CHAIRMAN. If that is true, then the Jonkman amendment will be disposed of first. Then the amendment offered by the gentleman from Wisconsin [Mr. SMITH] will be pending. The substitute amendment offered by the gentleman from New Hampshire [Mr. MERROW] will now be reported by the Clerk.

The Clerk read as follows:

Amendment offered by Mr. MERROW, as a substitute for the Jonkman amendment: Page 8, line 22, after the word "exceed", strike out "\$590,000,000" and insert "\$661,000,000."

(Mr. BREHM asked and was granted permission to extend his remarks in the Appendix of the RECORD.)

Mr. MERROW. Mr. Chairman, the purpose of offering the substitute amendment is to replace the funds which we took out of the \$597,000,000 proposed aid to France, Italy, and Austria. The committee decided that in aid \$60,000,000 should be allocated to China. The committee also decided to replace \$16,000,000 for Austria, funds under Public Law 84 which were set aside for the children's fund but were counted on as available for Austria in the first estimates. The funds for Austria and the allocation for China make a total of \$76,000,000. If you add \$76,000,000 to the \$597,000,000 which was originally proposed, you get \$673,000,000. We made a reduction of \$12,000,000 against the Italian fats-and-oil requirement because of the unanticipated increase in olive-oil production.

Mr. WILSON of Indiana. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WILSON of Indiana. Is this amendment in order until the Jonkman amendment is disposed of?

The CHAIRMAN. This is a substitute for the Jonkman amendment.

Mr. MERROW. The \$12,000,000 reduction from the Italy estimates subtracted from the \$673,000,000 gives \$661,000,000. My amendment restores the original estimates of \$597,000,000 in aid to Europe plus aid to China.

In the first place when the requests from western Europe were made they amounted to \$1,119,000,000. After careful screening the figure \$597,000,000 was arrived at, making a reduction of \$512,000,000. Now we have proceeded with further cuts. I am inclined to think that if we keep on cutting we had better pick up our playthings, move out of Europe as a world power, settle back in our complacency and wait for an atomic attack.

In the last few weeks, as everyone knows, there has been a concerted drive on the part of the Communists in France and Italy directed from Moscow to force the United States out of western Europe. This is their objective.

I have often stated that there should be two principles in a realistic foreign policy for the United States. The first is that we should spend whatever is necessary to sustain the governments that are friendly to us. In other words, we will spend what is necessary to rehabilitate the nations of western Europe which are fighting communism. I have often said that I am willing, if it requires it, to vote to spend fifteen, twenty, or twenty-five billions of dollars for this purpose; and I am happy to say that I am for the Marshall plan whatever it costs with one reservation, that we should immediately increase the armed strength of the United States to protect our investment.

Proceeding on these two principles, I think we shall be able to make our will felt in this rapidly moving world. Keeping this in mind, let us analyze for a moment the tremendous psychological effect of the quick passage of this legislation. I was in France and Italy shortly

after the announcement came that the President had called a special session of Congress. There was renewed hope and renewed courage because it seemed from that announcement as though the United States was going to stay in western Europe; that the United States was going to help those governments that were friendly to us. The people took on new hope. Now we talk about cutting off millions here and millions there. If we continue to cut, we will not have any interim aid bill.

The passage of this bill will have a tremendous psychological effect on those countries who are at the moment so bravely resisting the movement of the Red tide to the English Channel and the Mediterranean Sea. Let us be realistic about this situation. This is the beginning of a program in western Europe to prevent us from being forced off that area.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman from New York.

Mr. BLOOM. As I understand the gentleman, his substitute amendment does nothing more than to place in this bill the \$597,000,000 that was passed by the Senate by such a large vote.

Mr. MERROW. Yes.

Mr. BLOOM. And the \$60,000,000 that we have in the bill for China?

Mr. MERROW. That is right.

Mr. BLOOM. And the \$3,000,000 that was allocated wrongly to the children's fund.

Mr. MERROW. Yes. But it is \$4,000,000.

Mr. BLOOM. Yes.

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

Mr. MERROW. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire?

Mr. VORYS. Mr. Chairman, reserving the right to object, we now have three amendments pending. You can take your pick. We are getting along with the bill. I suggest that we limit debate on these three amendments to an hour, including the time already taken.

Mr. WILSON of Indiana. Mr. Chairman, I object.

Mr. SHORT. Mr. Chairman, reserving the right to object, how much time is left?

The CHAIRMAN. On the bill?

Mr. SHORT. On the three pending amendments.

The CHAIRMAN. No time has been fixed. We are attempting to fix time now.

Mr. SHORT. No time has been set.

Mr. RANKIN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Mr. Chairman, there are only two amendments really pending. The Smith amendment is out of

order because it was not offered as a substitute and is not before the House.

The CHAIRMAN. The gentleman from Mississippi is correct. The Smith amendment was offered, according to the RECORD, as an amendment to the Jonkman amendment, but the gentleman has stated he did not so intend. If that is the case, as the matter now stands, we will dispose of the Jonkman amendment and the Merrow amendment, whereupon the gentleman from Wisconsin [Mr. SMITH] will undoubtedly offer his amendment.

Mr. VORYS. Mr. Chairman, further reserving the right to object, we have before us speeches made on the three amendments, two of which are to be voted on. I thought the third one was also pending. But, in any event, I am hoping that by spending an hour on the amendments we may be able to finish this bill tonight. I therefore ask unanimous consent that all debate on the pending amendments end at 20 minutes to 5.

Mr. SHAFER. Mr. Chairman, I object.

Mr. JARMAN. Mr. Chairman, I ask unanimous consent, in view of the fact that the gentleman from Michigan had 10 minutes, that the gentleman from New Hampshire may have five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. WILSON of Indiana. Mr. Chairman, I objected to the unanimous consent previously. The country is being sunk fast enough as it is.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. WILSON of Indiana. Mr. Chairman, I object.

Mr. MERROW. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. MERROW. Mr. Chairman, first I want to yield to the gentleman from Iowa [Mr. JENSEN] who had a question.

Mr. JENSEN. In the event of the program which the gentleman has outlined for the over-all long-range foreign aid, which will cost billions upon billions of dollars, what plan does the gentleman have to pay this great debt that we are incurring and how much does the gentleman recommend that we raise our income tax in order to support it to keep from having a terrible fiscal deficit again?

Mr. MERROW. The gentleman has a variety of questions. I will simply say this, that I never heard anybody ask when we were involved in the war, the question, Can the United States of America afford to win the war? We had to win. We exerted the energy and the effort and we appropriated the money. Now we are in a long protracted struggle to win the peace. I do not know how long it is going to take and I do not know how much money it is going to require, \$20,000,000,000 or thirty or fifty is small in comparison to the \$350,000,000,000 we

spent to win the war, to say nothing of the tremendous sacrifices in life that had to be made.

There is a western front against the communistic movement. It begins in our section of Germany and extends through France and Italy, and what we are endeavoring to do in this interim-aid bill is to hold this western front against the onslaught of a power which is obviously hostile to us. Yet, when we are trying to do this we argue about the appropriation of a few million dollars.

I wish that in voting for this the vote would commit me to the Marshall plan. If we succeed in rehabilitating the economies of the countries friendly to us, if, in plain language, we succeed in keeping the Soviet Union from acquiring bases on the Atlantic and Mediterranean, we will have won a singular victory.

Suppose the program that is being backed by Moscow succeeds. Suppose France falls; suppose Italy falls, then we are out of Europe, and we are in a situation where our security is at stake and we may be attacked. In both France and Italy we have governments friendly to us, and if we pass an adequate aid bill the psychological effect in western Europe would be so great that we will have won an outstanding psychological and an ideological victory.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this section close in 1 hour.

Mr. SHAFER. I object, Mr. Chairman.

Mr. PHILLIPS of Tennessee. I object, Mr. Chairman.

Mr. VORYS. Mr. Chairman, I move that all debate on this section close in 1 hour.

The CHAIRMAN. Does the gentleman move that all debate on this section and all amendments thereto close in 1 hour?

Mr. VORYS. Yes, Mr. Chairman.

Could we be notified, Mr. Chairman, how many amendments are pending to this section?

The CHAIRMAN. The Clerk advises the Chair that there are nine more besides the three on the desk.

Mr. VORYS. I withdraw my motion, Mr. Chairman.

Mr. SHORT. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for five additional minutes and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHORT. Mr. Chairman, no one of us has a monopoly on wisdom or virtue. All of us are possessed with humanitarian impulses. It is highly doubtful that each of us has a grain of common sense. Some of us are more concrete than abstract; certain ones can face immediate needs; others can see only distant distress. Strange, but some people cannot see the forest because of the trees. It is much easier and more comfortable to give away other people's money than it is to jar loose a little of our own.

We are wrestling with a mighty issue and a knotty problem. On the whole the debate on this bill is far below par. One has grown faint and became nauseated at the slobbering sentiment and slushy

sentimentality that has been dished out. It is noble to be kind; it is pitiful to become maudlin.

O judgment, thou art fled to brutish beasts, and men have lost their reason.

There are times when one must be cruel to be kind. Friendship that must be purchased is not to be trusted. One does not make a friend by lending him money.

Neither a borrower nor a lender be:
For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry.

The more you give people, the more they want, and they will curse you for not giving them more.

The French are a great people. They love freedom and live beautifully. They are tolerant and kind, and I seriously doubt if our gifts will increase their gratitude for us.

Mr. Chairman, I had earnestly hoped and prayed that I could vote to give some assistance to certain peoples on the outer perimeter of Europe—aid which they needed to tide them over this winter. The ones I have in mind would not accept it as mendicants but as our equals in a neighborly and friendly spirit.

The bill before us is neither a relief bill nor a war measure. When it is passed I dare say that only a small fraction of each dollar will get to the people who need it. We have no assurance of an honest or competent administration of these funds. The bill is a blanket delegation of powers, "run riot," a blank check for the President to use in any agency or through any organization that he might establish. There is no limit to the number of personnel or to the expense of political parasites to be appointed. Next year is an election.

Obviously the funds cannot take care of all the people, and those who do not receive help will be more antagonistic toward us than ever. Instead of creating good will this measure is most likely to promote ill will. If the funds fall into the hands of politicians to deal on the black market, the very people whom we aim to help will rise up to curse us.

We are called upon to take care of Frenchmen in the cities when their own brothers in the country will not feed them. Can we solve that family quarrel or should we keep our long nose out of their business and tend to our own knitting? Why should any American be blackmailed or highjacked into giving something to any man because he threatened to join the Communist Party? If, walking down the street, Mr. X approaches me and says, "Give me a thousand dollars or I will become a Communist." My answer would be, "Join the Communists, I will keep my thousand dollars, and then you and your tribe try to take it away from me." We had better be armed.

Mr. Chairman, instead of bleeding ourselves white and giving away all that we have, we had better build up our own defenses, keep ourselves strong, and let the whole world know we will defend America unto the death. If this bill, sir, is to be used as an excuse or mask to saddle upon us bureaucratic controls and to commit us to the Marshall plan it

would get nowhere, but that is exactly what it does.

Proponents of the measure will say that the bill specifically states that a vote for it will not commit us to future aid to Europe, but every columnist and commentator has advised the American people otherwise, even the distinguished gentleman from Georgia [Mr. Cox] bluntly stated that this bill is an integral part of the Marshall plan. I will have none of it, sir.

The President in his message said that our aid to Europe necessitates our giving him wartime powers and restoring these controls over our daily lives.

Mr. Chairman, it is the same President, my fellow Missourian, who only a few weeks ago told us that these controls were a part and parcel of the police state. In the name of high heaven and common sense, where are we headed for? Have we all gone crazy? Are men in high places dumb or dishonest?

A few days ago on the floor of this House, one of the members of the Committee on Foreign Affairs, sponsoring this bill, said, in the CONGRESSIONAL RECORD, Friday, December 5, 1947, page 11195:

All of us know that Russia does not have available for use one-fifth of the resources of our country.

Mr. Chairman, this is simply not so. It is an erroneous statement and I marvel that a man such as the gentleman from New York [Mr. JAVITS], who possesses a keen mind, a pleasing personality, backed by wide travel and broad knowledge, could make such a statement. Certainly, he is not ignorant and I do not believe he is dishonest, but I am puzzled at such a remark. I repeat what he said:

All of us know that Russia does not have available for use one-fifth of the resources of our country.

I am one who knows very differently, because I am from Missouri, and have been shown. I do not know whether the gentleman from New York has been in Russia or not, but I was there in 1931. Russia is larger than the United States in both territory and population. We have 3,000,000 square miles in continental United States; Russia has 8,000,000 square miles or nearly three times as much territory. In fact, it is closer from Washington, D. C., to Leningrad than it is from Leningrad to Vladivostok. We have 140,000,000 people in the United States; Russia has between one hundred and ninety to two hundred millions. In both area and population we are greatly excelled.

There are millions of acres of forest in Siberia that have never heard the sound of a woodsman's ax, and there are mineral deposits never yet exploited.

The world, and particularly Europe, and the gentleman from New York, must get over the idea that Uncle Sam is the great rich uncle and that our resources are unlimited. They are not inexhaustible. The truth of the matter is we have pumped many of our oil wells dry. We furnished 70 percent of all the oil to the Allies in the recent global conflict. We have dug out the lead and zinc from my district and the

districts around me, the copper from Montana and Arizona, and the iron ore is not what it once was on the Mesabi Range in Minnesota. We have hewn many of our forests, and the conservation of our soil is a serious problem. Everyone knows that except the gentleman from New York.

It is true that the United States, though not as large in area or population, not as rich in mineral deposits or agricultural products as some other countries, is infinitely superior to any other country on this earth. America occupies about 6 percent of the world's surface and has only 7 percent of the world's population, yet that 7 percent consumed—before the war—three-fourths of the world's silk, 60 percent of the world's rubber, and half the world's coffee.

We have half of the world's telephones, one-third of the world's railroad mileage, one-third of the world's improved highways, 60 percent of the world's life insurance, and 80 percent of the world's automobiles. I want to lift others up, but I do not want to pull Americans down.

Why are we supreme?

First, because of the Christian religion, which places supreme importance upon the individual. The men who founded and have preserved our country were God-fearing men who believed in the supreme importance and dignity of the human soul. Human life in the Orient is the cheapest commodity. Washington, Jefferson, Jackson, Lincoln, and McKinley all believed with Christ that "The soul is a pearl of great price." They believed in the Christianity of Americanism and not in the atheism of communism.

Secondly, our superiority depends not so much upon the numbers of acres and of people as upon our republican form of government. In recent years there has been much loose talk about democracy. We are not a democracy. We are a republic, and the founders of our Government were as anxious and as careful to avoid a pure democracy as they were to avoid a monarchy. Monarchy leads to tyranny, democracy leads to anarchy. For a thousand years the Anglo-Saxon people have fought from Marston-Moor and Runnymede through the Magna Carta, English Bill of Rights, down through the American Revolution, our own Declaration of Independence, Constitution, and Bill of Rights to gain freedom.

The third reason for our preeminence among the sovereign nations of this earth is our fundamental economic philosophy of competition in private enterprise. It is a system without codes, priorities, ceilings, and restrictions. It is a system where ingenuity and industry are rewarded; where a poor newsboy like Edison can become the greatest inventor of his age, reproduce the human voice, and light up the world; it is a system where a penniless mechanic like Henry Ford can put the world on wheels to bridge distances, promote understanding, and add to the comfort of mankind; it is a system where a poor Kentucky boy like Lincoln, born in a log cabin in the backwoods, can rise by sheer merit to the

highest position in the gift of a great and free people.

Communists may decry capitalism but it is this America with her economic system of free enterprise that produced the sinews of war which saved the Russians at Stalingrad, which saved Britain, and won for us both wars—in Europe and Asia.

Ladies and gentlemen, while you are voting these millions to foreign nations, bleeding our own country white, making it an easy prey for the godless Red Fascists, remember the advice of Lincoln that if this Nation is ever destroyed it will not be from without but from within.

Edwin Markham, years ago, must have felt the same when he wrote:

I fear the vermin that shall undermine Senate and school and citadel and shrine. I fear the worm of fraud, the fatted worm of ease, and all the crawling progeny of these. I fear the vermin that shall honeycomb the walls and towers of state in unsuspecting hours.

We shall not overlook, nor shall we neglect the rest of the world, but we shall put our own house in order. We shall not dry up the milk of human kindness but we shall exercise hard-headed sense. We shall follow reason as well as emotion and not lose our balance wheel completely. Let us take care of the aged and disabled at home. Let us build up our own defenses against both foreign aggression and weaknesses within. Let us return to Proverbs 6:6:

Go to the ant, thou sluggard; consider her ways, and be wise.

In other words, raise our heads, tighten our belts, stop our bickering, go to work and produce more at whatever job we work.

In the words of the Father of our Country:

Let us raise a standard to which the wise and honest can repair; the event is in the hands of God.

And now:

Forgive me this my virtue; for in the fatness of these pury times virtue itself of vice must pardon beg.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. SHORT] has expired.

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that the gentleman from Missouri may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mrs. NORTON. Mr. Chairman, I object.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was very much surprised to know that a Member from our side of the House would introduce an amendment to this bill such as the gentleman from New Hampshire introduced, increasing the amount of the appropriation. I think this is probably one of the most serious times in the history of our Nation, at least I know of no time in the history of America when the people were in the difficulties they now are in. During those years that are past, during the time this country was prosperous

and getting along with the rest of the world, we tried to let the other nations of the world run their own affairs. Let me warn you, however, that when America becomes suspicious of the other nations of the world, the other nations are going to become suspicious of America. We should not tell other nations what kind of a government they should have, nor should we meddle in their internal affairs.

When I think of the condition of this country today, so serious in my opinion that I do not know how we are going to take care of it, I am depressed and disheartened. Certainly we are, in my judgment, going to have to have a lot more able people running the affairs of the Government in the next 15 years than we have had in the last 15, if we are to survive under our present form of government.

The statement of the Treasury of December 4 shows an excess of expenditures for this year beginning the 1st of July, an excess of expenditures over receipts of \$339,441,082.63. We are that much in the red in government operation this year. Last year we had a small credit balance. Even now we are talking about reducing taxes and want to pass a tax reduction bill before next July. When we think of these things and when we think of all the demands that are being made upon us for the operation of our own Government—\$35,000,000,000 a year, five times what it was before the last World War; then when I realize that the gentleman from New Hampshire in spite of all these things wants to increase this bill by almost a hundred million dollars, I shudder. I just wonder where we are headed.

Mr. CHAIRMAN, this is too serious to be funny and it is too serious to laugh at. With a deficit of \$257,793,211,841 and more on the 4th of December, it will take us 50 years to pay it off. We ought to be paying it off right now at the rate of from five to ten billions a year. That is the only way to recovery; that only makes sense. That is the only way to our national security. If we do not reduce our debt, then we are not fit to be in Washington running the affairs of this Government, and I want no part in the operation of this Government unless we do something like that. I think it is our business and our responsibility to make America strong, not weaken her structure; we have got to make America strong if we want to survive, if we want to continue under the form of government we now have.

Mr. HUBER. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania may proceed for 10 additional minutes.

Mr. RICH. I do not want any more time. When my 5 minutes are up I shall not ask for more. I thank the gentleman.

The trouble with the Congress is that all we think of is spending, spending, and spending, and many of you are thinking about elect, elect, elect. That day should be over. Now, we have already gone through that period by the New Deal. That day should be over for all of us. I do hope with the amount of money we

have contributed to these foreign countries, over \$66,000,000,000, which we have given through lend-lease, surplus property, direct loans, export and import loans, UNRRA, aid to the Philippines, our occupational forces, international bank loans, war installations and so forth, that we have done our duty to save these foreign countries from the governments that they want to establish themselves. As the gentleman from Missouri said a while ago, if a man tells you if you do not give him a thousand dollars he is going to be a Communist, that is his business and I am sure he will be sick of his decision if he goes Communist. Let him do as he pleases. We can take care of the starving people of Europe and that is what we are supposed to have in the bill, but the bill does not represent that at all. How it camouflages the issue.

You have three nations you are trying to aid. If you were to add the other 9 or 10 that are supposed to be added under the Marshall plan, and then add four or five billion dollars to this bill per year, you would have the Marshall plan almost exactly. You would not need to consider any more legislation.

I hope that when the time comes for the consideration of the Marshall plan the Congress will not obligate our country for three or four billion dollars a year over 4 or 5 years, because if we get into a depression in 1949 or 1950 you cannot make good the promise and you will only wreck the country. You have it about to that point now. With America wrecked, that is what Russia wants. With our Treasury wrecked we are then no good to ourselves nor to the rest of the world. Oh, is it possible we are so foolish, that we are so short-sighted, or that we have no more love for our freedom or for our country than to wreck it financially. Congress beware!

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. JARMAN. Mr. Chairman, I rise in favor of the Merrow substitute.

(Mr. JARMAN asked and was given permission to revise and extend his remarks.)

Mr. JARMAN. Mr. Chairman, the other body passed this legislation 83 to 6 for \$597,000,000, the amount which our illustrious Secretary of State with the advice of his associates and assistants both in Washington and in the countries concerned recommended. This recommendation was made after he had enjoyed the benefit of the exhaustive investigation of the Harriman committee and another committee appointed by the President. They stated this is the amount necessary to carry out the purposes of the act.

Your Foreign Affairs Committee in its wisdom has seen fit to reduce that amount. I do not suppose I am making an improper statement when I say the vote in the committee was very close indeed. In reducing the amount, the Foreign Affairs Committee added China with the stipulation that \$60,000,000 be used in her behalf; consequently the reduction is \$67,000,000 below the amount practically all of the Members

of the other body, nearly half the members of our committee, and everyone else concerned except certain Members of this body think is necessary.

When this bill goes to conference what are they going to have to compromise in the matter of differences of amount unless China is eliminated? And you proponents of China bear this in mind. What are they going to compromise if we leave China in? The only compromise they are going to have is between the \$590,000,000 and the \$597,000,000. There will be nothing else for them to work on, consequently they will have to remove China from this bill.

Mr. Chairman, I realize fully that world conditions change; in fact, we know very well that they have very greatly changed in two of the countries mentioned in this act since the act was introduced, and it may be that the estimate made by General Marshall back yonder is a mistake. But, I say to you that if such be true, the chances are very, very great that the mistake is on the other side of the picture; that the amount necessary is greater than was estimated at that time—because of conditions which have happened since—instead of less. As its author has stated to you, this amendment simply restores the amount originally requested plus the amount placed in the bill by our committee for China. I repeat to our China proponents, they should remember that fact.

Now, Mr. Chairman, in conclusion let me say this: You talk about high taxes and waste. It seems to me that no greater waste could be indulged in than to pass this legislation with an amount too little to accomplish its purpose. Certainly, I agree with the illustrious leader in foreign affairs on the other side of the Capitol in the statement that it would be tragic to throw a 15-foot rope to a man when he is drowning 20 feet from the bank, and that, I am afraid, my colleagues, would be exactly what we would be doing by passing this bill as it came from my committee.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. GWYNNE of Iowa. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am in favor of the Jonkman amendment. I am one of the Members of this House, and I expect their numbers might be legion, who have considerable difficulty with this bill. I came down here wishing to provide the funds to furnish relief to people that are hungry in Europe. But the trouble I have is this: We do not seem to have one bill before us. We seem to have two bills. We have, first, the bill that is being sold to the country, sold by the greatest propaganda effort on the part of the radio and newspapers and the administration that I have ever seen, and that is to the effect that this is a genuine relief measure.

Now, the other bill is the bill that we are going to pass, which is obviously not a relief measure. I think we are put in the situation of a politician who had two platforms; one to run on and one to stand on after he got elected.

Now, the people of this country are generally in favor of some relief to Europe.

I received the other day, and you all did, a reprint from *Fortune* magazine, in which there was a statement about the private charitable organization known as CARE, and from that I wish to quote a few sentences:

Since the end of the war, for instance, private American citizens have sent abroad between \$1,500,000,000 and \$2,000,000,000 worth of food, clothing, cash, and other forms of aid, an amount nearly equal to the total volume of direct United States Government relief during the same period. In sending this huge volume, moreover, private charity has developed an ingenuity, flexibility, and efficiency that Government might well emulate.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE of Iowa. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Does that not indicate to the gentleman that the great majority of the American people are intensely interested in endeavoring to remedy this situation?

Mr. GWYNNE of Iowa. Oh, certainly. That is just exactly what it does indicate to me, that the American people can always be appealed to on the ground of hunger and suffering. I believe, Mr. Chairman, if the State Department would get out of the way and let the people take care of this thing, they would see that there was less hunger and starvation in Europe than we would under this bill.

Now, so much for that. Obviously, that is not the bill that we have before us and that is not what the State Department had in mind and that is not what the Committee on Foreign Affairs had in mind. They have been very commendably frank. They are putting this thing up as a defense measure.

The point I make is that we then have two duties as Members of this House: First, we should so advise the American people. Second, we should debate the bill on that basis.

They say this is a defense measure because we will keep between us and Russia a barrier which is not communistic; in other words, we will keep the countries of western Europe from going Communist. Just how will you go about doing that? There is one school of thought that maintains that communism is the result of hunger, it comes from empty stomachs. If that be the truth, the method that will get the most relief directly to the people who need it is the one we should adopt. Is that not so?

However, they tell us that is not quite the theory on which the Committee on Foreign Affairs operates. They say, "What we are doing in this bill is trying to bolster up certain governments so that those governments"—leaving the people out of it now—"will stand against communism."

There we have the thing all before us. I just wonder if that philosophy of theirs is really sound. In the first place, how do you know what governments existing today will be in existence 60 days or 6 months from now, and how do you know what governments we will actually bolster

up? Of course you and I will not be consulted. It is up to the State Department, and that is what this bill gets down to, now, frankly, is it not? This is a bill whereby we take the taxpayers' money and send it over to the State Department to enter into a gigantic international poker game. It has already been demonstrated by the results obtained by the State Department in the past that their betting and their playing of these cards is not too good.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the two pending amendments, the Merrow amendment and the Jonkman amendment, close in half an hour.

Mr. RAYBURN. Reserving the right to object, Mr. Chairman, and of course I shall not object, because I do want to get away from here by the 24th of December, what is the plan of the Committee about the time they expect to rise this evening? I am being asked that question all over the place.

Mr. VORYS. Five-thirty.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. AUGUST H. ANDRESEN. Do I correctly understand that the unanimous-consent agreement just reached deals only with the pending amendments?

The CHAIRMAN. The agreement limits debate on the two amendments, the Merrow and the Jonkman amendments. After that vote, the section will be open to further amendment and debate.

Mr. BUCK. What is the status of the Smith amendment, then?

The CHAIRMAN. It has no status at the moment.

Mr. BUCK. It has not been offered?

The CHAIRMAN. It will be reoffered.

[Mr. DIRKSEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming [Mr. BARRETT] for 2½ minutes.

(Mr. BARRETT asked and was granted permission to revise and extend his remarks.)

Mr. BARRETT. Mr. Chairman, the administration has sold the American people a bill of goods but the Foreign Affairs Committee and this body is about ready to wrap up an entirely different package than was sold the people of this country. All of us are ready and willing to help the distressed, unfortunate, and starving people of Europe and Asia. We have a tremendous debt of our own, yet we are willing to sacrifice, if necessary, to relieve distress among our allies in the recent war. But what do we find here? We find that out of this \$590,000,000 over \$100,000,000 will be spent to furnish coal for industries in France and Italy. We are furnishing the industries of Europe \$35,000,000 for petroleum, when they are talking about rationing gaso-

line in this country. And, above all, can you imagine, we are appropriating \$20,-000,000 of our money to apply on the indebtedness that France owes Brazil and Belgium? Is this a bill for the relief of Brazil?

Now, my friends, these items will not help the suffering people of Europe. So I hope, Mr. Chairman, that the amendment offered by my colleague the gentleman from Wisconsin [Mr. SMITH] will be adopted.

The CHAIRMAN. The time of the gentleman from Wyoming [Mr. BARRETT] has expired.

The Chair recognizes the gentleman from Connecticut [Mr. LODGE].

Mr. LODGE. Mr. Chairman, of one thing we can be sure and that is that if we reduce the amount or fail to pass the bill Communists all over the world will be rejoicing. In a world of uncertainties that much is certain.

My friend the distinguished and eloquent gentleman from Missouri talked about gratitude in connection with this legislation. I should like to suggest to you that this is not a question of gratitude by the recipient countries, although I appreciate the beauty and depth of the quotation from Shakespeare. We should do this for our national security and not let our national security depend upon the gratitude of others.

I should also like to mention the argument of the gentleman from Missouri with respect to the French farmer. The Italian farmer, like the French farmer, does not like to sell his produce at a loss. That is probably a quirk of human nature from which even we are not excluded. And I would also disagree with the gentleman from Missouri that the choice here is between a relief measure on the one hand and a war measure on the other. It seems to me that this is a strategical measure with relief characteristics. I think we would be doing ourselves a real disservice to deprive this measure of all humane considerations. I consider this bill a strategical measure. Furthermore, if I may be permitted to say so, I disagree with the gentleman from Missouri that the best strategy for us to adopt is just to build up our Army, Navy, and Air Force. I think we should do that. But I think our strategical frontiers are not the boundaries of our country. We are involved in the world whether we pass this legislation or not. The question is, Will we be involved for our benefit, for the benefit of world peace, and for the benefit of mankind? We are buying time with this bill, time to consider the Marshall plan. The more we cut out of this bill the less time we have to consider it. Three hundred million dollars, the figure which the gentleman from Michigan wants to cut, is roughly the amount allowed for wheat alone under the bill.

Mr. Chairman, there has been a lot of talk about America and Americanism. I should just like to say that America and Americanism to me does not just mean venture capital; it also means adventure. I believe that this country was founded by men who thought we were embarked on a great adventure. Let us not some day end up friendless and alone,

routed and overwhelmed in an apocalypse of our own creation. Then there will be no one left to say to us, "There but for the grace of God go I."

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

The gentleman from Iowa [Mr. MARTIN] is recognized for 2½ minutes.

Mr. MARTIN of Iowa. Mr. Chairman, during this discussion a great deal has been said on the floor about the generosity of Iowa, and we are proud of that generosity. The program IOWA, "Iowa's Own World Aid" program, and the CARE program and the contribution to the Friendship Train make us proud of Iowa's contribution on a voluntary basis; but let me assure you of one thing, the contribution Iowa has made has been strictly on the humanitarian basis. If this bill were on that basis you would find my attitude toward the bill somewhat different than it is. When the members of the Foreign Affairs Committee come out here and say frankly what their object is, namely, a strategic approach, I appreciate their frankness, but I cannot refrain from holding this measure is a tragic blunder on the basis of a military approach. I have had a commission in the Regular Army for more than 30 years, although I have had only 5 years active military service as an infantry officer and as assistant professor of military science and tactics, and only 8 years experience on the Military Affairs Committee. I do not claim high qualification as a military strategist but I think I do know enough about military strategy to rate this bill as about the worst approach to military strategy that I can imagine. That is my humble judgment. I have the greatest respect for General Marshall as a tactician and as a master of logistics and on the military front he has no peer; but on the economic front if the Marshall plan is a measure of his approach I should like to ask him bluntly what military general or economic general would commit so much of his reserves to the firing line as is contemplated in the Marshall plan unless he visualizes a quick decision and a final decision. In the troubled world of today and in this cold war of prospective long duration we should not commit so much of our economic reserve strength to this cold war battlefield. If this course is followed it will sap our strength to the point of seriously endangering our national security at one of the most critical times in our history. That is why I made my speech last Friday in the general debate that was rather critical of General Marshall and the Marshall plan. My criticism of the Marshall plan and of this bill is based on the sheer logistics of the situation since they have been presented to us as national defense measures. On the other hand I sincerely hope we can get some relief for the unfortunate people of Europe on a humanitarian basis, but until you put this bill and the Marshall plan on that basis I am going to have to oppose it.

The CHAIRMAN. The gentleman recognizes the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, I rise in support of the Merrow amend-

ment and will support the appropriation in the committee bill, of course, if that fails.

A little over two and a half years ago the United Nations met in San Francisco and formed an international organization to try to establish the peace of the world. Fifty-seven nations have agreed to the charter provisions and 80 percent of those nations have voted with us on a majority of the questions. The 16 nations of Europe that were working governmental bodies consistently voted with us on most of those issues. These 16 nations are struggling to maintain constitutional governments. If the United Nations' conception of universal peace through peaceful, multilateral procedure is to be achieved, these nations must be strengthened and maintained in the orbit of free governments. If war is to ensue within 10 or 25 years, these are questions I want to ask the Members of the House:

Are we to stand alone, 140,000,000 free people, against a hostile slave world? If so, then I would like to ask you this question: Are you depending on the atomic bomb? Do you know the source of the fissionable material, where the vital material for the atomic bomb comes from?

Do you know that important sources are under the control of some of these 16 nations or their possessions or their close affiliates?

Do you know that if certain of these 16 nations go into the Russian orbit, along with that political control go valuable material sources which we are now obtaining?

A lot of you gentlemen have said you are against communism. I am against communism too. I am for free constitutional governments in Europe and in America. Before you cast a vote on this subject, before you cut down this appropriation, before you make up your mind on the Marshall plan, have a talk with some of the members of the Atomic Energy Committee of the two legislative bodies, and find out the answers to some of the questions I have asked you today.

Problems in international relations and problems of national security are an indivisible part of the interim-aid bill and the Marshall plan.

Many of these problems cannot be openly discussed in their relative importance to these bills.

It is important that a stable, peaceful growth of constitutional government be encouraged throughout the world. It is of vital importance to the establishment of a functioning United Nations Organization. Unless we develop a functioning UNO we cannot solve the atomic threat to civilization, for as Mr. Bernard Baruch and Mr. Warren Austin have warned us many times, any control short of international control is a snare and a delusion.

The national security therefore depends on the establishment of a strong international group of nations, dedicated to the principles of free, constitutional governments, and to cooperation with us in the support of the Baruch proposal. Without the cooperation of the 16 western European nations it seems highly improbable that the atomic threat can be

solved. False economy may be the Maginot line for the United States.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. BREHM].

Mr. BREHM. Mr. Chairman, if the successful operation of our present or any proposed foreign policy requires a regimented or planned economy in America, then that is not an American foreign policy, bipartisan or otherwise. If as reported Russia and her satellites have over 5,000,000 men under arms and could move at a moment's notice and take over Europe, then I would like to inquire how the passage of this or any other proposed legislation having as its purpose any method short of declaring total war will deter Russia from moving, provided she decides so to do?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BREHM. I yield to the gentleman from Ohio.

Mr. VORYS. I appreciate the gentleman's remarks. I want to say on behalf of the committee that I am committed to the House committee's view, which is that this bill should be \$590,000,000, and this happens to be my view. The newspapers say this was adopted by a vote of 15 to 8 in our committee. Of course, all of our Members have the right to present their views. I am opposed to the Jonkman amendment as being too little too late and I am opposed to the Merrow amendment as being too much too soon. In artillery fire you first fire short, then over. It is my hope that the Committee of the Whole will defeat these two amendments and come back to the committee's position.

I thank the gentleman for the interruption.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. LECOMPTE].

Mr. LECOMPTE. Mr. Chairman, it seems to me that this Committee is getting confused about the issues involved in this bill. Of course, I am for this bill. I think I interpret the attitude of the Iowa people correctly in saying that we want to be in on helping to extend aid and comfort and security to Europe. I think the Iowa people have shown by the contributions to the Friendship Train that they are anxious to help with this great cause. We came down here, as I understood, to extend stopgap or immediate relief to the war-stricken nations of western Europe, the aid consisting chiefly of food, clothing, and fuel.

Now, the longer we debate this bill the more it becomes apparent to me that there are a great many other things involved in this bill than immediate aid to the war-stricken people of Europe. I have a friend with whom I talked just after I returned home, who relayed to me a very definite statement. He is a man who came to this country from the extreme southern part of Italy, almost down in the part that is known on the map as the Heel. He came here when he was 24 years of age. He is now 55 or 56 years of age. Three of his boys have served in our armed forces. Most of his life in this country has been spent in the

coal mines. This man has been without employment for some time, but up to the middle of September he had sent 90 packages of food and clothing to the people in southern Italy. He is certain that they are in dire distress.

We are going to pass this bill, I have no question in my mind about that, when we finally come to a vote. But, it seems to me that the other issues involved in this bill have not been clearly set out by the Committee on Foreign Affairs to the extent that we can all understand what is in the bill, in addition to immediate aid to Europe.

(Mr. LECOMPTE asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. All time has expired with the exception of 2½ minutes reserved for the committee. Is anyone seeking recognition for the committee? If not, the question is on the Merrow substitute.

Mr. LECOMPTE. Mr. Chairman, I ask unanimous consent that the substitute amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. MERROW as a substitute for the Jonkman amendment: On page 8, line 22, after "exceed", strike out "\$590,000,000" and insert "\$661,000,000."

The CHAIRMAN. The question is on the substitute amendment.

The question was taken; and on a division (demanded by Mr. MERROW) there were—ayes 24, noes 165.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. JONKMAN].

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that the Jonkman amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. JONKMAN: On page 8, line 22, after "not to exceed", strike out "\$590,000,000" and insert "\$290,000,000."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. JONKMAN) there were—ayes 78, noes 171.

So the amendment was rejected.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 8, line 22, strike out the figure "\$590,000,000" and substitute therefor "\$500,000,000."

Mr. BUCK. Mr. Chairman, I rise in support of the amendment.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. RAYBURN. I object, Mr. Chairman.

Mr. BUCK. Mr. Chairman, every Member of this House who has followed the debate on this measure knows that vast quantities of food exist in the French and Italian countryside which are not reaching the cities. This was admitted by members of the Foreign Affairs Committee in their arguments against the Coudert amendment. It is confirmed by the recent statement of the President of France that there are more head of livestock in France today than there were before the start of World War II.

Yet nowhere in the debate has information been furnished that the French and Italian governments have taken effective steps to move this food from the country to the city. The course of least resistance has been for these governments to rely upon the United States to make good their shortcomings. Those shortcomings, generally speaking, are represented by the \$590,000,000 carried in this bill.

The worst feature of the bill in my opinion is that the food gifts which it authorizes accomplish absolutely nothing in the direction of a permanent solution. This fund will be exhausted by March 31. Prior to that date we will be asked to give more money for April, May, and June. No termination date is in sight.

Our refusal, on the other hand, to grant these countries everything they request will have twofold benefit. By whatever we reduce the amount, the less will be the strain on the American economy. More importantly, however, will be the notice to the French and the Italian governments that we will not wet-nurse them forever and that it is obligatory upon them to take measures which will move food from their rural to their urban areas.

I therefore favor this Smith amendment and I trust that it will be approved overwhelmingly.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. LODGE. I would like to say to the gentleman that the Italian Government and the French Government are both taking very strong measures, and I will be glad to show the gentleman the facts and figures and the material that I have to support that.

Mr. BUCK. Would the gentleman outline briefly what those measures are?

Mr. LODGE. Licenses are withdrawn; convictions are made, and in certain cases certain people are imprisoned for certain offenses. Property is confiscated in order to get it on the open market. I have the facts and figures here, if the gentleman cares to look at them.

Mr. BUCK. It is all punishment? It is no incentive?

Mr. LODGE. That was the reason for the incentive provision being placed in the bill.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. OWENS. I just submitted an amendment to the Clerk, because in view

of the fact that section 14 says that the President shall report every quarter of the year, it would go for at least a year, and I thought we should have a termination date. Do you not think so?

Mr. BUCK. There is a termination date.

Mr. OWENS. Not in this bill.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. AUGUST H. ANDRESEN. The need for food will be greater after this termination date than it is now.

Mr. BUCK. I agree with the gentleman.

Mr. AUGUST H. ANDRESEN. So that for the months of May and June they will be asking us for larger quantities of food, because they will not have another harvest over there until some time in July or August.

Mr. BUCK. I thank the gentleman for his observation.

The CHAIRMAN. The time of the gentleman from New York [Mr. BUCK] has expired.

Mr. RAYBURN. Mr. Chairman, I will say to the gentleman from Ohio [Mr. VORYS] that I have no objection to the debate closing in five more minutes if I may have 3 minutes, if the gentleman desires to make that request now.

Mr. VORYS. I would like to have 5 minutes myself.

Mr. RAYBURN. Then I would like to have 5 minutes. I am willing to quit on 3 if the gentleman will take 2.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I had not intended to impose myself upon the committee. Of course, I have had the urge many times and especially did I have it this afternoon when the gentleman from Missouri [Mr. SHORT] for the first time in my recollection injected some pretty small politics into this debate and said some things that I deeply regret he did say.

You have heard all this talk about our being in a serious situation throughout the length and breadth of the earth, and I agree to that. I did not vote on the Merrow substitute and I did not vote for the Jonkman amendment, but here we are now facing a situation of whether we are going to follow a committee that went deeply into this matter, some advocating less and some advocating more, but finally bringing out \$590,000,000. The amendment offered by the gentleman from Wisconsin [Mr. SMITH] cuts \$90,000,000 off of that. That may be the difference—I do not know—it may be the difference between whether some sections of this earth that are already in chaos may go further into chaos. We are taking a chance. I believe that in our action today the seeds of peace or war may be sown. We were spending \$500,000,000 a day for war in 1945. Can we not afford today to take a chance to do something that might bring peace to the world, maintain peace and order, by spending \$590,000,000? I ask you. It is your answer.

Mr. VORYS. Mr. Chairman, I think that is a very fine note on which to have the Committee rise.

The CHAIRMAN. Do I understand the gentleman to move that the Committee do now rise?

Mr. VORYS. Mr. Chairman, I move that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. Buck) there were—ayes 72, noes 182.

So the Committee refused to rise.

The CHAIRMAN. The question is on the Smith amendment.

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 47, noes 147.

So the amendment was rejected.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: Page 9, strike out all of lines 12 to 21, inclusive, which is all of subsection (c).

Mr. SMITH of Wisconsin. Mr. Chairman, this provision merely authorizes the RFC, which is apparently defunct already, to advance \$150,000,000 to hurry this program along. It is my understanding that the Appropriations Committee is now considering the matter and this bill should be on the President's desk in less than a week.

It seems to me that there is no reason to have this extra authority carried in the bill. This follows the old Greek-Turk loan provision. We expected a long fight on that bill. There is absolutely no justification for carrying it in this bill at this time.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

Mr. Chairman, this provision for the RFC to provide \$150,000,000 in order to keep this program going during the month of December, if we ever get this bill through, is exactly the same provision that we used, with a different amount, in the relief assistance bill last spring and in the Greek-Turkish bill. It seems to me it is more appropriate in this bill, and I therefore hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The amendment was rejected.

Mr. REES. Mr. Chairman, I offer an amendment.

Mr. KNUTSON. Mr. Chairman, it is my understanding that a demand is going to be made for an engrossed copy of the bill, which will hold us here until midnight. I suggest to the gentleman from Pennsylvania that he renew his motion to have the Committee rise and that we all vote for.

The CHAIRMAN. The Chair will state that an amendment has been offered, which is at the Clerk's desk. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. REES: On page 9, after subsection 12 (c), line 21, insert a new subsection (d), as follows:

"(d) No part of the funds authorized herein to be appropriated or to be advanced shall be used to furnish grain to the peoples of Austria, China, France, and Italy as long as

grain is used in such countries for the production of distilled spirits for beverage purposes."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Mr. Chairman, this amendment is not germane to this section or to the bill itself.

The CHAIRMAN. Does the gentleman desire to be heard on the point of order?

Mr. REES. Mr. Chairman, in the first instance, I had hoped that the distinguished gentleman from Ohio would not raise a point of order because, in my judgment, the amendment is fair, it can work, and there is no reason why it should not be accepted. I assumed the gentleman from Ohio simply gives as a reason for its not being accepted that it does not belong in this bill. I do not think there is any such limitation in this bill or that the point of order would be good against it.

The CHAIRMAN. The Chair is ready to rule. The Chair has heard the arguments on both sides, has read the part of the bill to which this amendment applies, and feels that it is in order, and overrules the point of order.

Mr. REES. Mr. Chairman, I do not think I should take the time of the committee at this late hour to discuss this amendment. But it just appears to me that it is inconsistent, to say the least, that the United States of America would send grain to foreign countries to be used for food to care for people who are starving and need food, and then permit the government or the people of that country to use our grain or its own grain in the making of distilled liquors. It seems to me that this amendment is fair. I do not see how in the world anyone could oppose an amendment of this kind. I trust that the committee will see fit to accept this amendment. The Committee on Foreign Affairs ought to accept it, and the membership on this floor should support it. If there is one Member who can tell me why this amendment should not be adopted, I would like to hear from him. You have been talking about sharing our grain so those in need may have food. Some have talked about rationing grain for food. It does not make very good sense to say to these people who need the wheat they may use our grain or their own to make distilled spirits, if they want to do so.

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. REES) there were—ayes 84, noes 104.

So the amendment was rejected.

Mr. VORYS. Mr. Chairman, in explanation of the motion I am about to make, may I say that a number of Members have asked what time the Committee would rise and were told 5:30. In justice to those Members, I feel it my duty to renew the motion, particularly as there is no amendment now pending.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair,

Mr. MICHENER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. PHILLIPS of California asked and was given permission to extend his remarks in the RECORD and include a speech by the gentleman from Utah [Mr. Dawson].

Mr. MACKINNON asked and was given permission to extend his remarks in the RECORD and include two editorials.

Mr. MANSFIELD asked and was given permission to extend his remarks in the RECORD and include an article from the Youngstown Vindicator entitled "Last Chance to Save Europe—KIRWAN."

HOOR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DEFICIENCY APPROPRIATION BILL

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that it may be in order to consider the deficiency appropriation bill, providing money for foreign aid and other activities of the Government, at any time after it is reported, and that all points of order against the bill or any provisions contained therein be considered as waived.

Mr. MARCANTONIO. Reserving the right to object, Mr. Speaker, I am willing to consent to the first part of the request, but as to waiving points of order, I am not ready to consent to that. I will have to object to that portion of the request.

Mr. HALLECK. I withdraw the request, Mr. Speaker.

EXTENSION OF REMARKS

Mr. REES asked and was given permission to revise and extend his remarks.

Mr. SADOWSKI asked and was given permission to revise and extend the remarks he made in Committee of the Whole and include three charts he obtained from the Post Office Department.

Mr. COLE of Missouri asked and was given permission to extend his remarks in the RECORD and include a letter from Mr. Stanley Paul, of Stewartsville, Mo.

Mr. KEOGH asked and was given permission to extend his remarks in the RECORD in three instances.

Mr. HOLIFIELD asked and was given permission to revise and extend the remarks he made in Committee of the Whole today.

SPECIAL ORDER GRANTED

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that I may address the House for 10 minutes today following the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF REMARKS

Mr. DAVIS of Wisconsin asked and was given permission to extend his remarks in the RECORD and include a letter from a constituent.

Mr. CLASON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article by Dr. Howard A. Meyerhoff, professor of geology and geography at Smith College, on Some Social Implications of National Resources. I believe this article will contribute to the debate on the bill now under consideration.

I am informed by the Public Printer that the cost of printing of this article will be \$236.67. Notwithstanding the cost, I ask unanimous consent the extension may be made.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

COMMITTEE ON BANKING AND CURRENCY

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may meet tomorrow, notwithstanding that the House may be in session.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

DEFICIENCY APPROPRIATION BILL

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that it may be in order to consider the deficiency appropriation bill providing money for foreign aid and other activities of the Government at any time after it is reported and that all points of order against the bill or any of the provisions contained therein be considered as waived.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THREATENED AIR LINE PILOTS' STRIKE

Mr. HINSHAW. Mr. Speaker, in the face of a national emergency in American aviation, so serious that a Presidential commission and a congressional board are seeking ways and means of rescue, David L. Bencke, president of the Airline Pilot's Association, has confirmed reports that a strike vote is being called against one of the major air-transport systems.

The threatened strike, involving neither wages nor working conditions,

not only unnecessarily imperils the country's security, but promises to work hardship on hundreds of lesser paid employees of the air lines. The issue raised is both inconsequential and juvenile, the air line having merely requested that an employee with a grievance discuss it first with his immediate superior, so that it can be solved at once if possible. If not, he has full recourse through regular channels already provided.

At no time in the history of aviation, have the air lines and the aircraft manufacturing industry reached such a low ebb as that of today. It is this state of emergency which has brought forth the President's Air Policy Commission and the Congressional Aviation Policy Board. Both of these groups are making an intensive study of the present troubles in an effort to find a solution to this vital problem. And yet, we are faced with a situation where an irresponsible union leader now threatens to push the carriers still closer to bankruptcy.

There is no finer nor more capable group of men in any industry than those to be found in the ranks of the air-line pilots. I am personally acquainted with hundreds of them and I value their friendship. Their war record speaks for itself; their safety record is without parallel; and their collective skill has placed American aviation in the forefront of world competition.

It is now time for them to demonstrate their intelligence and to assert their independence by refusing to follow the blind alley pointed out to them by their professed leader. In so doing, they can help us put the air lines and the aircraft manufacturing industry of the United States back on their feet.

To prove the irresponsible folly of their present leadership, I need only point to the current strike vote which demonstrates the acme of triviality and pettiness. Such strikes, resulting in the shut-down of all operations, can mean the ultimate wash-out of the entire industry and the jobs that go with it. How can we expect to provide operating capital for such an insecure industry?

It is not only the pilots' livelihood that is involved, but it is the thousands of ground employees whose very security is threatened by this folly. But, more than that, lack of confidence in the pilots and the air lines will result in a reduction in the number of passengers and, in the end, bankruptcy. Thus, the air lines will become financially unable to take delivery of new and urgently required equipment. Of necessity, this will throw out of employment thousands of workers in the aircraft manufacturing industry. Thus, the lust for power of one man is sufficient to cause tragedy and suffering to thousands of individuals, who were not concerned in the petty causes of the strike which promotes nothing other than the ego of the union leader.

The final step involves the national security itself. Americans realize the vital importance of our aviation industry in the protection of our peace and freedom. With the swift scientific developments of today, its importance will increase rather than diminish, and any person who de-

liberately causes a break-down in our air production and transportation system at this critical time is doing a disfavor to his country. He is placing his own selfish interests above those of his Nation and his fellowmen.

I have no desire to disassociate management from a proper consideration of its basic responsibilities. But adequate machinery has been established to solve labor disputes and it should not be subordinated to the cause of pettiness and vanity.

A break-down in the essential services by the air lines in the United States today may well mean bankruptcy to many of them as well as to the aircraft-manufacturing industry. And since the resulting chaos would serve to endanger our potential military and naval aviation reserve, it is a situation which creates extreme concern in the Congress.

I have confidence in the skill of the air-line pilots in the air, and I have confidence in their intelligence on the ground. I am certain that they will do whatever is required to clean their own house.

If a strike is actually called I shall be one to recommend to the President that the emergency procedure under the Railway Labor Act be invoked.

(Mr. HINSHAW asked and was given permission to revise and extend his remarks.)

SPECIAL ORDER

The SPEAKER pro tempore (Mr. McDowell). Under previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 10 minutes.

ECONOMIC FACTS: THEIR RELATION TO DOMESTIC INFLATION AND OUR FOREIGN POLICY (MARSHALL PLAN)

Mr. HOLIFIELD. Mr. Speaker, the rising tide of inflation—amounting to a total rise in the cost of living of 23 percent since the OPA was killed in June 1946, and now rising at the rate of 1½ percent per month—is America's most pressing problem. Unless we solve it, we shall face even higher prices, more boom times, and the inevitable aftermath of depression and unemployment.

Unless we solve the problem of domestic inflation, we cannot help to solve the rapidly mounting political and economic crisis in desperate Europe and Asia. The following economic statistics may help us to understand the problem which we cannot evade:

A few interesting economic facts which the wreckers of price control cannot refute

	OPA price, June 1946 ¹	Price increase to October 1947	Percentage increase
12 key foodstuffs.....	\$1	\$1.86	86
All commodities:			
Wholesale.....	1	1.40	40
Retail.....	1	1.23	23
Food only:			
Wholesale.....	1	1.57	57
Retail.....	1	1.40	40
Average earning rate in manufacturing.....	1	1.17	17

¹ Using \$1 as a base.

Notwithstanding the philosophy advanced by the Republican, Democratic, and big business antagonists to OPA contained in the National Association of Manufacturers, quote:

If OPA is permanently discontinued, the production of goods will mount rapidly, and through free competition, prices will quickly adjust themselves to levels that consumers are willing to pay.

We find that prices have advanced far beyond wage increases. Your dollar buys far less goods today than it did under OPA.

It is true that production has increased some during the 17 months since the demise of OPA, but prices have advanced faster as noted below:

	Increase in production	Increase in price
	Percent	Percent
General manufacturing.....	9	32
Beef and veal.....	156	80
Pork.....	56	100
Butter.....	22	17
Lumber.....	13	53

Industry spokesmen have blamed price increases chiefly on wage increases, but let us see what the facts are. The following table gives the percentage of wage increases paid out of the price increases:

	Employees wage in- creases for the past 29 months	Wholesale price increase
	Percent	Percent
Petroleum.....	2	38
Food.....	3	57
Textile products.....	8	39
Lumber.....	8	72
Meat.....	2	93
Iron and steel.....	4	32

And now we come to one of the greatest factors in the unparalleled rise in the cost of living. The rise in national corporate profits after taxes, is pictured below:

1939 (usually considered a normal prewar year).....	\$5,000,000,000
1940.....	7,000,000,000
1941.....	9,500,000,000
1942.....	9,500,000,000

WORLD WAR II YEARS

1943.....	\$11,000,000,000
1944.....	10,000,000,000
1945.....	9,000,000,000
1946 (first postwar year, OPA removed).....	13,000,000,000
1947 (estimate based on first 6 months).....	17,000,000,000

Now, my friends, these statistics are reliable. They come from the Government's Bureau of Labor Statistics, the Census Bureau, the United States News, and the Nation's Business, the two latter publications are conservative, reliable, business magazines. Excess-profits taxes were repealed, price controls were removed, and exorbitant profits and high prices are the result.

During the past 6 years, we have had a cycle of favorable weather and farm-crop years. This year we face droughts not only in the United States but throughout the world. The corn, wheat,

barley, rye level of production is sharply down. The result next year—1948—will be hunger to human beings and a reduction of feed-eating animals, that is, beef, pork, poultry, and dairy cows. Prices, if not controlled, are bound to rise. Because of this world shortage of human and animal feed, caused by drought and war dislocation, we face a desperate political crisis in European and Asiatic nations. Millions of people scourged by war and hunger are on the verge of embracing communism in their desperation. Unless we support and encourage constitutional, freedom-loving governments abroad, we face the alternative of becoming the last free island in a communistic world.

The problem is complicated by many factors. I have tried to present briefly, first, our own economic picture; and, second, the foreign economic need and the political threat behind it. What are we going to do about it?

We cannot ignore these economic factors and we cannot dodge the issue of world need for food and the world pressure of desperate people turning to the illusion of communism.

Are we going to try to rehabilitate the 16 western European nations so they can be self-supporting and enter the orbit of constitutional, freedom-loving nations?

Without them, the United Nations Organization will fail and our one great hope for peaceful international solutions will vanish.

If we do help them with food and basic capital goods, it means additional inflationary pressure on our own certain short supply. We are faced with the great gamble of establishing a peaceful, freedom-loving world, or seeing the prize we fought for in World War II lost by default.

Are you willing to submit to certain allocation controls and limited price controls to control inflation at home and meet the challenge abroad?

As your Federal Representative, I must vote on this problem, which faces our postwar world. I shall not temporize or evade my responsibility.

After carefully considering all the information I can obtain, I shall vote for necessary legislation to try to stem the rapidly rising wave of inflation at home. I shall support the Marshall plan, whose purpose is to stem the rising tide of communism in Europe and establish a normal peaceful world.

I must take these positions because I believe that self-restraint and moderate sacrifices on our part now, may mean the difference between universal peace or a Third World War which will bring atomic destruction to civilization.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks and include certain tables and statistics.)

ADJOURNMENT

Mr. JUDD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 49 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, December 11, 1947, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1143. A letter from the Commissioners, United States Civil Service Commission, transmitting its first annual report to the Congress of operations under section II of the Administrative Procedure Act for the period ending September 30, 1947; to the Committee on the Judiciary.

1144. A letter from the Acting Chairman, Federal Power Commission, transmitting a copy of its newly issued Statistics of Natural Gas Companies in the United States; to the Committee on Interstate and Foreign Commerce.

1145. A letter from the Comptroller General of the United States, transmitting volume 4 of the report on the audit of Reconstruction Finance Corporation and affiliated corporations for the fiscal year ended June 30, 1945 (H. Doc. No. 474); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS of Louisiana:

H. R. 4687. A bill to amend the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. GROSS:

H. R. 4688. A bill to enlarge the Gettysburg National Cemetery; to the Committee on Public Lands.

By Mr. HEDRICK:

H. R. 4689. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. BARTLETT:

H. R. 4690. A bill to amend the act of July 30, 1947, permitting vessels of Canadian registry to transport certain merchandise between Hyder, Alaska, and points in the continental United States; to the Committee on Merchant Marine and Fisheries.

H. R. 4691. A bill to authorize the construction, by the Secretary of the Interior, of tourist facilities in the Territory of Alaska; to the Committee on Public Lands.

By Mr. MARTIN of Iowa:

H. R. 4692. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor; to the Committee on Veterans' Affairs.

By Mr. ELSAESSER:

H. R. 4693. A bill to amend the National Labor Relations Act, Public Law 101, Eightieth Congress; to the Committee on Education and Labor.

By Mr. MARCANTONIO:

H. R. 4694. A bill to amend the Railroad Retirement Act of 1937, and subchapter 9 of the Internal Revenue Code so as to provide full annuities, at compensation of half salary or wages, for persons who have completed 30 years of service, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CLASON:

H. R. 4695. A bill to amend the Railroad Retirement Act of 1937 so as to provide full annuities, at compensation of half salary or wages, for persons who have completed 30 years of service; to the Committee on Interstate and Foreign Commerce.

The National Guard has always been the poor relation in regular Army circles. It has never received the credit due it for its work in our last two world wars. It has always had to take the leavings in any military preparedness program. Yet it is profoundly an American institution. The Regular Army does a lot of bleating about the National Guard but has heretofore done little to help build it up. However, it is now supporting a provision in the Universal military training bill whereby a boy may, after 6 months training in the Army complete his service period in the National Guard. Of course, if the Guard is to be efficient it has to have vast appropriations for new armories and modern equipment. I believe, that with proper support and backing by the Congress, the National Guard could be made a sound and effective and very American alternative to universal military conscription by the Regular Army.

The National Guard has always heretofore shown its ability to contribute a sizeable military force in the event of war. There is no reason to believe it can't do better if properly supported by the people.

It is still too early to say that mass armies will not be employed again, but the important thing is to have some reservoir of manpower trained to an extent that a sudden attack will not bring complete disaster. I believe that the bulk of the training should be done within the framework of the National Guard. Those who wish to continue on in the regular branches could do so on a voluntary basis—the remainder, and by far the greater number, then to continue their intensive training in the Guard. Then they would pass on into reserve units and be available for active duty, upon call in national emergency, for approximately 5 years longer. That would be about the limit of really effective preparation of the individual soldier.

In any event, this issue of national preparedness is the most elemental question confronting us today. The next Congress should decide it one way or the other. In light of world conditions we can no longer let the matter of national security drift.

Nor will it do us any good to have guns, ships, airplanes, and bombs if we are bled white at home by an extravagant free-spending national administration. A sound fiscal policy is the essence of national defense and one of the ways we will stop these soaring prices is to cut our wasteful and extravagant national expenditures and apply the savings on our national debt.

For instance, before World War II there was one Army civilian employee to four soldiers. At the peak of this war there was one Army civilian employee to six soldiers. The budget for 1948 plans for one Army civilian employee to each two soldiers.

Today there is more or less undeclared war going on between Russia, western civilization in general, and the United States of America in particular. Russian agents are actively and determinedly attacking America at home and all over the world. So far the battles are being waged on economic and political fronts although some minor combat skirmishing has sporadically occurred since Yalta. The French and Italian labor troubles are a part of the Communist storm breaking on this harassed world. A more or less undeclared war went on between Britain and Russia for 300 years. I don't think it will go on that long between Russia and the United States of America. Things move faster today than they did in the seventeenth and eighteenth centuries.

There are two essential differences that ought to be borne in mind between the undeclared war going on today on the part of Russia with the United States, and the 300 years of more or less undeclared war between Russia and Great Britain.

(1) The background of the trouble between Russia and Great Britain started with

Britain's seizure of India—in what Russia considered to be her sphere of influence. Whereas we handed Russia, on a platter made of American money and blood, vast territories she has been seeking for centuries.

(2) The Czars had no fifth column in Great Britain. Today the Russian Soviet has an active, disloyal, and traitorous fifth column composed of Americans who are taking their orders directly from Moscow.

Can you imagine Eugene Dennis and W. Z. Foster, who are secretary and chairman of the American Communist Party living in Russia and sabotaging the government of that country as they are the United States of America. They might live a short time. But not very long.

Can you imagine Henry Wallace as a Russian making speeches in Russia—siding with America as against Russia—and living very long?

I do believe we have to face the fact that for some years we will be teetering on the abyss of another war, and we have to prepare ourselves accordingly. The best way to do it deserves the most thoughtful and thorough attention of every American citizen.

The destruction of Germany shifted the center of European gravity eastward. The destruction of Europe and Japan shifted the center of the world's gravity westward. The center of the world's gravity today is the United States of America.

We must resolutely and wisely rally all the forces of western civilization. That can best be done as investing partners by requiring Government policies that will increase production.

Above all, the American people must not get the idea that the Marshall plan means a peaceful world. Rightly handled it can be a contribution toward restoring order and stability in the world. A stable world contributes toward a peaceful world. But we don't even have a stable Marshall plan. The President's committee recommends one figure, Secretary Marshall a much higher one.

The greatest debate since the Lincoln-Douglas debates is going on today in the American Congress. That debate, which will cover not only our position in the world, but our domestic policies as well, will bring before the American public, particularly in the campaign of 1948, the issue of how America is meeting this undeclared war by Russia. The debate may not fully develop all the measures necessary. But increasingly the real world situation will become known to the American people.

We seek neither satellite countries nor reparations. We seek only a prosperous and peaceful world.

The time is here when we must adequately and intelligently organize our own forces for our own security. How we do it demands the thorough consideration of every patriotic American citizen.

Mike Kirwan Reports to His People

EXTENSION OF REMARKS

OF

HON. MIKE MANSFIELD

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 1947

Mr. MANSFIELD. Mr. Speaker, under date of Sunday, November 9, 1947, the Youngstown Vindicator, one of the Nation's outstanding newspapers, carried a story on the report of his European investigation trip by our colleague, the Honorable MICHAEL J. KIRWAN, to the people he has the honor to represent.

MIKE did not make this report from Washington, but immediately on his return from abroad he hurried home to Youngstown, Ohio, and reported personally to his constituents. He gave his own people the story of what he saw and what he thought should be done. As usual, he minced no words, but spoke straight from the shoulder. The Youngstown Vindicator is to be complimented for giving this report such wide publicity and Congressman KIRWAN is to be complimented for having made such a thorough study, giving such sound recommendations, and making such a fine first-hand report to his district.

Mr. Speaker, under unanimous consent, I am inserting in the RECORD the story carried by the Youngstown Vindicator of MIKE KIRWAN's report to his people. I sincerely hope that the Members of the House will find the time to read what MIKE has to say because there is much food for thought in what he recommends:

"LAST CHANCE TO SAVE EUROPE," KIRWAN—SAYS ACTION IS NECESSARY THIS WINTER—SUMS UP 6-WEEK TOUR WITH PRAYER THAT UNITED STATES WILL ACT IN TIME—CITES STARVATION—ASKS FOOD, MACHINES, BRAINS, AND "FACING UP TO RUSSIANS"

This winter the United States has its third, and probably last, chance to win peace in Europe.

That is Representative MICHAEL J. KIRWAN's summation of a 6-week tour of the war-devastated Continent. America, the Congressman said, must act quickly, and he added with characteristic frankness:

"I humbly pray we may act in time."

Youngstown district's Congressman backs his prayer with facts gathered from every European who could command even a smattering of English and from his own observations from the air, from railway car, from jeep, and afoot in the back alleys. He returned home last week with voluminous notes. He will take his place in the special session of Congress next week armed with these facts to plead for speedy approval of the Marshall program of aid to Europe.

KIRWAN will propose that we send help in three major categories:

1. Food: Starvation is dogging the steps of virtually every European, and many will fail, aid or no. The masses can be saved only with American-provided food.

2. Machinery and supplies: It will take many years to clean up merely the rubble, let alone rebuilding with bare hands.

3. Brains: Europe, aptly illustrated by the four-power confusion in Berlin, vistically needs the organizational and constructive know-how of hard-headed American leaders.

"WE MUST FACE UP TO RUSSIA"

KIRWAN would add one further vital ingredient.

"We must," he said, "face up to Russia."

The Congressman recalled his disgust when he observed in Berlin that Russia has control of the largest and strongest radio station on the continent. With this station, the Russians were blasting out their anti-American propaganda 24 hours a day. But the "pay-off" to KIRWAN was the fact that the equipment was in the British zone.

"Why," KIRWAN asked, "don't the British take it over?"

"The Russians would tell them to go jump in the lake," his military guide replied.

To this KIRWAN declared:

"Now I say most sincerely it's about time someone told the Russians to go jump in the lake and stopped this business of their grabbing everything they feel they can hold onto without too much trouble."

"But don't let anybody get the idea," he added in the next breath, "that this is an easy chore. I've seen samples of the 2,000,000 slaves that Russia has been working the life out of. They come back home worn out completely, good for nothing but to lie down presently to die."

But this is getting ahead of the legislator's practical recommendations for relief and rebuilding Europe. He feels that the program is not at all one-sided. The United States, he agreed, must take the initiative and prime the pump. After that there will be a flow to, as well as from, America. And he feels that it will be a healthy economic flow. For instance, he reiterated his statement that America could use very handily some of Europe's millions of tons of scrap.

MAHONING VALLEY INCLUDED

"This is a matter vital to my own district. It means something to the steelmakers of the Mahoning and Shenango valleys. Steel scrap is selling at \$40 a ton. Steel production is already hampered somewhat for lack of it," he said and added:

"I saw millions of tons of steel scrap in Germany. I don't mean wrecked automobiles in which there are 50 different kinds of metal from bearings to body. I mean No. 1 scrap, uniform scrap—the kind of scrap our open-hearth foremen are yelling for."

KIRWAN reached into his notes and pulled out a couple of pages of description of the scrap he saw with his own eyes. He told of wrecked bridges on navigable waterways where all that is needed is welders to cut the steel into pieces and pile it aboard barges for shipment to America. He told also of the twisted girders of huge buildings needing only to be cut for first-grade scrap.

"These cities," the Congressman explained, "aren't off in the wilderness somewhere. They sit squarely on Germany's waterways, and these waterways lead directly to the sea. Youngstowners who have been pleading so long for a waterway of their own know well how easily this scrap can be shipped out."

"In addition, a program of removal of this heavy scrap would be of direct benefit to the people seeking to rebuild. In many cities, they can't make a move because that heavy twisted steel is in their way," KIRWAN stated. Taking it out not only would help clear their ruins but would make way for the labor that is now grubbing the streets.

LABOR PLENTIFUL THERE

"Labor is one thing they have plenty of. I know they would jump at a chance to get that labor usefully employed. All we need to do is to send over the torches and some supervision, and they'll cut up that scrap and get it out and ready for shipment to us," he explained.

Railroads, he pointed out have very little rolling stock, but their roadbeds are in excellent shape.

KIRWAN insisted that it requires only American know-how plus a minimum of machinery to get sufficient scrap for both American and German mills. He was especially astounded with the lack of elemental tools for rebuilding in Germany.

"I didn't see," he said, "a single steam shovel in all of Germany that I visited. And I was looking for one, too."

This lack of machinery, the Congressman believes, accounts for the failure of Germany to come back as Japan has come back. He said bombed-out Hiroshima is now largely rebuilt, and he commented that Gen. Douglas MacArthur must have been able to get equipment for the Japanese to do it.

"Of course, that brings out another fly in the European ointment," he added. "MacArthur is in supreme command. In Germany there are four commands. I don't see how they get anything done. Our Army bans the shipment of cigarettes in quantity to our soldiers, but they can go into the French zone and deal all they want to."

WHAT'S "THIRD CHANCE"?

"But, MIKE," his interviewer asked, "what do you mean when you say this is America's third and probably last chance to win the peace?"

MIKE replied that the answer to that one involved some of his observations in Europe and some conditions in America that flashed through his mind when he looked into the pinched faces and hollow eyes of Europe's children. MIKE's voice became a little husky when he told about the children. He didn't see so many children on the streets. Someone explained that thousands had insufficient clothing to let them emerge from their hovels. MIKE carried pocketsful of mints, bought at the Army post exchanges, and gave them to children whenever he saw them.

"The expressions on their faces almost broke my heart, but I just couldn't pass them by with an empty hand," he said.

But, to get back to the third chance to win the peace: Congressman KIRWAN said we passed up the first chance entirely when we did virtually nothing in coordinated aid the first winter after the war's end.

The second winter, he explained, we sent over tons and tons of potatoes, and they froze on the way over.

"WE MAY BUNGLER IT"

"Now we have our third chance, and we are fairly well along toward bungling it also," he added. "You would think we should learn from our own experience. Remember, in the dark days of the depression, President Roosevelt said our only enemy was fear. We feared the terrible debt of twenty-eight or thirty billions. And many of our citizens fought tooth and nail against the expenditures necessary to bring about recovery. Then we feared the developing militarism of the Nazis, the Fascists, and the Japs. So a majority of us at times feared to build up our strength or to spend for fortification and defense. We feared to offend. So we faced Pearl Harbor, and we found we had to spend and build."

"Now our fear mongers are at it again," he continued. "They fear to spend the money to feed Europe. They fear to send machinery. They fear to build up our Army and Navy. Their fear has delayed us so long that we are already late; I hope not too late. Congress doesn't meet until December. Our fears will be debated a week or so. It will take time to round up ships and get the program going. I hope and pray it won't be too late."

The Youngstown Congressman had definite ideas also about what will happen if the United States program fails.

DANGER OF RUSSIA

"The Russian hordes," he said, "will sweep over the rest of Europe and perhaps into England, too. Only a definite program with plenty of manpower backing it up will stop them. This isn't kidding or seeing nightmares or battling windmills. Anyone who's been in the Russian zone knows that the Russians mean business. Anyone who's seen the terror on the faces of Austrians in Vienna knows that the Russians aren't kidding."

"Why did I find five Russian soldiers on the border at Vienna to every one American?" he asked and continued, "Because Russia is getting ready to move on in further and make slaves of all the rest. If Germany collapses, it will be only a few years before Russia can amass and equip an army of 50,000,000 men, all her slaves. I just want to ask what chance we should have when we can't even get enough recruits now for our limited forces."

KIRWAN explained that the key to Europe is the Danube waterway and that Vienna, where 80 percent of the people voted to the right, must be withheld from the Reds. He recalled Lt. Gen. Geoffry Keyes, in command at Vienna, explaining the position vital to that sector. The Danube, he said, is the key to Europe.

But KIRWAN found communism by no means confined to zones near Russian territory. He arrived in Rome on election day.

REDS PLASTER ROME

"The Communists," he said, "had plastered the whole city with paint. Their signs were everywhere. They had even painted 'Vote communistic' on the wall of the Pope's summer home. They had killed a young Christian Democrat and it took the best of American troops present to protect the funeral procession to the church. I tell you, this menace is real and terrifying all over Europe today."

To this end KIRWAN advised an immediate rebuilding of the United States Army and Navy. He said both need manpower for their present limited strength, and both should be enlarged. The Congressman also took issue with the type of army personnel sent to Europe as occupation forces. He said more than 400 American soldiers were brought back as prisoners on the transport on which he sailed back to America. Further, he was informed that the next army transport would bring back 300 more Army prisoners. Of the first batch, more than 50 were general court martial cases. The others were headed for dishonorable discharge.

"We should have better men than that representing America abroad," he observed. "We should select the best for overseas duty."

While on the subject of defense, KIRWAN had a barb or two for his own colleagues in Congress and for the press and radio of the Nation. He told of being invited, with nine other Congressmen, to hear Secretary of Defense James V. Forrestal and other top-ranking military minds outline the Nation's defense situation. He said seven of the Congressmen excused themselves and left after only a few minutes and that only three remained for the entire meeting.

BLAMES PRESS, RADIO

"The press and radio are to blame for our military might reaching the vanishing point," KIRWAN added. "They urged and urged the quick demobilization, and our forces are now inadequate for our needs."

All of this, the legislator asserted, has had a direct bearing on the attitude of Russia and certainly has kept us from winning the peace. In the scramble of the victors, especially Russia, for parts of Germany, he likened the situation in Germany as he saw it to the early days of Jack Dempsey, former world heavyweight champion.

"Berlin," he remarked, "has four nations in control, just as Jack Dempsey once had four managers. Jack got himself into that mess, and the managers took all his earnings and left him nothing. It wasn't until the court straightened it out that Jack got anywhere. Now, we must straighten things out in Germany, or continuing to get nothing, they'll invite communism."

Aside from the political and economic aspects of his trip, MIKE noted many interesting things. He was amazed at the way Russia is stripping its section of Germany of everything that can be carried away.

"Why, they even took the marble out of Hitler's palace. They took cattle, food, everything."

HIGHWAY IS STORAGE DEPOT

The Congressman was also surprised at some things he saw in the British zone of Germany. In one case, the party had to turn off one of Hitler's prized highways because the British had used 40 miles of it as a dry base on which to store supplies.

KIRWAN admits rather hesitatingly that he bought at the Army posts and distributed over the territory hundreds of packages of cigarettes. Cigarettes, he pointed out, still claim top place among all commodities or paper that passes for legal tender. A carton is worth \$100 in Germany, and several cartons guarantee a full year's food and living

for a family. German farmers will gladly trade food for cigarettes while they eye the mark dubiously. A pound of potatoes costs 6 marks, and the Germans have survived so far on their potatoes.

But KIRWAN's cigarettes went mostly one pack at a time to disabled war veterans.

"Whenever I'd see a man with a leg or an arm gone, I couldn't help giving him something. He fought for the cause he thought was right," the Congressman explained.

Besides the cigarettes and mints, KIRWAN also carried bars of soap in his pockets. German women accepted them most eagerly.

A Better Deal for Brooklyn

EXTENSION OF REMARKS

OF

HON. EUGENE J. KEOGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 1947

Mr. KEOGH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by Edwin B. Wilson, executive editor of the Brooklyn Eagle, over Station WHN on November 12, 1947:

A BETTER DEAL FOR BROOKLYN

It is a fine idea to celebrate in an appropriate fashion the fiftieth anniversary of the formation of Greater New York as we know it today. This is of special interest in the Borough of Brooklyn, for the central fact in the creation of the vast metropolis of five boroughs was the consolidation of the old city of New York and the city of Brooklyn—then the third largest municipality in the country.

Out of it all has developed the mighty world capital which New York is today—a city of over seven and a half million souls, over 2,700,000 of whom are from Brooklyn, which is now by far the most populous of all the boroughs.

However, it should be made perfectly clear at the start that great numbers of dyed-in-the-wool Brooklynites do not think that the fiftieth anniversary of Brooklyn's surrender of her individuality is a fit occasion for celebration. Some even feel that it should rather be marked by the donning of sackcloth and ashes. For these enthusiasts believe that consolidation was a great mistake, that it should never have occurred.

It should be remembered that when the consolidation idea came up in 1897 it was defeated in the city of Brooklyn proper, although approved by Kings County as a whole, by a plurality of only 277, or two-tenths of 1 percent. When the bill was passed by the State legislature, it was vetoed by the mayors of both Brooklyn and New York and had to be passed over those vetoes by the legislature. Such was the popular attitude here at the time.

BROOKLYN-MANHATTAN RIVALRY

There had always been this strong rivalry between the two communities situated on the opposite banks of the East River. When they became coequal boroughs in the new greater city, this rivalry was, if anything, enhanced. At any rate, the feeling grew with the years that the central city government was not doing right by Brooklyn, that far too large a proportion of the available funds raised from taxation were being expended for improvements in Manhattan.

This feeling seemed especially strong in 1941 with the result that the Eagle decided to do something about it. The publisher of the Eagle, Frank Schroth, went to his old friend, the president of Princeton University, Dr.

Harold Dodds, and asked if Princeton surveys would make an investigation to seek the answer to the question, "Should Brooklyn Get a Divorce?" Thus it came about that an historic inquiry was undertaken at the Eagle's initiative and expense.

If the result had been to produce evidence that it would be to Brooklyn's best interests to pull out, the Eagle was prepared to lead a campaign for Brooklyn to secede from Greater New York. But Princeton surveys found that this would be inadvisable, reporting that it would probably cost independent Brooklyn a substantial increase in its tax rate or a marked decrease in its services.

BROOKLYN—ORPHAN BOROUGH

At any rate, we are still a part of New York City; and yet we are Brooklynites as well, with an intense pride in this vast borough. For Brooklyn's personality and individuality were not swallowed up by consolidation. Meanwhile, Brooklyn remains a sort of orphan borough, making it necessary for us from time to time to fight stubbornly for the sort of square deal to which we feel we are entitled.

The tendency of the city fathers has always been to take care of Manhattan's needs first. She got her new supreme court house, her new jail to take the place of The Tombs, her new express highways, and so on down the line. Here was Brooklyn, the famous city of homes or city of churches or city of industries or the city of docks—whichever you wish to call it. Yet it has often been treated like an orphan.

BROOKLYN'S FAME

Brooklyn is one of the best known place names in the world today. The bridge which bears this community's name is the best known bridge in the world—and in our opinion is unexcelled in beauty. The baseball team which bears this community's name is the best known in the world—and came within a hair's breadth of proving itself to be the best in the world. Here is the best known playground for the masses in the world—Coney Island. From here went during the recent war the largest number of Army and Navy fighting men that ever rallied to the colors from any single comparable community at any time in history, over 325,000. Wherever Americans fought throughout the world, the news dispatches invariably revealed Brooklyn men distinguishing themselves in battle. In Brooklyn's great navy yard some of Uncle Sam's finest warships have been built.

Brooklyn's water front is unexcelled. Over its miles of docks from Greenpoint south, along the East River and the bay, products manufactured here and elsewhere in the United States move onto ships to be taken all over the world.

But it is the people who make Brooklyn. Here we find a true melting pot in the great American tradition—people of every blood strain in the world living together, working together, playing together.

It is because of the concentration of wealth and power in Manhattan that its spokesmen seem to feel that it has certain vested rights in the use of the city's tax money which give it precedence over all other parts of the city.

So it is that in spite of Brooklyn's great tax-producing manufacturing plants and docks and warehouses, this borough has had to fight with the leaders of the central borough of Manhattan to secure its just share of the public funds for improvements. And more often than not it has failed to get them.

BROOKLYN EAGLE CAMPAIGNS

And so the Brooklyn Eagle has felt that its prime mission—after presenting the news of the day—is to fight for the things that this community needs. We fought for the elimination of the Fulton Street elevated

structure from the borough's principal shopping thoroughfare. And it came down. We fought for the creation of a Brooklyn civic center and it is now in process of being created—slowly, because of the intervention of the war, but, I think, surely. We fought for the construction of a vehicular link between the two major boroughs and the Brooklyn-Battery tunnel is now well under way.

Because of the neglect of the past, however, and particularly because of the jump Manhattan got in many vital fields, Brooklyn's essential needs today are still numerous and varied, such as the following:

Construction of more subway extensions and improved service on trolley and bus lines in various parts of the borough.

Elimination of motor bottle-necks and improvement generally in the traffic and parking situation.

Elimination of the antiquated, inadequate supreme court house and old, unsanitary Raymond Street jail.

Increased facilities for the high and elementary schools, additional modern hospital facilities, completion of the beautiful central library, and provision for new branch libraries.

We could go on and on.

Most of these needs were listed in the 10-point program for Brooklyn which the Eagle presented on the first page of its one hundredth anniversary number, published October 26, 1941. Also listed was the rehabilitation of the older sections of the borough. In no community in the country is the need for new housing greater. The tenth and concluding point was the revival of a real Brooklyn spirit. We then felt, and still feel, that this is the heart of the whole program. For when Brooklyn lost its independence, there was the danger that it would also lose that intangible something which is generally spoken of as community spirit. Due to the unselfish efforts of many Brooklyn leaders in various walks of life, that spirit which for a time seemed to be waning has, in recent years, been newly aroused. In it lies one of the chief hopes for Brooklyn's future.

But things do move, and under the leadership of Borough President John Cashmore, Brooklyn seems to be in the way of getting a considerable number of vital improvements sewed down pretty effectively. Of course we have to make full allowance for the inability right now of getting various materials needed for any sort of construction work. But if Brooklyn can get its share of these materials, it can have no justifiable complaint.

At times it may seem regrettable that the differences between the five boroughs of the greater city are given as much emphasis as they are, but pride in one's own community is a natural thing, and there should be no reason why a person can not be a loyal Brooklynite and, at the same time, proud to be a New Yorker. For the combination of the contributions of the five boroughs has made New York City a metropolis and, indeed, the capital of the world today.

Much as the Manhattanites at times decry these borough differences, it has been the constant attitude of spokesmen for that borough which has emphasized the situation. Manhattan writers have talked of New York as a Balkanized city and have deprecated what they liked to describe as the less glamorous nature of the other boroughs. Their references to the Brooklyn accent have bordered on the absurd, when it is realized that the same little oddities which they pretend to laugh at are found just as frequently among the denizens of Manhattan as in any of the other boroughs. Brooklynites, however, have long become inured to this sort of thing and take the laughs in their stride.

BROOKLYN'S CONTRIBUTIONS

Over the years Brooklyn has been making more than its share of contributions to the greater city in terms not only of personal

service but of economic and even spiritual values.

It is noteworthy that the first public guaranty of freedom of worship was included in the Dongan charter given in 1643 to Lady Deborah Moody and her little group of English settlers in Gravesend, who came here after they had been driven out of several points in New England because they would not conform to what was then the established religion of the colonies there.

This was a pearl without price, for the principle of religious freedom is one of the cornerstones of American liberty which has made possible the continued success over the years of our form of government. And nowhere is it more important than right here in Brooklyn, where men of every creed worship according to their own lights, while maintaining the friendliest communal relationships.

A BETTER DEAL URGED

The disposition of Manhattan to treat Brooklyn as an orphan has always been hard for us to understand. For in spite of their separate origins and their original development as rival cities, and their present organization as separate boroughs, although within the one great metropolis, each depends on the other to an unusual extent.

To mention only one of Manhattan's debts to Brooklyn, a large proportion of our people work in Manhattan, most of them as trusted employees, but a considerable number running their own successful businesses. It would be difficult, indeed, to determine Brooklyn's share in the success of the hundreds of industrial, commercial, banking, and other enterprises which go to make up the wealth of Manhattan Borough, which, in turn, provides a big share of the tax money which makes public improvements possible. But it is unquestionably a very big share.

So as the fiftieth anniversary of the consolidation of the greater city approaches—and we hope it is celebrated in a dignified fashion, appropriate to the times—Brooklyn as a community looks forward to a fairer apportionment of the city's funds which it has so large a part in creating. We can think of no better news for our borough on this historic and gala occasion than assurance that the sister boroughs of Manhattan and Brooklyn will hereafter be treated as exact equals in the municipal family of Father Knickerbocker.

Rights of Certain Minorities

EXTENSION OF REMARKS OF

HON. ARTHUR CAPPER

OF KANSAS

IN THE SENATE OF THE UNITED STATES
Wednesday, December 10 (legislative day
of Thursday, December 4), 1947

Mr. CAPPER. Mr. President, I send to the desk and ask unanimous consent to have printed in the Appendix of the RECORD an abstract of a Statement on the Denial of Human Rights to Minorities in the Case of Citizens of Negro Descent in the United States of America, which statement was presented to the United Nations on October 23, 1947, at Lake Success, N. Y.

The statement is a product of careful and objective research which consumed more than a year in assembling, editing, writing, and revising. It was prepared by a group of individuals highly competent to deal with such materials, including Dr. W. E. B. DuBois, present director

of the NAACP Department of Special Research, who wrote the introductory chapter and edited the document; Earl B. Dickerson, Chicago attorney and president of the National Bar Association; Milton R. Konvitz, an associate professor in the School of Industrial and Labor Relations of Cornell University; William R. Ming, Jr., associate professor of law in the University of Chicago Legal Institute; Leslie S. Perry, administrative assistant of the NAACP, Washington, D. C., bureau; and Dr. Rayford W. Logan, chairman of the department and professor of history, Howard University.

There being no objection, the abstract was ordered to be printed in the RECORD, as follows:

A compilation comprising some 150 pages of historical material and recent facts relative to the discrimination practiced against Negroes in the United States, was presented officially to the United Nations on October 23, 1947, at Lake Success, N. Y. The presentation was made to M. Henri Laugier, Assistant Secretary General for Social Affairs, and Dr. John P. Humphrey, Director, United Nations Division of Human Rights, Social Affairs Department, by a small delegation from the National Association for the Advancement of Colored People headed by Dr. W. E. B. DuBois, director, department of special research, and Mr. Walter White, executive secretary of the Association.

In receiving the document, Dr. Humphrey said that under the workings of the Commission on Human Rights at the present time, "it has no power to take any action in regard to any complaints concerning human rights." However, he explained, that the Commission is now in the process of formulating an international bill of rights, and he asked the association to continue its efforts for human justice, being mindful of the coming meeting of the Human Rights Commission in Geneva, beginning December 1.

In the first section of the document the terrible cost of race discrimination in this country is clearly and precisely pointed out. Emphasizing the lack of complete biological unit among Negroes, their variation from black to white in color, and their descentance from both white European and red American Indian stock, as well as black African, it is shown that prolonged policies of discrimination and separatism have involuntarily caused Negroes to become practically an enclaved national entity. Thus they are to a large extent provincial, introverted, self-conscious, and narrowly race-loyal. Yet on the other hand, this segregation has impressed upon them the necessity of constant effort to achieve; to deserve, and to prove to the world their capacity to share modern civilization, so that in nearly every facet of American life they have made creditable showing. But it is upon white America that color prejudice has prevailed at such a high price.

It has repeatedly led the greatest modern attempt at democratic government to deny its political ideals, to falsify its philanthropic assertions, and to make its religion to a great extent hypocritical. A Nation which boldly declared "That all men are created equal," proceeded to build its economy on chattel slavery; masters left a mulatto progeny which neither law nor science can today disentangle; churches which excused slavery as calling the heathen to God, refused to recognize the freedom of converts or admit them to equal communion. Sectional strife over the profits of slave labor and conscientious revolt against making human beings real estate led to bloody civil war, and to a partial emancipation of slaves. Poverty, ignorance, disease, and crime have been forced on these unfortunate victims,

and a great nation, which today ought to be in the forefront of the march toward peace and democracy, finds itself continuously making common cause with race hate, prejudiced exploitation, and oppression of the common man. Its high and noble words are turned against it, because they are contradicted in every syllable by the treatment of the American Negro for 325 years.

An outstanding characteristic of a democracy is the right to vote. But following the conclusion of the Civil War, by a "gentleman's agreement" with the North, the Negro was disfranchised in the South by a series of laws, methods of administration, court decisions, and general public policy so that today three-fourths of the Negro population of the Nation is deprived of the right to vote by open and declared policy. The effect of this disfranchisement on democracy in the United States is vividly seen when we consider the relative political power of three parts of the Nation; the North and West, where in 1946 each Congressman was elected with an average of 100,225 votes cast in the election; in the border States (Delaware, Maryland, Virginia, North Carolina, Kentucky, Tennessee, Arkansas, and Oklahoma), an average of 43,288 votes elected a Congressman; while for the southern South (South Carolina, Georgia, Alabama, Florida, Mississippi, Louisiana, and Texas), only an average of 15,785 votes were necessary to elect a Congressman. Thus according to political power which each actual voter exercised in 1946, the southern South rated as 6.6, the border States as 2.3, and the rest of the country as about 1. Thus it is understandable that a national Republican committeeman from Illinois could declare, "The Southern States can block any amendment to the United States Constitution and nullify the desires of double their total of Northern and Western States."

Today racial discrimination in America has superseded its national boundaries and expanded into an international problem as the nations draw together. It is overly important to the United States, since the United Nations is located here, and since the vast majority of the people of the world are more or less colored in skin they render themselves liable to insult and discrimination in being mistaken for American Negroes. It is evident that this may make the functioning of the United Nations more difficult, if not in some cases impossible. Thus, in the attempt of the world to find common ground and to maintain peace, it is quite appropriate that the more than 14,000,000 American citizens of Negro ancestry—a group numbering as many as the inhabitants of the Argentine or Czechoslovakia, or the whole of Scandinavia, including Sweden, Norway, and Denmark; a people nearly the size of Egypt, Rumania, and Yugoslavia; larger in number than Canada, Saudi Arabia, Ethiopia, Hungary, or the Netherlands, or Portugal, or Peru, or Belgium, or twice as many as Australia, Switzerland, or Greece, and half as many as Spain—should appeal to the United Nations, asking this body to recognize fully a situation which deprives a large group of humanity of their rights as people and citizens.

From 1787 until 1914 the legal status of the Negro had declined until on the eve of the First World War the colored American found himself enmeshed in a pattern reminiscent of that which existed before the Civil War. For example, in 18 Northern and Western States, civil-rights acts were adopted after 1884 to protect Negroes from discrimination. But these laws suffered the vicissitudes of legal interpretation, and their present effectiveness is actually a reflection on the race attitudes in the States rather than on the sense of justice in the courts. On the other hand, it is significant that in the Southern States, where legal rights of Negroes have been completely distorted and abused, no civil-rights statutes have been adopted.

were enthusiastic, bills would have been offered, with sponsors aplenty.

The antiinflation program constitutes the first full-dress test of the Employment Act of 1946. And it's certainly not coming off well. Here was a law designed to put economics above politics, to bring the President and the lawmakers together on boom-and-bust matters. But both sides seem as far apart as ever. Is that always to be the Nation's fate when the President is of one party, the majority of Congress of another?

BILL OF PARTICULARS

When Congressmen questioned administration witnesses: "When would you feel it necessary to impose price controls or rationing; what standards would you apply?" replies were vague. Yet if the administration had a clear idea of what it wanted and why, such standards could have been stated. Not precisely, but at least specifically enough to give Congress a feeling of what was intended. A statement such as this might have been appropriate:

"We would not like to see wheat at \$4 or steers at \$45. We would not like to see the cost of living index, now around 164, at 175. If we saw those levels approaching, we'd certainly want to act. But we don't want to be hasty. So, in the legislation we're proposing, we want to set up a board representing the public, labor, industry, and agriculture.

"It would be something like the advisory board set up in the War Mobilization Act. We would take counsel with the board before reimposing price controls, wage controls, or rationing." That, at least, would have been reasonable and sensible—something that TAFT and other Congressmen couldn't kiss off as vague or authoritarian.

The administration witnesses had no monopoly on economic uncertainty or contradictions. Bankers who testified on the program declared that what the country needs is more production. Admittedly. But where are we to get it? The basic bottleneck is steel which is already at capacity. If we could rapidly expand steel output, which we can't, that would only expose other bottlenecks—in copper, lead, transportation, machinery capacity, etc.

STRIKE SLACK TAKEN UP

We've taken up production slack. We haven't lost many man-hours due to strikes this year (see chart). The ITU walk-out in Chicago is the exception rather than the rule. So with manpower operating virtually full tilt, along with steel, coal, electric power, and the railroads, the cry, more production, is unreal.

Somehow, at the end of the fifth decade of the twentieth century—only 14 years removed from the great depression—you'd think that we'd get around a table like mature men and try to work out a way to solve our economic problems.

We have the machinery for it—the Joint Economic Committee and the Council of Economic Advisers. I guess we haven't yet learned to use it. Or maybe, it's just that we elect a President next year.

The Wages-and-Hours Law Should Be Flexible

EXTENSION OF REMARKS OF

HON. WALT HORAN

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 1947

Mr. HORAN. Mr. Speaker, during hearings on various appropriations bills before the first session of this Congress,

I was amazed to learn that hundreds and probably thousands of Government employees were taking advantage of the shortage of labor and their 40-hour week to hold down additional part-time jobs. At the same time, the Government was forced to pay overtime charges to many of its employees in order to get the Nation's business done.

At that time, I expressed the feeling that the wages-and-hours law should be made more flexible so that, in times of extreme labor shortage such as we now experience, full production might be maintained without undue increase in the labor cost of production. This principle, I consider, should apply to private business as well as to Federal employees.

I fully appreciate that the wages-and-hours law was passed at a time when equity demanded that available employment be shared among as many workers as possible. We do not have such a condition today. The health and welfare arguments for a short workweek do not pertain when a man sees fit to work 10 or 20 hours at another job after finishing 40 at his regular stand.

Let there be no mistake about it—I do not by any means advocate the repeal of the wages-and-hours law; I consider the basic legislation very necessary for the welfare of the thousands of unorganized workers who have no collective-bargaining power. At this time, also, I feel that a rise in the minimum wage is in order.

I do believe, however, that no such law should be so rigid that it will not allow for adjustment to meet changing economic conditions. For that reason I am very pleased that the Committee on Education and Labor is considering means of adjusting the provision of this law so as to make it more flexible.

One of the better analyses of the problem is contained in an article by Mr. David Lawrence, as published in the Washington Evening Star for December 9, 1947, which, if there be no objection, I should like to include in today's RECORD.

It is also to me quite apparent that any lengthening of the maximum workweek probably will have to be accompanied by a reasonable increase in the minimum wage provision which would be reflective of the increased cost of living in a reasonable state of health and comfort for the average family. I hope the proper committees and the Houses of Congress will be fully prepared to act on these problems very early in the next regular session.

The article follows:

CONGRESS TO BE ASKED FOR PROGRAM TO CURE
WORK SHORTAGES—MANY MEMBERS SEEK
WAGE-HOUR LAW CHANGES TO AID OUTPUT
GAINS

(By David Lawrence)

Congress soon will be called on to adopt a program to cure the work shortage which is one of the basic causes of present-day inflation.

Many Members of Congress are proposing that the wage-and-hour law be reexamined in the light of current conditions. When it was adopted in 1937, the Nation was still suffering from the effects of depression. The spread-the-work movement therefore was popular and the 40-hour week was adopted with all time over that limit to be paid time-and-a-half rates.

This was in the nature of a penalty against longer hours but it did not work always in the direction of compelling the employer to hire men on a new shift. Many jobs required only 1 or 2 or sometimes 3 hours more and it was not practicable to hire a whole shift for 8 hours. Where overtime was paid, it increased costs. As hourly rates rose, it added sharply to costs and forced prices higher.

PENALTY ON PRODUCTION

Today, with everybody crying for goods, the law penalizes increased production. It is an anomaly that has been allowed to go on because political courage to tackle it is lacking. The Truman administration, for instance, which has been excessively timid about proposing any reforms whatsoever in labor matters, has not come to grips with the overtime problem at all.

Actually labor unions are not too fond of the wage-and-hour law. Some of them opposed its adoption in the first instance. This is because labor-union tradition places the subject of the length of the work week as properly one for collective bargaining between employer and union in specific industries.

The answer made to this was that labor unions were still free to agitate for and strike for a shorter work week. In some industries, like printing, for example, there has been a 35-hour week and in some cases a 37½-hour week. The shortening of the work week has long since been separated from the idea of the health of the workers. It is a transparent device for getting wage increases. In Akron, Ohio, where 6-hour shifts are worked at the instance of the unions, many workers go from their jobs at the rubber factories to part-time jobs in other fields.

The Government has never taken any steps to insure that the health of workers be protected by limiting working hours and, so far as is known, no labor union has done so either—the worker can work at one job for 40 hours and at another for 12 hours more. Fifty-hour weeks are not the rule but it is surprising how many people work at two jobs—that is, for two different employers.

COULD AID UNION ORGANIZING

The unions would not lose much sleep if the present law were repealed. It would help them tremendously in their organizing strategy. As a matter of fact, an argument has often been made that the exercise of the power to fix minimum wages and maximum hours on a particular job prevents unionization. For the law takes care of the vast number of workers who do not belong to any union. Whenever the law can do things for workers that unions usually do, it makes the unions less essential.

A few advocates of a repeal of the wage-and-hour law have arisen but they are mistaken in their approach. The placing of a floor under wages is an effective way to prevent exploitation of a large number of unorganized workers. But the determination of what shall constitute the work week is something else. This could very well be left to collective bargaining but with a limit on the number of hours that could be worked before overtime rates would apply.

If Congress changed the law to make a 44-hour week permissive, it would enable unions to enter into agreements for 42- or 40- or 35-hour weeks dependent on changing needs and fluctuating conditions. If the spread-the-work principle is sound, it is important that flexibility be retained because a boom in one industry sometimes occurs at the very moment when there is depression in another.

The present law is too rigid and needs better definitions of the classes covered. The minimum rate could well be raised, too. It ought to be possible also for the rates of overtime pay to be adjusted so that those who want to work longer hours at straight

time may do so voluntarily and thus earn more money at the same job rather than be forced, as at present, to go to a second employer and work in a different trade.

Revision of the wage-and-hour law is essential to meet the shortage of manpower and work shortage today.

Camouflaged Relief

EXTENSION OF REMARKS

OF

HON. WALTER E. BREHM

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 1947

Mr. BREHM. Mr. Speaker, if a bill guaranteeing direct aid to those needing it is reported to Congress with no strings attached, I will most certainly vote for it just as I have always voted for previous legislation which had as its objective the relief of human misery.

I charge that the vast majority of our present relief supplies are not going direct to hungry people unless those hungry people buy them. They are being sent to the politicians who run the various governments and they, in turn, either sell them through the stores to the people or they are side-tracked into the black market.

Just last year Congress appropriated millions for relief and we know that over \$300,000,000 of this was used in Yugoslavia to mobilize and equip Tito's army. Tito is a Communist leader of a Russian satellite nation.

In order for a government to get American relief, the nation so aided must operate as a police state, the very thing which we are trying to prevent in America.

Is it not just a little ironic that Congress should be called upon to support a program of this kind under the guise of stopping the spread of communism in Europe, or anywhere else for that matter?

There is nothing new regarding Russia's technique in securing converts to communism or building up good will on the continent. She simply invites the folks of the countryside to a party of free sandwiches and free beer. They eat, they drink, they dance, and then go home in a happy frame of mind. Millions of dollars were not spent on propaganda to tell the peasants what a wonderful system communism is. I doubt if the word was even used at the party. Nevertheless those who attended, go home with something in their stomachs, and naturally they become sympathetic with such a program.

Our State Department on the other hand sets up a multimillion dollar program to broadcast the Voice of America. Its purpose is to convince hungry people that America is their friend. If you were hungry would you rather have canned speeches or canned food?

A cup of hot coffee or a glass of milk keeping company with a sandwich in the stomach of some hungry, discouraged individual, will do more to win him over to America's position than all the speeches, canned or otherwise, which have been or

which may yet be made in behalf of some recipient politician.

No one is more willing to share his goods with hungry, destitute, friendly people than I am. However, when magnified relief needs are used to camouflage the real purpose of perpetuating a political party in power, as well as the granting of military loans, and I am asked to swallow it under the guise of helping cold, hungry, and homeless people, then that is laying it on just a little too thick.

I refuse to subject those whom I am honestly and conscientiously trying to represent to further and continued hardships of high prices and high taxes under the false premise that it is necessary to win the peace, when I am convinced that it is the highway to war.

We have learned from long and bitter experience that politicians will not administer relief supplies to the needy without injecting politics into their actions. Remember WPA and surplus commodities? Sure you do.

Why will not this administration agree to employ the various church groups, the Society of Friends, the Red Cross, the Salvation Army, or other capable and competent charitable organizations who are experienced in this type of relief work, to administer the program? Why is it necessary to maintain on the Federal pay roll thousands of persons to administer a program of this type, unless it be for political consideration.

It has been reportedly stated that Russia could take over the whole of Europe within 24 hours and also that Russia and her satellites have over 5,000,000 men under arms who could move at a moment's notice. Now if that be true, then I wish someone would explain how the passage of this bill or any bill proposing any method short of total war might deter Russia from moving, providing she decided so to do.

President Truman has stated in substance that our foreign-aid program is aimed primarily at defeating or destroying communism in Europe, and yet in the same breath he approves the program which permitted his administration to export almost \$10,000,000 worth of supplies to Russia and her satellite nations in 1946, and a like amount during the first 7 months of 1947. No one has yet explained to me how we intend to defeat communism if we continue to send supplies and materials to the breeding ground of communism. This will only increase its potency for begetting a more powerful war machine.

If one is sincere he does not choke a person with one hand and attempt to administer artificial respiration with the other. Either this administration is for or against communism, and it should be consistent and not follow a program of appeasement one time and then later pretend to be tough, just because political expediency seems to indicate that it would be popular at the time.

Anyone who is so naive as to believe that the so-called Marshall plan will destroy communism is ignoring historical facts. Communism can only be uprooted and destroyed by righteous indignation

and an uprising of the people against it. If we are going to lull nations to sleep on the false premise that by sending American dollars and American relief supplies to their country communism will be destroyed, then they will deliberately sit back and wait for it to happen. Only when they know that the salvation of their country depends upon their taking action will they act, just as France is now acting to throw the Communists out.

The nations of Europe should be taught how to help themselves. We will only make weaklings out of them and make them more dependent upon our generosity if we continue our present unrealistic program.

In my opinion, a strong German economy holds the greatest hope for the stabilization of Europe. I am sure that no one wants Germany to ever again become an aggressor military nation. However, when this administration permits German industrial plants to be wrecked and the equipment utterly destroyed instead of converting those factories to peacetime production, then it appears to me that they are formulating a plan which is bound to keep taxes high and goods scarce on our own domestic front. If ever the opportunity presented itself to literally beat swords into plowshares that opportunity exists in Germany today, but is being completely ignored.

The nations of Europe which need financial help should be granted that help so far as possible through loans from the World Bank, as well as from private sources, rather than out of taxes collected from the American public. They have assets and resources. Let them use this collateral to help themselves.

Mr. Speaker, in my opinion Congressman Buck, of New York, properly inspected Europe during the past summer. He drove in his own car at his own expense a distance of 5,500 miles along the highways and byways of France. He did not talk to French officials but instead he talked with hundreds of ordinary people: storekeepers, farmers, mechanics, waiters, laborers, industrialists, white-collar workers, and so forth, who constitute a fair cross-section of the people who make up the French Republic. He was not met and entertained or wined and dined by royalty. He was not just shown the sights which they wanted him to see, but rather he saw with his own eyes, conditions first-hand, and from his own report I quote briefly as follows:

When President Truman told this Congress that food in France is near the vanishing point he was badly misinformed. That statement just is not so. The fact is that food supplies there are adequate but not properly distributed.

But as long as the United States continues its blind, heedless giving, no French Government will take the politically unpopular measures necessary to the solution of France's interior problems. Reliance on rich Uncle Sam is a far easier course.

Congressman BUCK discusses wheat, milk, oils and fats, petroleum products, cotton, and so forth, and gives what I consider the most concise, first-hand report that has been attempted on the floor

of this Congress. The President of France recently stated that there are more livestock in France today than there were prior to the start of World War II. Why then, you ask, are the American taxpayers called upon to contribute \$23,000,000 as provided for in this bill, to furnish milk products, fats and oils to France? Congressman Buck's answer is readily understood. The farmer does not want the French franc because it has dropped too low in purchasing power. He wants things such as fertilizer and equipment. His government offers him only unstable francs, so the French farmer refuses to sell his food to his own countrymen. Should the American taxpayers subsidize a program of this kind?

Mr. Speaker, it is impossible to vote for this particular piece of legislation unless one is willing to obligate and bind himself to vote for all those steps which will follow, including the Marshall plans. It is impossible to take one without accepting all, and I for one refuse to obligate the American citizens to a scheme of this kind.

I realize that charges and counter-charges have been hurled and will continue to be hurled regarding this legislation. The one of isolationism is pretty well shopworn, but still it has been and will continue to be bandied about by those internationalists who seem to be more concerned with foreign problems than they do with taking care of some of our own worthy and needy improvements, such as, improved welfare institutions, increased payments for the aged, blind, and handicapped, greater and more equal educational opportunities for all, improved highways, increased flood control, more adequate housing, and so forth.

Isolationism died forever in the middle of the Atlantic Ocean when Mr. Churchill apparently induced Mr. Roosevelt that America should again hop into Europe's war a second time.

Americans have the greatest record for charity of any people in the history of the world. Anyone who brands as isolationists those of us who are simply attempting to keep our own economy sound in order that we might lead the world to a better day, is simply trying to confuse the issue. We as a Nation are too warm-hearted and I may say gullible for anyone to brand us as isolationists and make it stick.

Remember our relief program in China wherein 75 percent or more of all the supplies which we so generously sent went into the black market and only those with money could get them? The same old group will still have their fingers in the pie.

I feel that if and until a program is offered which I know will put food into the stomachs, and clothing on the backs of hungry and cold men, women, and children, as well as bind up the wounds of the afflicted, that I just cannot permanently commit my people to such a nebulous hypothesis.

If the success of our present or any proposed foreign policy requires a regimented and planned economy in America, then it just cannot be an American foreign policy, bipartisan or otherwise.

I cannot help but feel in the final analysis that instead of thanking us for what we have done, that the nations involved will follow the pattern set after the First World War, and only condemn us for not having done more. This bill was certainly not drafted with the idea in view of how to win friends and influence people for America.

Mr. Speaker, for reasons given, and many more which I could cite, based on the experience and bitter disappointment of the past, I just cannot support H. R. 4604 and still keep faith with those who sent me to Congress.

American Merchant Marine

EXTENSION OF REMARKS

OF

HON. EUGENE J. KEOGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 1947

Mr. KEOGH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following letter addressed to Mr. Frank J. Taylor, president of the American Merchant Marine Institute, Inc., under date of December 5, 1947, by Judge John J. Burns, general counsel of the American Merchant Marine Institute, Inc.:

AMERICAN MERCHANT
MARINE INSTITUTE, INC.,
New York, December 5, 1947.

HON. FRANK J. TAYLOR,
President, American Merchant
Marine Institute, Inc.,
New York, N. Y.

DEAR MR. TAYLOR: In view of some recent developments which may seriously affect the present and future status of member companies who now have or may in the future have operating subsidy contracts with the United States Maritime Commission, I am writing this letter for the information of the Institute's officers and members. A very brief review of the Merchant Marine Act, 1936, and operations thereunder, would appear to be relevant.

Passage of the Merchant Marine Act, 1936, followed a half century of unsuccessful attempts in this country to build up the American merchant marine. We had found both our merchant fleet and our shipbuilding facilities woefully lacking at the outbreak of World War I, and by 1935-36 we saw an ever increasing proportion of our foreign trade being carried in foreign bottoms. American seamen had less and less chance of employment on American flag vessels; American shipyards had practically no new vessels on the ways; shipyard labor, highly skilled, was drifting into other fields.

In section 101 of the Merchant Marine Act, 1936, Congress enunciated the following policy:

"Sec. 101. It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times, (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States insofar as

may be practicable, and (d) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel. It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine."

This policy has been reaffirmed, in almost identical language, in the Merchant Ship Sales Act of 1946 (Section 2).

In the Merchant Marine Act, 1936, Congress recognized that an American steamship company, operating under the American flag and with citizen crews, faces costs far in excess of those met by its foreign competitors. To help offset the competitive advantage in favor of the foreign steamship operators, Congress granted financial aid both in the construction and in the operation of American flag vessels. In both cases this aid or subsidy is measured by, and cannot exceed, the difference between American costs and those of foreign competitors, and to a very great degree, all subsidy payments go, directly or indirectly, to American labor. The construction-differential subsidy may equal, but not exceed, the excess of American construction cost over the estimated cost of building the proposed vessel in a foreign shipyard. However, this construction-differential subsidy may never exceed 50 percent of the American cost of the vessel. The operating-differential subsidy may equal, but not exceed, the excess of American costs for certain items of expense over the estimated cost of such items if the vessels were operated under the registry of a foreign country whose vessels are substantial competitors of the American operator. The items of expenses normally considered in determining the amount of an operating-differential subsidy are: wages and subsistence of officers and crew, insurance, maintenance, and repairs not compensated by insurance.

In order to qualify for either construction or operating assistance an American steamship company must enter into a contract with the Maritime Commission whereby the company undertakes numerous obligations and subjects itself to numerous limitations and restrictions. While these obligations, limitations, and restrictions are set forth in Annex A, attached hereto, a clear understanding of the philosophy and function of the 1936 act cannot be had without an explanation of the statutory system under which subsidized operators must maintain reserve funds.

A steamship company receiving an operating differential subsidy must maintain a "capital reserve fund" and a "special reserve fund." In the capital reserve fund the operator must deposit an amount equal to the annual depreciation charge (figured on a 20-year life expectancy) on vessels on which subsidy is being paid. The operator must also deposit in this fund the proceeds of sale or other disposition of a subsidized vessel or the proceeds of insurance on her loss. From this capital reserve fund the operator may make disbursements to purchase new vessels or to pay notes secured by mortgage on existing vessels. The fund can be used for no other purpose.

In the special reserve fund the operator must deposit all annual earnings in excess of 10 percent. Moneys in the special reserve fund may be used by the operator (1) to reimburse his general funds for operating losses, (2) to make the required payment to the Commission of one-half of the operator's profits in excess of 10 percent over a 10-year accounting period (not to exceed the subsidy paid to the operator) and (3) with the approval of the Commission, after having reimbursed the Commission as in (2) above, to place money in the operator's general funds or to make a distribution to shareholders or employees.

On occasion it is not clearly understood that if a subsidized operator makes profits

In excess of 10 percent over a 10-year period, he must use such profits to reimburse the Government for subsidy payments received. In truth, of the 12 steamship companies holding operating-differential subsidy contracts with the Government, 7 companies now have in their special reserve fund, subject to recapture by the Government at the end of the 10-year accounting period, an amount equal to all subsidy received; the other five companies now have in their special reserve funds sizable amounts subject to such recapture. The gross amount of operating-differential subsidy paid to all companies holding such subsidy contracts since the enactment of the 1936 act is \$49,000,000. Present official estimates show that of this amount approximately \$28,000,000 will be reimbursed to the United States at the end of the respective 10-year accounting periods of the companies. The first accounting period for most companies will terminate on or before December 31, 1948. While the period may be considered abnormal, operating results pay tribute to the plan set up by the 1936 act by which aid is made available to assist an American-flag operator to meet competition from lower cost foreign operators, while any portion of such assistance found unnecessary over a 10-year period is reimbursed to the Government. The plan may well be considered national insurance against reverses which have in the past emaciated our merchant marine.

Pursuant to the 1936 act, holders of operating-differential-subsidy contracts entered into construction and replacement programs whereby the essential trade routes would be serviced by new and modern vessels. In the years immediately prior to the outbreak of war in Europe practically all shipbuilding in this country was for the account of the subsidized lines. These companies have built 289 new vessels since passage of the 1936 act, and, according to the latest Maritime Commission report, these same companies have purchased 98 vessels under the Merchant Ship Sales Act of 1946. Prior to the recent war the vessels of these lines were operating 62 essential services in the foreign commerce of the United States. In 1940, the last full year of prewar operation, vessels operated by the subsidized companies made 785 voyages on these essential trade routes. Their operating personnel and their newly constructed vessels, the finest in the world, were available for immediate war service. Their construction programs, inaugurated under the Merchant Marine Act, 1928, and carried out under the 1936 act, had created the nucleus of this country's great shipbuilding industry which so amazed the world with its wartime production. Unquestionably the Merchant Marine Act, 1936, is the greatest single legislative contribution to the war effort. Without its farsighted planning countless lives and considerable time would have been lost before this country's shipbuilding program, so essential to the armed services, could have materialized.

The Independent Offices Appropriation Act, 1948 (Public Law 269, 80th Congress), provided that, after meeting certain obligations therefrom, the balance in the Maritime Commission's construction fund, established by the Merchant Marine Act, 1936, should be carried to the surplus fund and covered into the Treasury. The Appropriation Act provided further that all receipts which otherwise would be deposited to the credit of the construction fund during the fiscal year 1948, shall be covered into the Treasury as miscellaneous receipts. The act limited to \$10,000,000 the obligations from such construction fund during the fiscal year 1948 for the purpose of paying operating-differential subsidies. The Maritime Commission had estimated at \$28,000,000 its obligation under existing operating-differential-subsidy contracts during the fiscal year 1948. Obviously, the amount appropriated,

\$10,000,000, is insufficient to permit the Maritime Commission to meet its obligations and to carry out the purpose and the mandate of the 1936 act. Present indications are that the amount required for the payment of operating-differential subsidies during the fiscal year 1949 will be approximately \$50,000,000. The Bureau of the Budget is reportedly asking for only \$30,000,000 on this account. The failure of the Bureau of the Budget to recommend an adequate amount for payment of operating-differential subsidies gives a clear indication of a lack of understanding of the purpose and operation of the 1936 act.

Even more important is the implication which might be drawn from other language included in the Independent Offices Appropriation Act, 1948. This language is as follows:

"Except as hereinabove provided no obligation shall be incurred against such construction fund during the fiscal year 1948."

A question has been raised as to what effect, if any, this provision may have on the Commission's authority to carry out or to renew or extend operating-differential subsidy contracts. In other words, does this language in the appropriation act reduce to an annual basis the long-range contract authority granted by the 1936 act? In my opinion the quoted language has no effect whatsoever on the contract authority granted to the Maritime Commission by the 1936 act and I do not believe that any serious contention will be made in this direction. Certainly the entire philosophy of the 1936 act is founded on a long-range program of shipbuilding and ship operation, one which obviously cannot be sustained if the operator's contract with the Government were to be limited to 1 year. Nevertheless, it seems essential that the question of the Commission's contract authority be settled immediately if the subsidized lines are to be enabled to carry out their existing plans for new ship construction. The simplest means of putting this question to rest would be to restore to its normal function the Maritime Commission's construction fund. The same purpose might also be accomplished by legislation or even by express language in a report of a congressional committee to the effect that the limitation on the annual appropriation was not intended and does not affect the Commission's long-range contract authority. These are matters which interested members of the institute will wish to give serious consideration.

The cyclical nature of the steamship industry has long been recognized—the thought is inherent in the statutory requirement for an accounting of the operator's finances at the end of each 10-year period. The present need of the individual operator is not the criterion at all. In normal times the American steamship companies, operating American-flag ships with American crews, cannot compete in foreign trade without the type of governmental assistance provided by the 1936 act, and unquestionably the next 10 years will see our merchant marine in dire need of such assistance because of the competition of foreign-flag ships on their trade routes. If, in the long pull, operating subsidies prove unnecessary, they will be reimbursed in full to the Government. If, however, the future shows that cost-equalization payments are necessary for continued operation, then the payments will have served the purpose for which they are intended—the development and maintenance of a strong American merchant marine. It cannot be overemphasized that payments under the Merchant Marine Act of 1936, in view of the naval auxiliary factor, are just as much a part of our national defense as routine national defense appropriations.

I will be pleased to discuss these problems at your convenience.

Very truly yours,

JOHN J. BURNS, *General Counsel.*

ANNEX A. OBLIGATIONS, RESTRICTIONS, AND LIMITATIONS IMPOSED ON SUBSIDIZED OPERATORS

I. The holder of an operating-differential subsidy contract assumes the following obligations and is subject to the following limitations and restrictions:

1. He must maintain a capital reserve fund and a special reserve fund into which reserve funds must go (a) all profits over and above 10 percent on the contractor's capital necessarily employed in his business; (b) proceeds of all insurance and indemnities on the loss of vessels; (c) proceeds of sale or other disposition of vessels; and (d) an amount equal to depreciation charges on the operators' vessels (sec. 607 (b), (c));

2. He may make withdrawals from these reserve funds only for limited purposes: (a) Payments for replacement or reconstruction of subsidized vessels; (b) payments for acquisition of additional vessels; (c) payments on notes secured by mortgages on the subsidized vessels; (d) reimbursement to the contractor for operating losses; and (e) with the permission of the Commission, payment into general funds or limited distribution as dividends or bonus (sec. 607 (b), (c));

3. He must man his vessels under wage scales and working conditions and provide living quarters prescribed by the Maritime Commission (sec. 301);

4. He is required to employ a higher percentage of citizen seamen than unsubsidized operators (sec. 302);

5. He must undertake a program of vessel replacement (sec. 601);

6. His accounts and records must be kept in accordance with regulations of the Maritime Commission (sec. 801);

7. He is prohibited from operating, directly or indirectly, foreign-flag vessels in competition with other American-flag lines (sec. 804);

8. He is prohibited from operating, directly or indirectly, in the coastwise or inter-coastal trade (sec. 805);

9. Compensation paid to officials cannot exceed the \$25,000 maximum fixed by the act (sec. 805);

10. He must repay to the Maritime Commission 50 percent of his profits over a 10-year period in excess of 10 percent of capital necessarily employed in the contractor's business as determined by the Commission, not to exceed the subsidies received (sec. 606);

11. He must personally maintain, manage, and operate the vessels, without assignment (sec. 608);

12. He is prohibited from employing affiliates to do certain accessorial work (sec. 803);

13. He must carry on subsidized vessels cadets and cadet officers being trained by the Government to become licensed officers of the merchant marine (sec. 216); and

14. He is required by the terms of the standard form of operating-differential subsidy agreement to operate his vessels only on prescribed routes and to make an agreed number of round voyages each year upon sailing dates and with ports of call approved by the Commission.

II. The recipient of a construction-differential subsidy assumes the following obligations and is subject to the following limitations and restrictions:

1. Vessel on which construction-differential subsidy is granted must be documented under the laws of the United States (sec. 503);

2. Vessel must remain documented under the laws of the United States for not less than 20 years, or so long as there remains due the United States any principal or interest on account of the purchase price, whichever is the longer period (sec. 503);

3. Vessel must be insured against such risks and in such amounts as the Maritime Commission may prescribe or approve, such insurance to be payable to the Commission or to the parties as their interest may appear (sec. 503);

DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued December 12, 1947
For actions of December 11, 1947
80th-1st, No. 162

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HIGHLIGHTS: House passed interim foreign-aid bill: Agreed to Anderson-Crawford amendment authorizing purchase of price-support commodities and sale under this program at wheat-equivalent prices; agreed to Andresen-Hope amendment requiring 150-million bushel wheat carryover; rejected Gwinn amendment prohibiting payment of more for grain than market price on effective date of bill; conferees to meet today and have authority to submit report during recess. House authorized Banking Committee to report Wolcott anti-inflation bill during adjournment; committee approved measure, but didn't actually report it yet. Rep. Sikes urged forest-resources development and conservation. Reps. Busbey and Mackinnon submitted resolutions to investigate commodity speculation by Government employees.

HOUSE

1. **FOREIGN AID.** Passed with amendments H. R. 4604, the interim foreign-aid bill (pp. 11397-427). S. 1774, amended to include the language of H. R. 4604, was then passed, and H. R. 4604 was laid on the table (p. 11427). Messrs. Eaton, Vorys, Mundt, Bloom, and Kee were appointed conferees (p. 11427). Senate conferees were appointed Dec. 10. The conference committee is to meet today (p. D715). Permission was granted to submit conference report in recess (p. 11428). Before passing the bill, the House agreed to the following amendments:

By Rep. Anderson, Calif., as modified by an amendment offered by Rep. Crawford, Mich., to direct use of price-support commodities in the program at wheat-equivalent prices (pp. 11397-403). The amendment reads as follows: "Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such commodity is determined to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid to recipient countries under this act, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. Any such agency shall reveal annually to the Congress the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses."

By Rep. Andresen, Minn., to require a minimum wheat carryover (pp. 11410-14). The Andresen amendment specified 200,000,000 bushels, but the House agreed (77-61) to a modification offered by Rep. Hope,

Kans., to substitute a figure of 150,000,000 bushels. The vote on the amendment, as amended, was 109-95. In presenting his amendment, Rep. Hope said he didn't think a limitation was "particularly necessary" but that the 150,000,000 figure "is ample", that he did not think it would interfere with the program, and that, "If it gives any assurance to some people that we have enough wheat for domestic consumption, then I see no objection to adoption..."

Rejected an amendment by Rep. Gwinn, N. Y., providing that, under this program, the prices paid for grain shall not exceed the market price on the effective date of the bill. (pp. 11415-6).

2. INFLATION CONTROL. Agreed to Majority Leader Halleck's unanimous consent request to permit the Banking and Currency and Rules Committees to have until midnight Sat., Dec. 13, to report on H.J.Res. 273, the inflation-control bill (p. 11428). The Daily Digest states that the Banking and Currency Committee agreed to report (but did not actually report) H.J.Res. 273, the inflation-control measure (p. D. 715).

This bill authorizes the President to consult with industry, business, and agriculture representatives with a view to making voluntary agreements to provide for allocation of transportation facilities, livestock and poultry marketing at weights and grades to effect efficient grain utilization, allocation and inventory controls of scarce commodities, regulation of speculative trading on commodity exchanges, or agreements which will otherwise carry out the purposes of the act; authorizes the President to approve such voluntary agreements, but prohibits approval of any agreement which fixes prices or extends beyond Mar. 1, 1949; relieves parties to approved voluntary agreements from operation of the anti-trust laws, etc., with respect to such agreements; extends export-control authority to Feb. 28, 1949; authorizes the President to use price criteria in licensing exports; continues authority for allocation of transportation facilities; authorizes the President to delegate authority under this act to any department, agency, or officer in the Executive Branch; provides for increases in reserve requirements for Federal Reserve banks; and authorizes an appropriation to carry out the provisions of the act.

3. FORESTS AND FORESTRY. Rep. Sikes, Fla., urged an adequate program of forest-resources development and conservation (pp. 11435-40).
4. EXECUTIVE ORGANIZATION. Reps. Hoffman, Brown (Ohio), and Manasco were appointed conferees on H.R. 4469, to authorize the Commission on Organization in the Executive Branch to procure temporary or intermittent services of experts or consultants (p. 11395). Senate conferees not yet appointed.
5. FOREIGN RELIEF. Rep. Stevenson, Wis., urged distribution of foreign-aid supplies through charitable organizations (pp. 11395-6).
6. LEGISLATIVE PROGRAM. Majority Leader Halleck announced that the foreign-aid conference report (if ready) would be taken up Mon.; otherwise the inflation-control measure (p. 11428).
7. ADJOURNED until Mon., Dec. 15 (p. 11440).

SENATE

NOT IN SESSION. Next meeting Fri., Dec. 12.

BILLS INTRODUCED

8. FOOD INVESTIGATIONS. H.Res. 400, by Rep. Busbey, Ill., creating a select committee to investigate and ascertain the facts in charges by Hon. Harold E. Stassen and President Harry S. Truman pertaining to profiteering and speculation in fundamental foodstuffs. To Rules Committee. (p. 11440.)
H.Res. 401, by Rep. MacKinnon, Minn., to investigate the effect on the high cost of living of governmental activities and the extent to which individuals in the Government have speculated in food commodities. To Rules Committee. (p. 11440.)
9. VETERANS' BENEFITS. H.R. 4706, by Rep. Huber, Ohio, to amend the Servicemen's Readjustment Act to provide homes for veterans, through veterans' homestead associations, and the public facilities essential therefor. To Veterans' Affairs Committee. (p. 11440.)
10. PERSONNEL; SALARIES. H.R. 4705, by Rep. Dingell, Mich., to increase the rates of compensation of employees of the Government. To Post Office and Civil Service Committee. (p. 11440.)
S. 1848 (see Digest 161) provides for a \$1,000 per annum increase in Federal employees' salaries where basic compensation does not exceed \$10,000; such increases to affect pay rates of certain employees of the various branches of Government in the same manner as indicated in the Federal Employees' Pay Act of 1946.

ITEMS IN APPENDIX

11. FARMER COOPERATIVES. Rep. Patman, Tex., inserted Secretary Anderson's speech before farmer cooperative representatives at Everett, Wash., in favor of farmer cooperatives and discussing some of their problems (pp. A5027-9).
12. FARM MACHINERY. Speech in the House by Rep. Andersen, Minn., opposing the export of farm machinery and fuel oil while they are in short supply in the U.S. (pp. A5034-6).
13. GRAIN. Rep. Walter, Pa., inserted a N.Y. Journal of Commerce article claiming that distillers are unable to agree on a voluntary allocation program for grain (p. A5015).
14. INFLATION. Rep. Auchincloss, N.Y., inserted a recent speech by L.H. Brown, Johns-Manville Corp., discussing the inflation problem and claiming that Government purchases of grain and sugar are forcing prices up (pp. A5018-20).
Rep. O'Hara, Minn., inserted newspaper articles claiming that high prices are a result of unsound monetary policies (pp. A5032-4).
15. HOUSING. Rep. Albert, Okla., inserted a Washington Post article urging extension of the limit on FHA's mortgage insurance authority (p. A5023).
16. FOREIGN TRADE. Rep. McGregor, Ohio, inserted a newspaper editorial opposing shipment of goods to Russia (p. A5014).
Extension of remarks of Rep. Weichel, Ohio, opposing shipment of goods to Russia (p. A5032).
17. FOREIGN AID. Various articles and remarks on proposed foreign aid (pp. A5012, A5023, A5030, A5030-1, A5038).

18. FOOT-AND-MOUTH DISEASE. The report of the Foot-and-Mouth Disease Subcommittee of the House Agriculture Committee contains the following recommendations for continuing the campaign in Mexico: (1) All-out effort by both countries to hold the quarantine line immediately north of the present infected area and extension and enlargement southward of the sterile zone as rapidly as circumstances permit, with vaccination being used only as an adjunct to quarantine; (2) an understanding by all participants that the program now undertaken is not an abandonment of the effort to eradicate the disease, but merely a postponement until it can be accomplished in a manner acceptable to the Mexican people and tolerable to the Mexican economy; (3) assignment of the best scientists and economists for research and study of the disease and the best methods of eradication in the circumstances; (4) the creation of an office of executive director of the campaign and the selection of a director of outstanding executive ability, responsible directly to the Secretary of Agriculture and acceptable to both countries; (5) the provision for a congressional observer to report to Congress, with authority to examine all the books, records, and documents of the Joint Commission and of the Department pertaining to the campaign; (6) sharing of the costs of the program between the two countries on substantially the same basis as existed immediately prior to Nov. 26, 1947; and (7) that a program substantially as outlined above be made the basis of a new agreement between the U.S. and Mexico.

COMMITTEE HEARINGS ANNOUNCEMENTS for Dec. 12: S. Appropriations, foreign aid (to question Pauley on grain speculation); Joint Committee on Economic Report, inflation control (ex.); conference on foreign-aid bill (ex.); H. Agriculture, fur situation; S. Banking and Currency, RFC investigation; H. Appropriations, independent offices and State, Justice Commerce, and Judiciary appropriations (ex.).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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NATIONAL AND INTERNATIONAL POLITICAL
MOVEMENTS

SUBCOMMITTEE NO. 5

HON. FRANCES P. BOLTON, *Chairman*

REPORT

OF

HON. FRANKLIN J. MALONEY, Pennsylvania
assisted by a staff member

RELATIVE TO

THE POLITICAL SITUATION
IN EUROPE

12/11/47



UNITED STATES
GOVERNMENT PRINTING OFFICE
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POLITICAL CONDITIONS IN EIGHT EUROPEAN COUNTRIES

A. BRITAIN

The outstanding fact of British politics today, as evidenced by the recent municipal elections in Britain, is a swing of strength away from the doctrine of socialism and from the Labor Party. It is too soon to attribute any specific value to this trend, and it is by no means clear as yet whether the Labor Party would or would not lose a new election if one were held immediately. But it is not too soon to ask three questions: First, why did Britain turn toward Labor in 1945? Second, why is Britain now turning away from Labor again? Third, can Britain put forth a real effort for recovery?

The reasons for the victory of the Labor Party are none too well understood in the United States. There is no question, however, about the failure of the Conservatives to recognize the determination of the working classes to improve wages and working conditions, and to be recognized as a definite part of England's future. Promises beyond all possibility of fulfillment were made during the campaign. The Labor Party made promises to the British people in 1945. Even more binding than promises, however, were the expectations of the people. The promises and the expectations were for cradle-to-grave security for every Briton, for British prosperity by the time the American loan would be exhausted, and for peace on earth under the joint good will of the victorious Allies. That they are proving boomerangs is one of the problems of the Government at the moment.

But it was not just those who were lured on by colorful pictures of a birth-to-death security and ease who helped the Labor Party into power. Many young conservatives, disgusted with the selfish and arrogant blindness of their own group and certain that only a thorough shaking awake would bring them to a realization of the changed world, voted for the labor government. To these the inability of this government to cope with the problems of postwar conditions has been a real tragedy. The lack of fundamental know-how, the ineptness and ignorance of the labor leadership, combined with the realization of their inability to make good their promises, has created a situation that may bring about a premature return of Conservatives before they have recognized their mistakes and faced up to the changed future.

The weakness of political leadership in Britain has been conspicuous for two decades. The most important reason for this is simply the three-quarters of a million killed in the First World War. The British Army was filled, until 1916, by volunteer enlistment only, while the other countries had conscription. This meant that the "first hundred thousand" and the many who followed them to death at Ypres and Arras and the Somme were disproportionately the best of British youth. The result is that the group that should be ruling Britain

today, the group that would now be leaders in politics and every other activity, lacks half its members. Eden and Attlee are veterans of the first war, conspicuous among the few survivors of the age group now 50 to 65 years old. One result has been a shortage of Cabinet timber in British politics. Since 1930 good Cabinet material has been so scarce that only a coalition could put forward a full team of high caliber.

The age group who were too young for the first war are just beginning to reach full stature. Recent changes in the ministry have notably called up men in their forties or younger. It may be hoped that the shortage in British leadership will become less serious from now on.

The weakness of British leadership has not been purely a matter of numbers in one age group, however. There has been a lack of statesmanship in the older generation in facing facts. This is most clear in the coal industry, the foundation of British power for a century, and the seat of her deepest economic sickness now.

In the past Britain has mined as much as 280,000,000 tons of coal a year. Of this, 80,000,000 went as exports, or as bunker coal in British shipping, to earn the foreign exchange that paid for wheat and butter. Now Britain must mine 250,000,000 tons a year, and is struggling to reach 200,000,000. The coal is there and the people are there. Why can they not mine it?

For the moment, the coal production problem has two most practical sides. One is manpower; the other is modernization. The need for coal is so great now that manpower must be used to work even the most inefficient mines. That prevents any large-scale use of manpower to open new mines. Few new mines were opened in Britain from 1910 to 1945. The old pits are grossly inefficient because of the great distance to the coal face. New mines are inefficient at the start, simply because so much work must be done before they become productive. So for immediate demand it remains more practical to get some more coal out of an old pit than to open a new one.

The trouble with British coal is the trouble with an industry that has accepted a hand-to-mouth logic for 40 years. The substitution of oil for bunker coal first cut down demand, and the development of hydropower in Italy further cut into the export market. This, by itself, meant that the future demand for British coal, in the 1920's and 1930's, appeared uncertain, and the owners were more inclined to reap what profits they could than to buy machinery or open new pits. But this, taken by itself, meant economic decline. Coal was the energy base of the British economy, as well as a great export item. If Britain could not export coal, she must export more of things made, with coal entering into the making. To do so she must learn to mine coal by modern methods, and learn to use it in modern industry.

The obsolete and inefficient character of the British coal industry in 1945 and today is not the fault of this Labor Cabinet. But it does reflect 40 years of poor leadership, bad economic policy, of profit taking and lack of development, and both Government and industry have contributed.

Britain must find real remedies for this sorry heritage. Two years ago labor regarded nationalization as a panacea. Thus far it has shown no direct effect. Production goals have not been met, labor has not worked hard, management under socialism has not proved new and vigorous. English life has remained austere and drab. Supplies are short, and rationing is still accepted with good discipline. There

is in Britain, in contrast to the freer economy of Belgium and the disorderly economy of France, a combination of equality and dullness in which the British seem to take stubborn pride. But the dullness includes a lack of motivation, a failure to stimulate British energy.

One positive physical task has been done in Britain, in the 2 years when the American loan was spent, that puts them in a better position to go ahead. Bomb damage and ordinary wear and tear after 6 years of war had left the whole living and working plant in bad shape. A great deal of labor has been performed which was necessary, but for which there is very little to show in the way of production. The British have repaired their broken windows. Insofar as such labor had to be done, and has been done, it represents a genuine asset value. Insofar as it had to be done and does not have to be done from now on, the efficiency of British labor can now improve.

Whatever Britain does to make herself self-supporting and prosperous involves exporting goods to other countries, and this is not subject to free British choice. The condition of international affairs is a given condition, and the British reaction to this condition is in turn an element in the British view of the economic future, and of her possible future markets. She cannot plan future production for export to future customers without guessing who the customers may be.

This makes Britain reluctant to accept a cleavage between the United States and Russia as representing an unavoidable choice. British labor opinion, at least, clings to the hope that there will be increasing trade between western and eastern Europe in coming years, and even that Russia may withdraw from any intransigent stand on the Stettin-Trieste line. They hope that moderation will win back for Europe such countries as Hungary and Czechoslovakia, which they fear might be lost if the antagonism becomes too bitter. They tend to criticize the policy of the United States in Hungary as tending to ruin the Socialist Party in Hungary, which they regard as an asset to be preserved, if possible, for its usefulness in more moderate times. But they also regard Russian foreign policy as very stupid in recent months. Labor Party sources state that Vishinsky's speech at the United Nations in August could not have been better for American purposes had the Americans written it for him. The same persons expressed the utmost approval of the United States policy in Greece which led to the formation of the Sophoulis cabinet.

Communism, which is an important factor in almost all continental countries, is negligible in Britain. The Communist danger in Britain has been prominently associated with the powerful position of Mr. Arthur Horner as secretary of the Union of Mine Workers. A fairly close examination of his status leads one to discount any alarmist interpretations. Mr. Horner has been a champion of the miners' interests all his life, and he has been highly respected as a labor leader. At the same time, however, the rest of the leadership of the union is entirely non-Communist, and the union itself voted very heavily against a motion to permit Communists to join the Labor Party.

The Labor Government has not been able to fulfill the expectations of the British people. The British people have showed the effect of this directly in the local elections early in November, when there was a strong swing-back to the Conservatives. They show it also in other ways.

One of these is a loosening of discipline in the Parliamentary Labor Party itself. This should not be exaggerated, as it sometimes is, to the extent of thinking that the Parliamentary Labor Party might break up and the Government fall. But there is a group of left-wing Labor members who are dissatisfied with the party leadership, demand more energetic policies, hope to get a reshuffling of the Government with the entry of some of their own members into the Cabinet or into lower ministerial posts. There is as yet no indication that this group, or any other, might vote against the Government on a question of confidence.

At the level of the workers there are indications of a lack of confidence in the general economic system, and in the value of money. This takes forms quite peculiar to Britain. There is little or no black marketing, and little or no tendency toward buying hard goods in order to avoid the effects of inflation. The most pronounced evidence of lack of confidence in money is the unwillingness of individuals to work for money that they cannot spend to any advantage.

The most direct evidence of this is in the coal industry. The obvious means of inducing labor to go into coal mining was to raise the level of wages. At present the highest-paid workers in coal mining—those who cut the coal at the face—can earn £10 a week. There has been a tendency, however, for workers to quit after 4 days, and it is extremely difficult to get 6 days' work out of anyone, because £6 a week is enough to buy everything that can be bought. The miners have had no established habit of saving, and they have had social security in one form or another for almost a generation. They also lack any secure confidence in what savings might buy next year. They will not work, therefore, for the sake of putting money in the bank. Special inducements have been tried in particular localities and have worked well in some cases. British workers cast their protest votes against the economy if not against the Government when they loaf or when they indulge in flash strikes.

The final question is will Britain try hard? This cannot mean merely longer hours. The brains of Britain, more than the brawn, have got to sweat. Policies that have stimulated profit taking instead of modernization must be overhauled. An appeal to renewed effort must rest upon at least a convincing case for a new kind of realism. There is, according to the testimony of almost all of the British witnesses consulted, a real national determination to make themselves independent of American aid. One member of Parliament insisted that this is the only way in which he can get a positive reaction from an audience for the need to increase effort. He was only anxious that the United States should understand that this is not anti-American in its foundation, but rests simply on an appeal to British self-respect.

A visit to one Kentish coal mine produced related evidence. The mine is a new one and the equipment is excellent. The staff of the mine are extremely proud of the very fine dressing rooms and shower baths available to the miners and of all of the equipment of the mine. They have recently raised the production of the mine substantially by making changes in the handling of the coal, and they are enthusiastic about further improvements in equipment and production in the near future.

There are at least some people in British industry and in British politics who have a sort of hard-boiled optimism about solving the

fundamental problems of British industrial production. For the moment they are wrestling with the dilemma that labor morale must improve before production, while at the same time only consumers' goods can serve to raise labor's morale. They have already made progress, however, in raising the volume of manpower in coal mining, which is the fundamental prerequisite to maintaining production from the old pits while digging new ones. *Once they can start getting new pits to the point of high output, it will become increasingly easy to go on opening new ones* in order to abandon many of the old and inefficient pits. The latest figures on British coal production show excellent recent progress. The exhaustion of the American loan and the hope offered by the Marshall plan may be credited, each in part, for the increased effort.

This is typical of all British problems; there is a hump; and if the hump can be surmounted, things will be easier thereafter. But the humps are higher and more difficult than Britain has been willing to believe.

B. FRANCE

The great success of de Gaulle's Rassemblement du Peuple Français (RPF) in the municipal elections held in France in October gives a concrete measure of political opinion in France today. The special features of French politics since liberation have been: (a) One of the two strongest Communist Parties in non-Soviet Europe; (b) the previous failure to develop any really strong non-Communist Party; and (c) an inflationary and disorderly economy. The rise of the RPF is the most important single political development in any European nation this year, but it can be understood only on the basis of the three factors in the French situation already mentioned.

The Communist Party of France has gained nearly one-third of the vote in some postwar elections, and it is still able to gain a quarter of the vote. This means that nearly 5,000,000 French men and women would vote Communist. The party membership is about 1,000,000, and of this about 200,000 are the solid cadres, capable of anything.

The large membership, large voting strength, and rich finances of the Communist Party were only a part of its political assets 2 years ago. It had the respect and tolerance of most of non-Communist France as well, and anti-Communist forces in France scarcely existed. Communist members sat in the Cabinet, and French democracy was based on Communist collaboration.

The French Communist Party gained this position in France during the last half of the war and in the first months of liberation. When the Nazis attacked Russia in June 1941, the French Communists immediately plunged into anti-German activity. Being organized and trained for such activities, they readily demonstrated their ability. Other Frenchmen saw that the Communists, as underground fighters, were both efficient and "not afraid to die." The result, in the years 1945 and 1946, when even American policy was apparently based on a very favorable estimate of communism, was not surprising.

In the first year of liberation the Communists acquired further assets that they still hold. More than any other party they plunged into direct trade-union work, and they acquired a predominant position in the General Confederation of Labor (Confederation Gen-

erale de Travail—CGT). Through methods ranging from the collection of dues or contributions to the seizure of large sums of money in the period of liberation they have been very well financed. The scale of the propaganda machine they have been able to maintain is best measured by their press. They have 11 daily papers in France and 71 weeklies. In addition to these, they publish no less than six monthly and two bimonthly journals.

The Communists also hold one other asset of great significance—the Constitution of the French Union that they helped write. Thanks to their influence, every proposal designed to provide a more responsible and integrated government was compromised. The National Assembly is elected by the “list system” of proportional representation. The provision for dissolution and new elections is so watered down as to be ineffectual. The old multiparty system, requiring government by unstable coalitions, is preserved and encouraged. This helps the Communists by giving them offices in full proportion to their votes, and also makes a strong economic policy, which would be a disaster for the Communists, nearly impossible.

In the elections of 1945 the Socialist Party and the MRP (Mouvement Republiquin Populaire), together with the Communists, appeared to be the three great parties of France. The old Radical Socialists had been nearly wiped out, and many of the former small parties on the right had been assimilated into the MRP. Since then the appearance of a new three-party system has tended to dissolve once more into the old familiar multiparty system. The failure of the MRP to establish itself as a great French party contrasts with the success of the Christian Democratic Party in Italy and the Catholic Party in Belgium. The municipal elections in France in October showed how far this failure had gone, the MRP losing two-thirds of its former strength.

The instability of the French economy has affected all shifts of opinion, and consequent shifts of party strength. In some respects this parallels the British case, while in other respects it is radically different. The inability to stabilize money in advance of stabilizing foreign trade is analogous to the case of Britain. The resort to a complex system of regulations, including rationing and price controls, is also analogous. The development of a two-level economy, with a legal market of wages, commodities, and prices existing side by side with an illegal market on a gigantic scale, is altogether unlike anything in Britain. The presence of billions of hoarded gold while the Government has no dollars is one illustration. The fact that only about 40 percent of the French wheat crop this year has been “commercialized”—that is to say, sold at the legal price in legitimate channels—is another. This does not, of course, mean that the other 60 percent is all in the black market. Much of it is retained for seed, and much of it is consumed by the peasants. It must be understood also that much of the illegal economy of France is rather gray than black. It is not conducted under possible penalty or prosecution for the most part, but it is conducted through special and laborious contacts rather than through regular and easy channels of trade. And it operates in a way that defies all efforts to maintain equity between groups and classes. Every variety of profiteering and racketeering exists, and all of the destructive consequences of inflation are in operation.

In this situation the French Government has been unable to adopt any effective policy. The resort to complex but poorly enforced controls has earned the derisive nickname "dirigisme" for the economic policy of the Government. To students of French politics over the last 20 years the pattern is altogether too familiar. In the 1920's France approached the very edge of economic catastrophe before permitting Poincaré in 1926 to save the franc. After the bloody Stavisky riots in 1934, Doumergue was permitted for a few months to try a strong policy dealing with the real issues. At other times the multi-party system, with the necessity for a conglomerate coalition to support any government, always meant drift and evasion.

Today it would, of course, be very difficult for France to stabilize the franc in advance of general prosperity in Europe. Yet only by preliminary stabilization can France fit herself for participation in a general European recovery. When one considers the difficulty of approaching a trade agreement between France and any other country in the absence of any firm future value for the franc, this is apparent. The irrelevance of present legal values to any real values is apparent to anyone who visits France and learns the very wide disparity between the legal rate of exchange and the black-market rate, or the disparity between the legal rate and the prices of commodities.

Since 1945 the Communist line in France has been singularly sterile and old-fashioned. On the one hand, they never cease to insist that labor must have higher wages. This is always true of some particular group, and therefore is effective in gaining favor with that group. It is also perfectly clear, however, that it offers no solution of the general problem of inflation. After 2 years of spiraling prices and wages Frenchmen are, like any other people, ready for something more constructive.

The Communists also beat the drum for French nationalism and French sovereignty. Thus, in their campaign propaganda before the October elections they shouted that the issue was the continued existence of France as a nation; that only the maintenance of Communist strength in France could maintain France's independence against American imperialism embodied in the Marshall plan. They make the most demagogic use of French claims against Germany. When shipments of French beet sugar are moving to Germany under international allocation, the Communists call strikes and even resort to sabotage to block the shipments.

The Communist tactic of calling strikes in key industries is often interpreted outside of France as a strictly political tactic designed to ruin the French economy and to produce the conditions for further Communist success. Actually, it is very difficult within France to put one's finger on any case of a purely political strike. It is even said that the workers would not support one. But in an inflationary and unstable economy it is impossible to establish a condition where no group of labor has a legitimate grievance. The adjustment of wages to rising prices is erratic. Whatever group has gone for the longest time without a raise has a legitimate economic claim. As long as unstable economic conditions persist it is impossible to deprive the Communists of this weapon.

In spite of the great fund of French good will which the Communists enjoyed 2 years ago, and in spite of their resources and skill, the Communists in France have lost ground and will lose more. On the

one hand, the Communist platform or doctrine offers nothing constructive. For inflation they have no remedy but higher wages or capital levies, ending in destruction of a free economy. On the other hand, Communist actions have begun to turn the French against communism. The growing disillusionment with Russia and communism which developed from the time of the Potsdam Conference in 1945 up to June of this year has been intensified in France, as in all other countries, by Soviet antagonism for the Marshall plan, Vishinsky's speech at the United Nations in September, and the reestablishment of the Comintern or Cominform, in September 1947. The crisis has deepened throughout the past month as the Communists have turned toward violence.

The evidence of Communist decline was given in the municipal elections held in all France on October 19 and 26. De Gaulle's new group, the Rassemblement du Peuple Francais, made its first appearance on an anti-Communist platform and calling for revision of the constitution. It received about 38 percent of the vote, and became the leading party by a greater margin than any other party since the war. The Communists held their own vote with only slight loss. A most illuminating detail, however, was that where the Socialists entered a Communist alliance they lost heavily, while where they rejected it they held their ground. In previous elections 70 percent of France was non-Communist. Now the same proportion is anti-Communist.

The Communists in France have already lost one good asset—the sympathetic tolerance of the other three-quarters of the French people. They are likely to lose in the next year the support of many of the pro-Communist French voters. Their adversary, De Gaulle, is still blocked from power by the constitution. The Communists have intact their party membership and they still retain in full vigor their central cadres with money and arms. Having lost the tolerance of non-Communist France, and being about to lose probably half of their popular support, they must eventually lose much of the strength even of their cadres. This naturally faces them with a choice whether to accept this situation or, alternatively, to use their assets while they have them. The latter course will mean civil war in France.

It is against all this background that the rise of the RPF must be understood. The RPF maintains that France cannot meet her present problems without a strong form of democratic government. In order to have a strong government, they claim, it is first of all necessary to revise the constitution. The system of elections should be changed in order to discourage the multiparty system and develop a coherent majority that could adopt a consistent policy. The executive must be strengthened, particularly through a stronger power to dissolve the Assembly and appeal to the country for its judgment on policy in a new election. A stronger government and a better managed economy in France is a necessary preliminary to strengthen collaboration by France with other nations. The Communists, constantly referred to by De Gaulle as "separatists" and never by name, are regarded strictly as the agents of Russia working against the recovery of France. Communist charges that the United States is imperialistic are denounced on the ground that United States aid has been and remains generous and disinterested.

The RPF holds that there is no choice for France but between communism on the one hand or a new and stronger democratic govern-

ment on the other; that communism would mean a police state, while the RPF would mean a strong but constitutional government. Much of the RPF line is strongly reminiscent of the doctrines expounded in the *Federalist* 160 years ago by Hamilton and Madison. They insist that the issue must not be confused with any issue of Right versus Left. Communism today is not the Left in any familiar sense, and de Gaulle is not the Right. The issue is simply one of creating governmental institutions strong enough and efficacious enough to give France a democratic government that can meet its problems. If this is not done it will drift into chaos and then a police state.

The nonparty character of the RPF is illustrated by the formation within the present Assembly of an "intergroup" of members of many of the present parties willing to support de Gaulle. This group, which became publicly known in August, later was squelched by the old party regimes threatening their members with expulsion. The RPF tactics in the elections of October 19 and 26 remained in many respects those of a nonparty group. In particular the RPF vote, identifiable as 38 per cent of the vote of October 19, largely disappeared under direction to vote for the strongest anti-Communist candidate on October 26.

The success of the RPF in showing itself as the strongest political group in France in the October elections immediately posed the question: How could this success in a nation-wide election for municipal mayors and councilors be translated into power and influence in the national government?

The RPF itself recognized that it could take no serious measures to meet the difficulties of this winter unless it gained power almost immediately. They have no desire to attain national power between the middle of November and next April. For the moment it is not clear how or when de Gaulle can come to national power, nor even clear that he will. It is only clear that he intends to try, and that the Communists have every reason to view this with alarm. *L'Humanité*, the great Communist daily, is exhorting the party to form defense committees, and civil war appears to be a possibility.

The predominant fact about French politics and opinion is that the existing parties of the right and center have broken down and a new party has taken their place. Since this has occurred in the period between national elections, but has been made clear and definite by the local elections all over France, it presents a political anomaly. The new group is not yet strong enough to break and regroup the existing parliamentary parties in the Assembly, but it is strong enough to prove that the present Assembly does not represent France. Whatever solution is found to this problem, that solution will lay the premises for the political life of France in coming years, and for French participation in European economic recovery, for better or for worse.

The Cabinet crises in France from November 19 to November 23 made one thing plain. Ramadier was no longer able to govern with both the Communists and the RPF against him. Blum was unable to win a majority after attacking the same two groups. Schuman was then called upon by President Auriol, and in his speech to the Assembly attacked the Communists, but not de Gaulle, and won the votes of two-thirds of the members. If this means anything it means that no government can stand without the tolerance of the RPF.

C. GERMANY

The principal features of German politics are the weakness of all German political institutions, the waste of German energies in the chaos of a double economy, the resentment of occupation, and fear of the future. It is natural that German political institutions are weak, for they have been formed in a country with a prostrate economy, and after a period of 12 years when all but Nazi institutions had been eradicated. The German economy more than any other in Europe is one in which people spend half their time at hard labor but produce nothing, in a very laborious process of swapping whatever they have that is acceptable for something they want. The Germans live under foreign military occupation, with all major policies imposed from without, and with the reasons for any policy, if there are good reasons, seldom apparent to those who live under it. The Germans fear the future in proportion as the future is uncertain. And the future is uncertain on the fundamental facts of German life.

The present German political leaders are almost wholly survivors of the politics of the Weimar Republic antedating 1933. They are what is left of German political personnel after 12 years of emigration, 12 years of normal death rate, 12 years of casualties at the front or as civilian bombing victims, and 12 years with no recruitment from youth. The German parties that have been formed are trying to operate in a country without boundaries and with no responsibilities for German National Government. German labor unions are led by surviving labor union personnel, with all the shortage of experienced people that applies to politics. German education is proceeding with a shortage of teachers, of textbooks, and of every other facility.

In no country has there ever been such a wide gap between the older and younger generations as there is in Germany. Those who are over 40 years of age were adults in the Weimar Republic before the depression. But a person born since 1924 certainly has no memory of a society where hope and confidence in democracy was present, for that confidence was withering when he was no more than 5 or 6 years old. The age group that is now 20 to 40 has lost about 6,000,000 through deaths, plus war prisoners not yet returned. This is a loss with no precedent in history and will affect the whole fiber of German society for 30 or 40 years to come.

In the meantime plans and efforts are being made toward the re-education of Germany. Of these, it must be said, at least, that they are well intentioned. But there is also a process of education going on, unplanned and unintended. The Germans live today in a world where bootlegging covers every commodity, and a quarter or a third of total transactions.

The consequences of the present weakness of German leadership in numbers and vigor are complex. As one observer has described it:

The progress on the road to democracy as demonstrated by present Bavarian political leaders is not overwhelmingly gratifying; it might better be asked: "Which democratic road are these gentlemen traveling?" They are mainly older men who have lived under three different governments and must now establish a fourth which contains the virtues but none of the faults of all the others. They understand the word "democracy"; they comprehend democratic procedures; but they also believe that the previous system of doing things in Bavaria worked out best for all concerned. Most of all, they have had to change their tactics and their way of life so often during the past 20 years that the vision of the good

old days has become almost an obsession. They, like many others, are looking backward in order to find the way to peace and a secure, established order of society. Today, after 2 years of occupation, these leaders, officials, and politicians have been continually subjected to the spotlight of the occupation stage, speaking new lines or twisting the old to fit new conditions. Assailed and berated from all sides, haunted by the specters of past, present, and future mistakes, they are tired men. Their public behavior varies according to their mood. Some lapse into flashes of almost forgotten court mannerisms, or are stirred by the vague belligerency of republican parliamentarism, or are suddenly inflamed by the smouldering recollection of indignities suffered under the late Fuehrer. If uninterrupted, they will readily deliver a creditable speech or recitation on their aims, desires, and purposes; in discussions, however, tempers flare, and arguments are resolved into meaningless denunciations.

The German economy is as much more disorderly than the French as the French is more disorderly than the British. The war left Germany with a national debt and a monetary circulation comparable for the country to those of the United States. The effect of a national debt of three or four hundred billion reichsmarks, and of a note circulation of more than sixty billion reichsmarks, in a completely broken-down economy is what any economist might have predicted. The money continues to circulate and to carry some value simply because some kind of money is indispensable. But the money is so nearly worthless that a whole nonmonetary economy has grown up beside the regular money economy. A German receives his wages in marks, spends his marks for his legal rations or his legal rent, but could not live on the legal rations. Yet Germans do live, and what keeps them alive is the other half of the economy, which is on a barter basis. The barter is to some degree streamlined or simplified by the predominance of a few commodities, such as cigarettes and care packages, as, in a sense, negotiable instruments.

The most important present characteristic of such an economy is simply that it is fatiguing. As some observers see it, the average German has a job at which he should work 40 hours a week, and after absenteeism he actually works at it something over 30 hours a week. In order to get to this job he must get from whatever fate has offered him in the way of a roof, under extremely bad conditions of local transportation. In general terms of averages this means that most Germans walk or ride bicycles great distances. Aside from this job, the German must spend several days a month in the business of shopping in the "gray" economy.

The chasm between the two markets is readily measured in prices. A moderate wage may be 300 or 400 marks a month, and this may be enough to buy legal rations for a month and pay rent. Yet this is less than the price of one kilogram of butter, and it is clear that something like one-quarter, at the very least, of all German food is obtained on the black market. This means it is bought for a spare pair of shoes, or some unbroken china, or whatever a German may find that some farmer will accept. A whole class of Germans make a full-time activity of this barter trading, and almost every German has to make a part-time activity of it. If the Germans are tired today, and at the same time unproductive, it is because it takes such enormous energy to operate this kind of exchange.

The important thing about such an economy for the long term is that it is demoralizing. Bernard Baruch has said of inflation that it "next to human slaughter, maiming, and destruction, is the worst consequence of war."

The demoralizing effects of inflation are apparent everywhere in German trade. Such a system works against every kind of theory of social justice. There are the clever and unprincipled who are well fed and who prosper, and there are the honest and scrupulous who are poorly fed and poverty stricken. But, as already stated, the greatest effect of all is that everybody is tired.

A typical feature of the legal economy is the well-trained German plugging away at his job. This may be a German railway worker, or an engineer in the Farben works continuing to use his knowledge of how to make insulin from pancreas. In any case, he is working with a shortage of labor, a shortage of essential materials, interruptions due to lack of power or failure of transportation, and interruptions for his own necessary expeditions into the black market. The product is low in relation to the effort he puts into it—frequently only a fraction of what it would be in a normal economy. Until recently he did not know that the plant in which he works might not be dismantled for reparations eventually. He still does not know how to make firm contracts in unfirm money, or how to find the wherewithal with which to fulfill a contract if he can make one. But he sticks with a fatalistic patience to the job that would be a decent one if the economy ever became decent.

Resentment of occupation is not acute, but, of course, is present. Aside from this, however, the Germans feel that they have legitimate grievances in some respects. As one commentator put it: "Instead of a stable ship of state, military government seems to them a rudderless hulk, unsteadily steering an uncharted course and foundering in a sea of paper." Besides the major uncertainties as to whether Germany will ever be united again, and when and how she will ever have a normal currency, this resentment particularly applies to specific occupation policies such as denazification, dismantling, and the status of displaced persons.

The faults of denazification have been pointed out in even American discussions of the problem. No suggestion is hereby made that there were no wicked Nazis; only that many a man joined the Nazi Party for more or less simple and obvious local and temporary reasons. The disqualification of ex-Nazis from any role in the economy but that of hard manual labor has meant that a large fraction of the most able personnel in Germany has been removed from its most useful function. This remains so even after the separation of "little Nazis" from "big Nazis." If this had meant that hundreds of thousands of strong young men were engaged in hard physical labor, it would be one thing. What it has meant is not this and for three reasons. First, a great proportion of the strong young men who were Nazis are now dead; second, many lawyers, doctors, engineers, bureaucrats, and other professional people had Nazi Party membership; and third, any clever and energetic person can become a full-time black-market operator easily enough to avoid the prospect of physical work.

The activities of the occupying authorities in dismantling plants for reparations and in dismantling all monuments of the Nazi regime are resented in the one case as threatening the future of the German economy and in the other as sheer waste of time.

The plant-dismantling program has finally passed from its most aggravated phase, when it was unknown just which plants would be dismantled and therefore unknown which plants could assume they had

an economic future. The final announcement of a list of 682 plants, in October, has at least made this definite. The dismantling program, however, remains a matter of resentment, and this resentment is stimulated by reports that some of the plants to be removed reflect the interest of British industry in removing competition. Only a comprehensive and systematic report on the reasons for placing each and every plant on the list could prevent widespread rumors and discussion from playing with the subject in a loose fashion, or could prove that the list is well selected, if it is so in fact.

Uncertainty about the future, and a consequent fear, is one of the fundamental conditions of all German psychological and political thought and feeling. It could not be otherwise in a country which does not yet know its future area or boundaries, which has no idea when or how it will again have a normal kind of money, and which views from the point of view of a door mat the development of antagonism between the two great powers which have already overrun it. The Germans hope for the time when occupying forces will be withdrawn, but they always add hastily that the Americans must not leave before the Russians. In the meantime, their uncertainty about the future role of the United States and Russia leaves them fearful, even in Bremen and Frankfurt, of committing themselves too strongly to an anti-Communist position for fear of the consequences.

It is impossible, as long as there is no unified Germany, for any German party to face national problems and develop a national platform in any practical and permanent sense. So far as German minds try to grapple with national problems, they are now stymied by the apparent possibility of a division of Germany into two zones for an unpredictable period.

Under these conditions a natural consequence is a prevalence of rumor. The general lack of information favors rumors, and at the same time there is ample material for rumor to feed upon. Fugitives from Soviet-dominated Europe do not pass through Germany without leaving traces. Soviet emissaries trying to recruit former German generals in the western zones cannot operate without starting gossip. In Germany it is the more understandable that a small-scale United States military maneuver in Bavaria caused a wave of rumor that the war between Russia and the United States had begun.

In the strange world of Germany, which resembles nothing else in Europe, Communist tactics take special forms. Communist strength in Germany is now estimated at no more than 5 percent in some western areas. Sober opinions are that the Communists would get no more than 10 percent of the votes in the Soviet zone in a fair election. Under occupation, and in a hopelessly depressed economy, ordinary labor-union tactics, strikes, and leadership in demands for higher pay or shorter hours are out of the question. The Communist tactic in all other countries, of appealing to straight nationalism, is also out of the question in Germany. Stalin during the war and Molotov at Paris on July 10, 1946, tried to promise better things for Germany than the western Allies. But American policy since then has not left them an opening. The Communist appeal in Germany is, therefore, based almost wholly on the idea that the future of Germany would be better under communism, and little, if at all, upon particular local or temporary issues.

In the meantime Soviet Russia pursues tactics of fishing in the troubled waters of Germany which have little to do with any effort to make the Germans Communists. In the Soviet zone the use of force is always latent, and there are many reports of kidnappings or arrests with no trial and no charges. In both the Soviet zone and the western zones there are many reports of offers made to German soldiers, aviators, and scientists to work for the Russians. These are often made to able Germans who, because of Nazi connections, are disqualified from normal economic pursuits. They include offers to former German soldiers to accept commissions at high rank in the Russian Army, where an ignorance of the Russian language, they are assured, will be no disqualification or disadvantage.

In summary, Germany is a spineless society lacking in initiative and in the conditions which would permit any constructive initiative. Many Germans are going through the motions of work in their professions, but with no sense that they can plan beyond tomorrow. These conditions apply to all political thought and feeling. This means that few Germans take the present German political parties very seriously, and many able elements abstain from all party contact. There are no German ideologies, and no full-fledged parties. This does not mean that there is no leadership, but it does mean that the present leadership, in spite of devoted effort, is making little progress as yet.

D. AUSTRIA

The political reactions of the Austrian people, and consequently the party politics of Austria, are conditioned by two facts: first, Austria is an occupied country; second, Austria is, legally, not a former enemy country.

As an occupied country, Austria has been subject to the supreme control of an Allied Control Commission, has been required to adopt anti-Nazi policies, and has been vulnerable to the seizure of former German property by Allied authorities, principally the Russians. As a nonenemy country, Austria was granted a unified Austrian Government with wide powers under the control agreement of June 1946. A remarkable feature of this agreement is that laws passed by the Austrian Government take effect unless unanimously disapproved by the Control Commission. This arrangement, in effect, imposes a veto upon the veto, and means that the Austrian Government is able to govern the country as long as any one of the occupying authorities approves of its measures.

The result of this situation is unique. Austria is a strategic area of tremendous importance to all of Europe, being able to control all through traffic on the Danube and all northwest-southeast flow of trade. It is, therefore, of great importance to the Russians and is a key target for Russian aims at domination. Yet the existence of a unified Austrian Government with substantial power means that the iron curtain cannot come down to the ground on the borders of the Soviet zone in Austria. Whereas the Soviet zone of Germany is a terra incognita, penetrable only by intelligence methods, the Soviet zone in Austria is an open book because the Austrians who live there have regular means of communication with the Austrian Government.

The Austrian Government itself is anti-Communist and definitely oriented in favor of the western Allies. In the present parliament the People's Party holds 85 seats, the Socialist Party, 76 seats, and the

Communist Party only 4. The People's Party is a typical European Christian party, liberal, or, by American standards, even socialist in its principles, but firmly anti-Communist. The Austrian Socialist Party has not been drawn into an alliance with the Communists. It has a firm hold on the Austrian trade-union system. The Communists polled only 5.42 percent of the total vote in the last election, reached only 8 percent in Vienna, and are stronger than that in only a few industrial towns. The relative party strength is borne out by the condition of the Austrian press. The People's Party has two papers, of a rather sober type, with a combined circulation of 300,000. The Socialists have a livelier paper with about the same circulation. The Communist Party paper has a total circulation of about 125,000. The Russian Army gets out a paper which sells about 25,000 copies, while the United States Army publishes a paper, the most factual in Austria, which sells about 300,000 copies.

The weakness of the Communist Party in Austria means that Communist tactics in Austria are far more the tactics of the Soviet occupation than they are the tactics of the party. Direct economic penetration is the main feature. The Soviet authorities have set up a series of Soviet-controlled corporations in the Austrian economy, of which USIVA (Soviet Administration of German Properties in Austria) is the most important. This corporation is administered in a fashion to milk the Austrian economy for Soviet benefit. In addition to this, the Soviet petroleum management controls the important Zistersdorf oil fields and they have taken over the principal Austrian Danube shipping concern.

The Austrian economy is in far from healthy condition. Some observers maintain that it is quite capable of becoming prosperous, but all such claims rest upon a tacit assumption that international trade will become much more free and normal. In 1937, 40 percent of Austria's imports were from eastern European countries and 35 percent of her exports were to the same countries. Any expectations of Austrian prosperity, without a renewed Anschluss with Germany or other drastic change, must be predicated upon a renewal of trade with the east.

Like others in Europe, the Austrian economy presents the anomaly of full employment and low production. The ratio of vacant positions to registered job seekers is 3 to 1. So far as the energies of the country are fully engaged while the product is not commensurable, the difference must be accounted for by the loss of energy in unproductive work and in the barter or black-market economy. The Austrian economy, also like others in Europe, has been damaged temporarily by the effects of abnormal weather. Crops this year have been poor because of the hard winter and the severe drought. In addition, Austria, like southern Germany, has a severe shortage of power due to lack of water in the rivers, and has suffered the closure of river navigation for the same reason.

Austria, like Germany, would like to see the end of occupation, but with the insistence that the Americans must not leave before the Russians. As in Belgium, the major parties are anti-Communist, and acutely conscious of the need to collaborate with other countries. The Austrian party system is conducive to more responsible and stronger government than the much more diffuse party system in France. While Austria is far less prosperous today than Belgium or Italy,

it might be counted among the countries ready, able, and willing to take a part in European recovery.

E. CZECHOSLOVAKIA

Czechoslovakia, in October, was more comparable to Belgium in degree of prosperity than to any other country visited. Yet its prosperity rests on entirely different conditions. Whereas the Belgians operated more nearly on a free economy than any other country, the Czechs have been more Socialist than any other. The country lies behind the iron curtain, yet in October Czechoslovakia was still under a strictly constitutional system, free of arbitrary arrests. American uniforms were in evidence on the streets of Prague, mainly because Prague was then used as a vacation area by American forces in Europe. Russian uniforms were not in evidence.

The Communist Party in Czechoslovakia is the strongest single party—relatively stronger even than in France. At the last election, which was a reasonably clean and fair election, the Communist vote was 36 percent. According to informed estimates, the Communists would obtain 30 percent today. The leading Communist paper has a circulation of half a million, the largest in the country. In the Cabinet the Communists have the Ministries of Interior, Information, and Agriculture, and an Under Secretary for Foreign Affairs, in addition to the Prime Minister, Gottwald. The Minister of War, General Svoboda, though ostensibly a nonparty man, is substantially a Communist. The Communists also control the Ministry of Industry to a large degree.

The National Socialists are the second largest party, and are definitely non-, if not overtly anti-, Communist. Zenkl, the leader of the National Socialists, is a very active and aggressive politician. The party has the Ministries of Justice, Trade, and Education. This party has a good press, and it supports the United States and the Marshall plan.

The Social Democrats, who are more favorable to communism than the National Socialists, are a key party because they have been gaining strength faster than any other party since the last election, and would have the most to gain by a new election. Fierlinger, who is pro-Communist, was president of the Social Democratic Party until November 16, when he was displaced. The annual election in the party congress was won by Lauschman. This shift is interpreted as meaning some shift away from the Communist line, but not to a drastic degree. The agreement with the Communist Party made by Fierlinger in September will probably stand, but is loose enough to permit a wide range of interpretation. The National Socialists on the one hand, and the Social Democrats on the other, may be likened to the Sarragat Socialists in Italy, who are anti-Communist, and the Nenni Socialists, who are pro-Communist, respectively.

The Czech Communists are regarded by Moscow as a rather bourgeois lot, and they have their troubles trying to prove to Moscow that they are good Communists. The Communist tendency to emphasize national interest along old-fashioned lines in each country leads to extraordinary displays of chauvinism in negotiations between Czechoslovakia and Hungary or Poland over boundary questions, transfers of populations, and trade agreements.

Friendliness to the United States has by no means been stamped out. One hundred and ten American books have been published in Czechoslovakia since the war, including novels by Bromfield, Marcia Davenport, and a good variety of others. Many more are scheduled for publication, which is impeded by the paper shortage. UNRRA aid in Czechoslovakia was first distributed without any indication that the United States had contributed 72 percent. The non-Communist press collaborated in clearing up this, however, and the Czech people now know how much they owe to the United States. An example of the constitutional freedom remaining in Czechoslovakia up to October was the publication of the first installment of Mr. Byrnes' book in the National Socialist paper, the *Svobodno Slovo*.

The Communists have been operating under material advantages, as in some other countries. They have recently obtained by unknown means some first-class printing equipment. Their role in national policy, as in other countries, is rather disturbing than constructive thus far, with their deputies supporting demagogic economic measures. It is agreed, for example, that a subsidy for Czech agriculture is necessary, and the Communists insist on paying for it out of a capital levy based on "soak the rich" arguments, while the National Socialists support a special increase in the income tax.

There is a wide disparity between the legal rate of exchange of the dollar and the reported black-market rate, as in other countries of Europe. This is not for exactly the same reasons, however. While the legal rate is 50 crowns to the dollar and the reported black-market rate is 170, the general price level is far more nearly in accord with the legal rate than with the black-market rate. The black-market rate is maintained by the demand of particular individuals for dollars to use outside Czechoslovakia, such as Czechs who hope to emigrate.

Czechoslovakia is economically dependent upon eastern Europe. The shortage of grains this year will probably be covered by Rumanian corn and Russian wheat. Czechoslovakia's iron-ore requirements are met in part from Sweden but in part by Russian ore from the great mines at Krivoi Rog. Before the war the country had a normal export surplus of about \$40,000,000 a year, and is now running a comparable deficit. The Czech economy is in general one of the most nearly normal economies in Europe, however. The Czechs are working hard, and, as one observer expressed it, "they have got to work, keep their mouths shut, and wait for the break."

The above represents a report on conditions in Czechoslovakia as observed in October. There are many indications that such a description may become obsolete in the near future. The moves toward outright Communist control seem to have begun but are not final as yet. The general pattern of Communist strategy represented by the establishment of the Cominform in September, and by the elimination of anti-Communist elements in Hungary, Rumania, Bulgaria, and Poland indicate that, for Czechoslovakia, the worst is yet to come.

F. ITALY

The last general election in Italy was held in June 1946, to elect a constituent assembly. In this election the Christian Democrats gained 35 percent of the vote, the Socialists 21 percent, the Communists 19 percent, the National Democratic Union 7 percent, the "L'Uomo

Qualunque" 5 percent, with a number of other parties dividing the remainder. In comparison with France, therefore, one can say that communism in Italy is weaker and the Christian Democratic movement very much stronger in proportion.

Since that election the Socialist Party has split, Sarragat leading the faction which opposes any collaboration with the Communists and Nenni heading the faction who pretend to be regular Socialists and who have, at least until recently, attempted to maintain good relations with the Communists. The Nenni faction is slightly larger than the Sarragat faction and has 65 members of the assembly against 50 for the Sarragat.

The "L'Uomo Qualunque" Party, headed by Giannini, is classified as the extreme right-wing party and is sometimes regarded as the closest to fascism. In at least one respect, however, it differs outwardly from the old Italian fascism, since it vigorously espouses the unification of Europe, rather than anything resembling old-fashioned nationalism.

Of the minor parties, the Republicans and the Action Party are both important rather for their quality than for their quantity. The Republicans gained only 4 percent of the vote and the Action Party only 1½ percent. But the Republicans include some of the most respected Italian political figures, and the Action Party retains the prestige of the leadership in the Italian anti-Nazi underground during the war. Of the Republicans, it is said that they have been overcome by their victory in the abolition of the monarchy and do not know what to do next.

The fact that the Socialist Party split last spring into two factions, for and against maintaining an alliance with the Communists, meant that the separation of the Communists from the rest of the country took an early and less definite form than it is now taking in France. It is hard to see how the Nenni Socialists can be won over to the Sarragat position at this point. The Nenni Socialists have instructed their delegates to the Socialist conference in Brussels to oppose anti-Communist measures. In the Roman municipal election of October 12 the Nenni Socialists remained in a "people's block" with the Communists, which secured one-third of the total vote cast. But on November 21 there were indications from Rome that they may be wavering.

This Roman election was the most recent test vote in Italy. The Christian Democrats secured a few less votes than the "people's block," 204,000 against 208,000. Each secured 27 seats out of the total of 80. The "L'Uomo Qualunque" Party secured 8 seats, the Republican Party 5, the Monarchists 4, and 4 other parties secured at least 1 seat each, leaving 4 parties that received none. These returns, in comparison with previous returns in Rome, represent a slight decline in Communist strength.

The constituent assembly has the dual task of writing a constitution for the Italian Republic and of governing as an ordinary parliament. The constitution has been drafted and will probably be passed by the assembly this winter. That will mean a new general election sometime in March or April. The draft constitution, like some of the constitutions drafted in Europe after World War I, is loaded with compromise clauses. An illustrative case is the clause providing for freedom of religion, which is balanced by a clause confirming the concordat with

the Vatican. Since the concordat provides for religious education, the clause on freedom of religion is seriously qualified thereby.

The Communist Party of Italy is commonly regarded as the strongest Communist Party outside Russia. This is based on its large membership, 2,200,000, more than double that of the French party. The French party, however, gains more votes in elections than the Italians, which is probably a better measure. Since last spring the Italian Communists have been excluded from the Cabinet with the exception of Umberto Terracini, the president of the constituent assembly, who is a member ex-officio. The rest of the Cabinet is entirely Christian Democrat except for one liberal and five independents. Among the important independents are Luigi Einaudi, Minister of Budget, and Carlo Sforza, Minister of Foreign Affairs.

Italian economic recovery has recently been progressing very well. This is in part simply because Italian industry is relatively small. Italian coal consumption, and Italian steel production, have in the past been only between 20 percent to 25 percent of those of France, and less than half of those of Belgium. While industrial recovery is by no means complete, it has been relatively easier to accomplish, in spite of the international coal shortage, than in other countries. In addition, the weather in Italy has not been as dry as in the north, and northern Italy has not been affected by a shortage of hydroelectric power in the same degree as the countries on the northern slope of the Alps. The production of olive oil this year was unusually good, and the rice crop good.

Italy suffers, like France and Belgium, from the disease of general disrespect for law. As in those countries, this was caused in part by the period during which it was held to be patriotic to disregard or sabotage economic regulations. Also, fascism in Italy undermined respect for law. As an Italian spokesman has put it:

One of the most serious diseases, one of the gravest pathological inheritances left by fascism to Italy, has been the discredit of the law. Italians have never had too much respect for the law, but after fascism they have lost almost all sense of legality, that sense of moral obligation which everyone has independent of juridical sanctions, to respect law, to take it seriously, and this loss of the sense of legality was brought on by the disloyalty of the fascist legislator, who made false laws, created for those who forced obedience through the law as if it were true, to that which in reality everyone knew was not true.

The present degree of prosperity in Italy is extraordinarily dependent upon outside aid. There is a definite shortage of necessary raw materials, including both food and coal, and Italy has the most acute shortage of dollars or of means to acquire them of any free European country. As a country which started the war on one side and finished it on the other, Italy was more thoroughly stripped of her assets than any other country except Germany and Austria. As a normally poor country, compared to France, there is far less of hoarded wealth. Far less than in France are there resources that a more courageous government might mobilize. Italian prosperity can be maintained and increased if her strict requirements are met. This is said here without prejudice to the volume at which such requirements may legitimately be set.

The status of Italy, economically, as a country highly dependent upon trade, and a country which has repudiated fascism and communism, is reflected in Italian leadership toward European collaboration. Foreign Minister Sforza initiated the proposal for a customs

union in Europe, and when this was rejected as too difficult to achieve immediately, he followed it up with a proposal for a customs union with France. The conditions for such a customs union are now being studied by expert staffs in both countries.

Italian labor is highly organized. The General Confederation of Labor has 6,000,000 members, which includes almost all industrial labor and a large part of agricultural labor as well. As in Germany, however, there is a shortage of experienced labor leaders and, correspondingly, a disproportionate degree of Communist influence. The degree of Communist influence in part reflects the resources of the Italian Communist Party. The General Confederation itself is poor, operating on dues payments to the National Confederation of only 50 lire per year per member, or the equivalent of 10 cents. The national unions within the Confederation are correspondingly poor. The Farmers Union last year used 15 percent of its total budget in order to buy and maintain one automobile. When there are national conventions, Communist labor leaders are able to attend because the Communist Party pays the fare.

The Communists are strong in every large city north of Rome, and almost equally strong in the principal agricultural areas of the country. They are probably still gaining in strength among agricultural labor in southern Italy, where the problem of land reform is acute.

Before visiting Italy much had been heard of the so-called political strikes. In Italy there is a tendency to deny that there had been such strikes. The strike of workers in the rice producing area west of Milan, for example, which was interpreted abroad as a political strike, was interpreted in Italy as a strictly economic strike for more or less legitimate reasons. Among the best reasons for so interpreting it is the fact that wage demands were largely met when the strike was settled and that the rice crop was actually harvested in good time. It was further stated that a purely political strike could split the General Confederation wide open. The Christian Democrats and some of the Socialists, who go along on economic strikes because they have to, would refuse to collaborate in any strictly political strike. This is parallel to the condition in other countries, where the inflationary cycle leaves some groups underpaid in face of the rising cost of living, and means that there is always opportunity for strikes in one place or another, which may seem simply economic to the strikers, although obviously political in timing and strategy.

Italy is the only country visited where there is any substantial unemployment. This is not very great, being only about one-quarter of what it might be at a depression level. One of the marked facts about Italian unemployment is that it remains difficult, in spite of such unemployment, to persuade Italians to emigrate to some other countries willing to receive them. It was stated that even an Italian Communist will refuse to emigrate to Czechoslovakia, and will prefer to move to the Argentine or the United States. It is difficult to obtain recruits for emigration to France because Italian labor in France is a relatively underprivileged class.

Italy in the last 2 years has shifted from sympathetic tolerance of the Communist Party by the country toward the isolation of the Communists. This is not yet complete, and will not be complete until the Nenni Socialists have finally committed themselves for or against a continuing Communist alliance. In the meantime, the Communists

hold assets, as they do in France, which they stand to lose in the next year or so if European recovery is successful. As in France, this means that they are faced with a dilemma—whether to use the assets they now hold in a violent push for power, or to accept their inevitable losses. If the outcome is not civil war in Italy, the country stands, with Belgium, as one of the two countries most ready for European collaboration.

G. SPAIN

Spain differs from every other country visited in almost every respect. It is a totalitarian country, with only one party and with a legislature which serves only as a rubber stamp, sounding board, and listening post. It was not in the war, and though badly damaged by its own civil war of 1936–39, has profited out of exports of mercury, copper, and tungsten to the belligerents. It is not now a member of the United Nations, but rather under a political boycott.

The Spanish economy is not in good condition, but also not at all in the kind of condition that has made American aid necessary for others. The Spanish livestock position has never recovered from the damage of the civil war years; Spain, like other countries, has had poor harvests due to drought and lack of fertilizer for several years. Spain, like others, has a creeping inflation that has raised wages 300 percent since 1936 and prices 400 percent, but this is a moderate change, as European currency changes go. Her economy has been arrested for 10 years, and is measured in terms of recovery toward 1936 levels. And the greatly needed changes in the land system that were blocked by the Franco rebellion of 1936 have never been put through.

In spite of all this, Spain considers herself as needing credits, but no aid on an unrepayable basis. Her foreign relations obviously make any substantial credits impossible at present, since she has few international friends.

Spanish party politics, so far as there are any, are conducted outside Spain altogether, or only on the level of fractional politics within the single Falangist Party in Spain. Both Royalists and Republicans are now in exile, and there are occasional rumors of efforts to draw them together for a joint move to supplant Franco by a new constitutional monarchy. The Falange, a conglomerate of right-wing elements forged in the civil war, has its internal troubles, and a part of Franco's personal power seems to depend upon his position as the only man above the factions and able to preside among them. There remains no practical prospect of democratic elections in Spain, and no visible prospect of the end of Franco's rule. The need for increased trade and basic imports, together with the development of anti-Communist feeling in other countries, is encouraging Spain to display sympathetic interest in the Marshall plan and in collaboration with her old customers and suppliers. Spain remains behind a kind of "iron curtain," however, and whatever political changes are going on have no outward sign.

H. BELGIUM

Belgium's politics, while similar in pattern to those of other European countries, also reflect an economic position that is unique. Except for neutrals, Belgium was the only European country to face reconstruction without an adverse balance in relation to the United States.

Belgium gave us on lend-lease as much as she received. In addition, Belgium had large accumulated credits in the United States due to the wartime earnings of the Congo. She came out of the war with dollar balances and with a fairly vigorous internal financial policy. Thanks to these, she has been able to attempt reconstruction with a much higher proportion of free enterprise and lower proportion of regulations than other European countries.

While Belgium has been more fortunate than other countries, all has not been rosy. Her foreign trade suffers from the absence of her former major trading partner, Germany. The lack of German transit traffic has checked the recovery of the port of Antwerp. Wartime disturbances reduced the amount of labor in coal mining, and it has been hard to restore the former numbers. There are, according to Belgian estimates, 100,000 too many middlemen in the country now, and 100,000 too few industrial workers. An illustrative figure is that there were 19,000 meat distributors in 1937 and 27,000 in 1947.

In spite of the reputation of Belgium as relatively an unregulated economy, the disturbances occasioned by inflation conditions have required Government intervention through subsidies, special allowances, and modifications of the wage structure. These have not yet brought a stable equilibrium permitting revaluation. As clearly indicated in recent debates in the Belgian Chamber of Representatives, internal economic problems are by no means settled.

Belgium's politics have been more favorable for recovery than the politics of most of the European countries. The Catholic Party, with 42.6 percent of the vote in the 1946 elections, has been clearly predominant. The Socialist Party is the next strongest party, with 31.5 percent of the vote, and has not been sucked into any Communist alliance. That means that a solid majority can be formed from the Catholics and Socialists alone. The Communist Party obtained only 12.7 percent of the vote in 1946 and, while a disturbing element, is unimportant in comparison with the position it enjoys in France or Italy.

Of all the countries in Europe, Belgium probably has the strongest inclination to international cooperation. As the Prime Minister has stated in the course of debates, the trouble with the United Nations Organization is that it tends too much to maintain divisions. The logical consequence drawn is most interesting, for instead of exploring and deploring the problem of the veto in the United Nations, the Prime Minister, on that occasion, went on to insist that it is therefore necessary "to promote a federation of all the European peoples." The Prime Minister, on the same occasion, defended the United States against Communist criticism.

• Belgium probably ranks first in Europe in political and economic readiness to participate in the European recovery program. Her economy is in better health, and her party system and governmental machinery are more conducive to wise and strong policies, than those of any other country.

I. EUROPE—SUMMARY

European politics is now near the end of a great transition. Three years ago one of the fundamental premises was that communism would collaborate with other parties in democratic reconstruction within each country, and that Russia would collaborate in European and world

reconstruction. Today this assumption has been replaced, and it is now generally assumed that collaboration with communism within a democratic state is impossible, and that collaboration by Russia in world reconstruction was only a dream. This change has required a fundamental realignment of political forces, not only between the political parties but also within the parties.

This transition has occurred under conditions which affect all countries in similar fashion, although not in identical degree. There is a strong Socialist tradition in European political and economic thought; there is insecurity in all countries concerning Russian and American intentions and Russian-American relations; there is the impact of the war through physical property damage, human damage, and institutional damage; there is the resulting wastefulness demonstrated by economies where employment is high and production is low; and there are the social and economic troubles arising out of unchecked inflation.

The damage resulting from the war has been aggravated by the postponed recovery in Germany. The present program for dismantling plants is a hang-over from an older policy. Plant removal is laborious and wasteful at best, and Germany has enough unproductive work in rubble removal to serve as a brake for years to come without any other. There have been changes in occupation policy, but there must be more if the German people are to share in the motivation needed for European recovery. The energies of the German people cannot be omitted in European recovery, but have not yet been called upon.

The most natural consequence of these conditions is that in all countries there has been a large protest vote. A protest vote, almost by definition, is against the party or group in power, whoever that may be. In Britain this brought the Labor Party victory in 1945. In the first elections after liberation, or after the close of the war, such a vote could not be directly against the party in power in some countries, for that party had fallen with the Nazis. In such cases the initial vote was against whatever groups or set of principles could be held most responsible for misfortunes.

In France this led initially to the heavy vote for the three great parties, the Communist, the Socialist, and the MRP. In other countries generally the protest vote has been divided, more or less on pro or anti-Communist lines, going in part to the Communists and in part to the Christian Democratic or Christian Socialist Party of the country concerned. In all countries the protest vote went in 1945 and 1946 largely to the Socialist and Communist Parties. As illustrated by more recent elections, which unfortunately have been for local offices rather than national offices, the protest vote has swung and is now against socialism and communism. One obvious reason for this is that the people have had their fill of the continuing inflation, for which the left-wing parties have no remedy.

In this matrix of the old Europe, with its political traditions, changed only by the direct impact of war, certain new ideas show signs of vigor. The most important of these is the idea of European unification, for which sentiment is now widespread. Twenty years ago this idea was strong enough to gain lip service from important politicians such as Briand. Today it is gaining more than lip service, as illustrated by discussions at a practical level looking toward customs

unions of various groups of countries. The achievement of Belgium, the Netherlands, and Luxemburg in establishing the union called Benelux is regarded with hope and admiration all over Europe. Its emulation requires hard work as well as sentimental approval, but there are good signs that this hard work will at least be attempted. This development is the healthiest substitute for socialism, and a new lease of life for enterprise. Italy has taken the lead in proposing a customs union of all Europe if possible, or of Italy and France as a minimum.

The elements in Europe that are not pro-Russian, nor convinced that Russia is at least well-meaning and that friendly relations with Russia will be easy to maintain, have found their chief political vehicle in the Christian parties. In France, which had no such party before the war, the hastily erected structure of the MRP has proven too flimsy to stand up. The RPF, which secured more votes on October 19 than the MRP ever obtained, and which apparently stripped the MRP of fully two-thirds of its former strength, bids fair to replace it. In other countries, such as Belgium and Austria, which before the war had strong Christian parties, and Italy, which had such a party before the rise of fascism, the Christian parties have proven to be stronger and have demonstrated the benefits of greater political experience. It may well be expected that the rise of the RPF in France will strengthen the hands of such parties in other European countries. It will encourage the Christian parties to more vigorous policies in order to avoid the fate of the French MRP. It will also warn their opponents that the consequence of failure of a weak Christian party is the rise of a stronger one.

The Socialist parties in Europe have enjoyed the benefit of two sources of strength. On the one hand, they had the support of those who see in socialism the necessary solution of economic problems in European countries. On the other hand, they have enjoyed the support of most of the elements which, while unwilling to support the Communists directly, believe that collaboration with communism is possible. The shift, which began in 1945, from the dream of automatic Russian-American concord to so-called cold war, has put the European Socialist Parties on the edge of a knife. In Italy this split the Socialist Party last spring. In other countries it had a slower effect, and therefore may permit the more desirable course of cutting the Socialist Party intact from its Communist alliance instead of splitting it. Even in Czechoslovakia a separation of the Socialists from the alliance with communism is suggested by the election of a right-wing leader, Lauschnan, over the former chairman, the pro-Communist Fierlinger on November 16.

The Communists in all European countries came out of the war greatly strengthened. Their strength has ranged from the position of the largest single party, with as much as 30 percent of the vote, to the position of third or fourth party, with something like 10 percent of the vote or less. In many countries they enjoyed places in the cabinet in coalition governments of liberal to Socialist policies.

The factors that have turned the non-Communist majority from a position friendly to communism toward antagonism have not had this effect alone. They also affect the opinion of a large part of the vote which is cast for the Communists by voters who are not members of the party. This has been masked to some degree, in municipal

elections in France and in Rome, by the partial maintenance of a "people's bloc" or some other device through which the Communists and Socialists have voted together. In such cases it has been difficult to demonstrate any definite Communist losses. Insofar, however, as a Socialist split means that some Socialists shift to the left and vote Communist, then even if the Communists get the same total vote as before, it is clear that some former Communist voters must have shifted to the right and no longer vote Communist.

Since the effect of major political factors requires time, it is clear that the full effect upon the Communist vote arising from the change of premises concerning Russia and Russian policy is not yet visible. In the practical sense, however, in such a case as France, the fact that the Communists have lost one-third of their former positions as mayors of French cities and towns, and one-third of their positions as town councilors, means that in the next election there will be that many fewer districts where the Communists enjoy advantages in an election campaign. It means the removal of one-third of the professional Communists who have been paid salaries for full-time political activity. Such factors as this, together with further clarification of the international issues, must mean a great decline in Communist strength in non-Soviet Europe in the next year.

Aside from international issues, the Communists have now, after 2 years of creeping or galloping inflation, proved that they have no constructive role to play in the economic recovery of a non-Soviet state. Their remedy for any rise in the cost of living is either a drastic slash of prices without regard to the effect on productions, or a series of wage demands by labor. They are doctrinally incapable of accepting genuine recovery in a non-Soviet country as a premise of practical policy. Their role in relation to internal economic problems in European countries, as in the United States, is sterile at best, and more often sabotage.

This leaves the European Communists, and organized world communism, faced with a simple problem. They hold political assets in non-Soviet Europe that are very important. These assets are comparable, in France and Italy, to those they held in Russia in 1917. These assets, if used only through constitutional politics as a continuing drive for victory in elections, are going to decline drastically in the near future. If they do not use them now in an illegal way, they will not have a comparable opportunity for years to come.

They, therefore, must choose now between three options. First, they might at this time decide to use the French, or the French and Italian, Communist Parties to initiate civil war in a direct bid for power, and simultaneously use the Russian Army to occupy all of continental Europe. The French Communist Party is somewhat stronger than the Italian both in its cadres and in its popular support. France is also a far more important country in which to move for a set-back to European recovery or for military domination of Europe. Second, they might use the French party alone, or the French and Italian parties together, to initiate civil wars designed solely to postpone the recovery of Europe, losing their political assets in non-Soviet Europe but gaining time for Russian recuperation, or for the development of atomic weapons. Third, they can accept their losses in the near future, retrench politically, and sit out the period until the economic collapse of the capitalistic world, which they fondly expect.

The Communists have never yet seized power through plain and simple rebellion in any country. Their successes in Poland, Romania, Hungary, and elsewhere have rested on a technique for internal coup d'état. In each case they have secured key cabinet posts by legal means before securing a monopoly of power. They lost the strategic asset of cabinet membership in France and Italy last spring. The problem of how to attain power now in those countries has no direct historical parallel.

It is impossible for an outsider to deduce the solution which Communist minds will reach. Their confidence in capitalistic economic collapse, and the time at which they expect it, will have a great effect on their estimate of the situation. So also will their estimate of the intensity which a civil war in France or in France and Italy would have, and the consequent degree of set-back to European recovery. So also will their estimate of the relative advantage of the strategic position which the occupation of all Europe, including Spain and Portugal, would give them as compared with the strategic position enjoyed by Hitler as against western assault.

For the moment it can only be said that the Communist hope of early victory in western Europe through legal democratic politics is dead for years to come. The possibility of recourse to the use of their party cadres through illegal and violent means is therefore open. Within a few months we shall know what choice they have made. If they do not choose a violent strike for power in France and Italy, then for the time being, the limits of Communist expansion after World War II have been set for the western world.

The European recovery program has already evoked in non-Soviet Europe a genuine response and a display of energy. But any European recovery program in the general sense, will depend upon certain political conditions. The first of these conditions must be, at the very least, an apparent limit set to Communist expansion. The second must be an apparent willingness of European countries to collaborate to an unprecedented degree. A third must be a willingness in Europe collectively, and in each European country, to put the European house sufficiently in order to satisfy the requirements of American politics requisite to continuing American aid. It may be said at this time that all signs in non-Soviet European countries are now hopeful in connection with all three of these conditions. Secretary Marshall has spoken of "a momentum" in Europe now moving in the right direction. Our examination of European political conditions tends to confirm this. While this has far to go in comparison with the short distance already traveled, there appears to be no dangerous impediment unless the Communists resort to force.

The role of American economic aid is clearly to maintain the essential basis on which the situation can resume progress in the right direction. Whatever immediate minimum quantities of food and fuel are necessary must be provided. It is clear that the bad harvest, and retarded coal production, make continued recovery in Europe impossible without American aid. If the minimum essential aid is given, and violence does not occur, the political changes that have been going on in Europe will continue. The collapse of the present economic level would reverse the favorable political trend. The problem is only to determine how much. Either too much or too little could mean failure.

Mr. KEOGH asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. ALBERT asked and was given permission to extend his remarks in the RECORD and include an editorial from the Washington Post.

Mr. DONOHUE asked and was given permission to extend his remarks in the RECORD and include two editorials from a Worcester newspaper.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes today at the conclusion of any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

INTERIM AID BILL, 1947

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4604, with Mr. MICHENER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the House adjourned yesterday the Clerk had read through section 12 of the bill. Are there any further amendments to section 12?

Mr. ANDERSON of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON of California: Page 9, after line 23, insert the following subsection:

"(d) Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such commodity is determined to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid to recipient countries under this act, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of."

Mr. ANDERSON of California. Mr. Chairman, this amendment is similar in nature to an amendment offered by Senator KNOWLAND to the Senate foreign-aid bill and adopted by the Senate. It is now a part of that bill.

Mr. Chairman, I believe that the time has come for Congress to assert its authority.

American agriculture today is seriously out of balance. Wheat is at a record high price, with domestic supplies at scarcity levels notwithstanding bumper crops. Other grains have naturally followed the wheat price upward. Those products depending on grain—like livestock and meats—are also in scarce supply and at high price levels.

But there are other foods with burdensome surpluses and distressingly low prices. Citrus fruits—one of the most beneficial food products and containing nutritional qualities essential to a well-balanced diet—are in supply far in excess of demand. Last year nearly 6,000,000 boxes were abandoned because of lack of market or other outlet. It is estimated that this year 15,000,000 boxes will be unable to find a market and will be wasted unless utilized in the foreign-aid program. Prices of oranges are less than 50 percent of parity and are returning the grower far less than his cost of production. Grapefruit prices are still lower than oranges.

Dried fruits are another important product. Because they normally rely on export markets for a large part of their production, and because those export markets are now closed through no fault of the growers, tremendous surpluses of these commodities have accumulated.

Over 125,000 tons of prunes and raisins alone are already in the hands of the Commodity Credit Corporation acquired in price-support programs.

Large surpluses are also in the hands of commercial handlers. Other dried fruits are available in substantial quantities. Prices in that industry are also at distressingly low levels—not more than 60 to 65 percent of parity.

Edible tree nuts are likewise in surplus with walnuts at a price expected to yield less than 60 percent of parity this season. Canned goods—vegetables as well as fruits—are available in large quantities and for many varieties prices are low. Everyone is familiar with the tremendous surpluses that exist in potatoes and sweet potatoes. And there are other food products; time will not permit the mention of more.

This unbalance in American agriculture, if not the direct result of the foreign-aid program, has been seriously aggravated by it. But such results need not have occurred if the program had been carried out in accordance with the wishes of Congress, heretofore expressed in clear and unmistakable terms.

In the Supplemental Appropriation Act, 1948, passed last July, Congress provided as follows:

SEC. 302. In making expenditures for foodstuffs from funds appropriated in this act for relief abroad, it is the sense of the Congress that preference be given to the purchase, within the United States, of products, which can be purchased with benefit to the national economy, and that such purchases should include articles that are in surplus where possible and practicable.

That was at least an expression of high hope. What attention was given it by those administering the foreign-aid program? None whatever. The wishes of Congress, although stated in terms no one could misunderstand, were ignored.

So I say the time has come for the Congress to assert its authority. It should again state its position in clear and unmistakable terms. But this time it should be in the form of a mandate and not in the form of a hope. And that is the purpose of the amendment I now submit.

There is no reason why the foreign-aid program cannot be administered in a

manner consistent with the best interests of American economy, including agriculture. If the time comes when foreign aid cannot be granted without wrecking the American economy, the majority of the American people may well question the propriety of foreign aid. But we are not at that point yet. Certainly we should make at least one effort to carry out a foreign-aid program that will make some attempt to utilize foods that are now available in surplus quantities.

That does not mean that no wheat or other grains should be used. Grain products must necessarily continue to be an important part of the program but they should be supplemented by other foods which we have in overabundant supply. And such supplementary feeding is also highly desirable and important to the people who are being fed. A diet consisting solely of grain cannot be adequate. It lacks elements of nutritional value which can only be supplied by supplemental foods. It takes a properly balanced diet, as well as one in sufficient quantity, to enable a man to do a full day's work. Proper balance is of even greater importance than the number of calories.

This amendment provides that food commodities acquired in carrying out price-support programs shall be utilized in providing aid to recipient countries under this act. Necessarily some discretion must be exercised as to the commodities that are appropriate for such use as well as to the commodities that are available for such use. Presumably that discretion would be exercised by the Secretary of Agriculture as he is in the best position to determine what is available and what can be appropriately utilized for foreign aid.

To the extent that it is determined that commodities are appropriate for such purpose and in excess of domestic requirements, this amendment requires that such commodities be utilized in the foreign-aid program. In this respect this amendment differs from the Knowland amendment in the Senate bill. In other respects this amendment is similar to the Knowland amendment in that it authorizes the disposition of such commodities at such price as may be determined by the agency which has acquired these commodities under a price-support program. Presumably, that will be the Commodity Credit Corporation as it is the agency which normally acquires food commodities under a price-support program. As I stated before, it already has acquired considerable quantities of some food commodities and these, as well as others which it may hereafter acquire under price-support programs, will be available for utilization in the foreign-aid program.

The adoption of this amendment will bring the foreign-aid program, in respect to food commodities, in line with the best interests of the American economy as a whole and will provide an effective means to remedy the existing serious unbalance in American agriculture.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield at that point?

Mr. ANDERSON of California. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Will this permit the shipping out of surplus potatoes from the United States so that it will not be necessary to destroy them or burn them or pour kerosene on them?

Mr. ANDERSON of California. If this amendment is adopted and becomes a part of this bill, it will permit the shipping out of this country any surplus crop now held by the Commodity Credit Corporation.

Mr. AUGUST H. ANDRESEN. Including potatoes?

Mr. ANDERSON of California. I presume so, if they are in surplus.

Mr. AUGUST H. ANDRESEN. Good.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Ohio.

Mr. VORYS. Would it cover those eggs we heard about?

Mr. ANDERSON of California. It would also cover the dried eggs held in surplus by the Commodity Credit Corporation.

Mr. VORYS. I would be glad to have the gentleman take his full 5 minutes to explain the amendment further, but may I say that the committee has studied this amendment and, since it carries out the principle of substitution of commodities in long supply to reduce the impact on commodities in short supply, as far as I know, there is no objection from the committee to this amendment. I personally am for it and hope it is adopted. I hope the gentleman will take his time, however, to explain the amendment.

Mr. ANDERSON of California. I thank the gentleman for his statement.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Pennsylvania.

Mr. FULTON. None of us on the committee is opposed to using all surplus commodities possible in this program. In fact, it was my original suggestion that is incorporated by the committee in the incentive-goods program in this bill. I want to hear exactly how this amendment will affect the prices. The gentleman has in his amendment a price provision I should like to have him explain clearly, because I am one of those Republicans who are not satisfied with the current price levels. We should not have anything to go into the bill that is going to mean high prices to the consumers or high prices to bail out anybody. I want the gentleman to explain what the element of price is in his amendment, and I will be willing to try to get the gentleman extra time if that is necessary.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Mississippi.

Mr. RANKIN. There is one element of food products the gentleman entirely overlooks, and that is the something like 350,000,000 or 400,000,000 bushels of cottonseed produced in the South this year.

Any man who knows the facts will tell you there is as much food value in a bushel of cottonseed as there is in a bushel of wheat. I wonder if the gentle-

man includes cottonseed in his amendment.

Mr. ANDERSON of California. My amendment applies to no specific product. The determination will be made by the Secretary of Agriculture. My amendment applies directly to those commodities that are held by the Commodity Credit Corporation and have been acquired under price-support programs heretofore enacted into law.

If the gentleman will permit me, I should like to go on and explain the price provisions of my amendment.

I believe the gentleman from Pennsylvania addressed himself to that portion of my amendment which states "and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of."

Mr. FULTON. The gentleman is setting a price scale there that will cover all the various surplus commodities. What exactly will a crate of oranges be sold for? What exactly will a crate of grapefruit be sold for? What exactly will the cottonseed per ton be sold for, or the potatoes per ton? What are the price levels? Let us hear them. Can the gentleman tell us definitely at what point that sets the prices of the main commodities in surplus that the gentleman wants to put into this program?

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman may be permitted to proceed for five additional minutes, as this is an important amendment having to do with prices.

Mr. VORYS. I object, Mr. Chairman.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Now I yield to the gentleman from California to make his explanation.

Mr. ANDERSON of California. I will say to the gentleman that I can explain the pricing provision of this amendment in this way, although I cannot give him the exact prices for a crate of oranges or a pound of cottonseed cake. At the present time we will say that the War Department in purchasing wheat gets 25,000 calories per dollar expended. If it purchases a pound of prunes it gets 16,000 calories. This provision of my amendment will permit the War Department in purchasing food for occupied areas to purchase 25,000 calories of prunes for a dollar. Naturally, the loss will have to be absorbed by the Commodity Credit Corporation, and some way will have to be found by the Congress to make up that loss. You are not going to bail out any of the farmers who are producing these commodities, but you are going to assist the Government in ridding itself of surpluses that are now held by the Government in storage and that have been acquired under price support programs that have heretofore been enacted into law.

Mr. FULTON. I want to use up the surpluses in this program, and I want to use them up at a fair price. How much

do you think the losses will be for which Congress will have to bail out the Commodity Credit Corporation? How much do you think the total loss will amount to that Congress will have to put up extra money as a result of the purchase at the particular price that you are proposing?

Mr. ANDERSON of California. That will depend entirely upon how many pounds or tons of these commodities are purchased by the State Department or the War Department to use in relief feeding. But may I point this out to the gentleman. By the use of these surpluses we reduce the drain upon our basic commodities, and the drain on the American taxpayers. In the long run we will make money by doing this, rather than losing additional money.

Mr. FULTON. I want to use these surplus commodities and reduce the drain, but we should not get into a program that is not definite and which will involve us in bailing out the Commodity Credit Corporation for a very large loss, which we will have to make up by appropriations later. So unless you can give some figure on about what this program will cost and that the Congress will have to appropriate in addition to the \$590,000,000, then I am going to be against it. If you cannot tell what the prices of the commodities are that you are going to buy and show what they are in dollars and cents, then we should vote against it because it is indefinite. If, however, you would accept an amendment putting this in the discretion of the Department of Agriculture or in the discretion of the President to buy at certain prices, then I will withdraw my objection. But we should not have these things bought at a high level, and then have people come back here and increase this program by millions of dollars in addition to the \$590,000,000 without our knowing what it is.

Mr. ANDERSON of California. Of course I might ask the gentleman this question. Can the gentleman tell me what price is going to be paid for the commodities already included in this bill if these surpluses are not used?

Mr. FULTON. That involves also shipping costs and you have made no comment whatever on the cost of shipping these low caloric value foods. The Committee on Foreign Affairs held an investigation last year as to the shipping of potatoes, and as the gentleman from Minnesota should know, it was too expensive to ship them. We could not ship them because it was going to cost the taxpayers too much money under Public Law 84. It was easier to ship high caloric value foods than low caloric value foods because it would cost the taxpayers less money. You should give us what it is going to cost for transporting these lower caloric value foods. My own opinion is that the cost of shipping generally greatly exceeds the value of the commodities in this program.

Mr. ANDERSON of California. I will say to the gentleman that the cost will be much greater if this amendment is not adopted and if these surpluses are not used for feeding starving people abroad than it will be if the amendment is adopted. These surplus crops have

already been purchased by the Commodity Credit Corporation and will become a total loss rather than only a partial loss.

Mr. FULTON. If you make it discretionary and take out the price-control feature, then I will be for the gentleman's amendment.

Mr. ANDERSON of California. If the gentleman will refer to my amendment again, he will notice that it is discretionary.

Mr. FULTON. No; they must buy. If they decide to buy low-caloric-value foods they must buy on the equivalent basis that wheat is bought.

Mr. ANDERSON of California. I beg the gentleman's pardon.

Mr. FULTON. Will the gentleman read his amendment?

Mr. ANDERSON of California. I refer again to that portion of my amendment which says "as may be determined by such agency, which prices may be the equivalent of the domestic market price of a quantity of wheat." It does not say it has to be.

Mr. FULTON. May I say that that is putting the policy of Congress in the bill that these low-caloric-value foods which cost so much to ship are to be priced along a certain line. You have put the method in.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 5 minutes.

Mr. CRAWFORD. Mr. Chairman, I have an amendment which I propose to offer to this amendment, and I do not see how we can close debate on this in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. CRAWFORD. I object.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 10 minutes.

Mr. CRAWFORD. I object, Mr. Chairman.

Mr. VORYS. Mr. Chairman, I move that all debate on this amendment close in 10 minutes.

The question was taken; and on a division (demanded by Mr. CRAWFORD) there were—ayes 130, noes 50.

So the motion was agreed to.

Mr. PETERSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think this will probably answer the question raised by the gentleman from Pennsylvania [Mr. FULTON] a few minutes ago. There is in the Anderson amendment a specific provision which provides "that to the extent that such commodity is determined to be appropriate for such purposes and in excess of domestic requirements." In other words, it must be appropriate for this purpose and it must be in excess of domestic requirements.

The amendment is well worked out, very carefully worded to protect all, and it will enable getting rid of certain surpluses when we have them. For in-

stance, beans might be shipped, and other types of things can be shipped that will have caloric value. In our section we have a surplus of citrus, much needed on account of vitamins. The recipient countries have been getting some of their vitamins in potatoes. Wheat, while having caloric values, needs vitamin supplement. This can be secured by using concentrated citrus. But this amendment covers other items that may be surplus. Common sense tells us the proper thing to do, the businesslike thing. The fair thing for our home folks to do is to use surplus wherever possible and not run up the prices of scarce articles. Some dried fruits and vegetables today are also surplus.

Oranges and grapefruit are not paying production cost to the grower today. Last year it is estimated 9,000,000 boxes were never picked. Europe needs these life-giving vitamins.

From the sentiment which I have observed by talking individually to many Members on the floor, I am sure you understand the wisdom of this amendment, and I will therefore take no further time.

I hope the amendment will be adopted.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. PETERSON. I yield.

Mr. RANKIN. Let me say to the gentleman, and to the gentleman from Pennsylvania [Mr. FULTON] that if you ever get the price of agricultural products on a parity with the steel produced in Pittsburgh, the farmers will really be prosperous.

Mr. FULTON. You should hear my steel workers talk about the high price of groceries.

The CHAIRMAN. The time of the gentleman from Florida [Mr. PETERSON] has expired.

(Mr. PETERSON asked and was granted permission to revise and extend his remarks.)

Mr. CRAWFORD. Mr. Chairman, I offer an amendment to the amendment.

The CHAIRMAN. The Clerk will report the amendment to the amendment.

Mr. PHILLIPS of California. Mr. Chairman, a point of order. The motion of the gentleman from Ohio covered only the amendment that was pending; not an amendment to be offered to the amendment.

Mr. RANKIN. The gentleman from California is correct. The Chair said "this amendment" but did not say "and amendments thereto." I will ask that the RECORD be read.

Mr. BLOOM. That is right; the limitation was just to this amendment, not to amendments thereto. There is no question about it.

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. The gentleman has a right to introduce an amendment to an amendment whether it is adopted or not. The gentleman has the right to offer it at this time.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD to the amendment offered by Mr. ANDERSON of California:

"Any such agency shall reveal annually to the Congress the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses."

Mr. BLOOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLOOM. The gentleman from Michigan offers an amendment to the amendment. The limitation of time was to the amendment pending before the amendment to the amendment was offered. Is not the gentleman from Michigan entitled to 5 minutes?

The CHAIRMAN. The gentleman from Ohio [Mr. VORYS] asked unanimous consent that all debate on the pending Anderson amendment be limited to 10 minutes. There would therefore be 10 minutes on the Anderson amendment, and the timekeeper has a list of the Members who wish to use that time. Now, an amendment has been offered to that amendment and on the amendment to the amendment time for debate has not been limited.

The request of the gentleman from Ohio was not that all debate on this amendment and all amendments thereto be closed; it was on the one amendment. The Chair took particular notice of that.

Mr. FULTON. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane. It has to do with the transfer of credits and losses from one Government agency to another and has nothing whatever to do with the relief program.

Mr. CRAWFORD. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair does not think it will be necessary.

The Chair holds that the point of order comes too late. Debate has intervened. Business has been transacted.

Mr. FULTON. I was shut off by the ranking minority member of the Foreign Affairs Committee. I was on my feet but yielded to a senior Member.

The CHAIRMAN. When the gentleman yielded he yielded for discussion and debate which automatically cut off his right to make the point of order.

Mr. FULTON. If the Chair please, I did not yield for discussion or debate of this amendment; I yielded for a parliamentary inquiry.

The CHAIRMAN. The gentleman from Pennsylvania did not have anything to yield. He did not have the floor. He had the right to make a point of order. If he did not exercise that right and permitted someone else to intervene, his point of order comes too late now.

The point of order is overruled.

Mr. FULTON. Mr. Chairman, may I have a specific ruling as to whether a

parliamentary inquiry made before a point of order makes a point of order out of order?

The CHAIRMAN. A point of order must be made immediately after the reading of the amendment. No business must intervene between the reading of an amendment and the raising of the point of order. A point of order comes too late if a parliamentary inquiry intervenes.

Mr. PHILLIPS of California. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS of California. Would the Chair please rule for my information on whether it is necessary in our procedure to exhaust the 10 minutes time on the amendment on which debate has been limited before other amendments are discussed?

The CHAIRMAN. That is within the discretion of the Chair. It is a matter of recognition.

Mr. RANKIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Is it not the rule that perfecting amendments must be disposed of before the principal amendment?

The CHAIRMAN. There is no question about that. The Chair will see to it that the perfecting amendment is acted upon before the amendment it changes is submitted.

The gentleman from Michigan [Mr. CRAWFORD] is recognized for 5 minutes.

Mr. CRAWFORD. Mr. Chairman, the Commodity Credit Corporation is the agency which buys and holds as inventory, stocks of so-called surplus commodities. If it is the desire of the Members of the House that Government agencies as such, including the Commodity Credit Corporation, should dispose of some of these surpluses in accordance with the amendment offered by the gentleman from California [Mr. ANDERSON], naturally the Commodity Credit Corporation will not likely participate in such transactions unless the legislation authorizes the Secretary of the Treasury to cancel notes running to the Treasury from the Commodity Credit Corporation in the amount of the losses incurred by the Commodity Credit Corporation on the transactions which would come within the scope of the Anderson amendment.

This is simply a completion of your transaction. You have a half-baked or single-entry proposition if you simply endorse the Anderson amendment and do not complete the other side of the bookkeeping entry. The first thing that the Commodity Credit Corporation will say is, "How do we get rid of the losses that we incur in connection with the sale of these surplus items under the relief program?" If the answer is, "You do not get rid of the loss," then the Commodity Credit Corporation will say, "Then we will not incur the loss, therefore we will not complete the transaction."

This is just a clear-cut case of finishing the job you start under the Anderson amendment. If you do not want the Anderson amendment to prevail, then,

certainly, you should vote this amendment down.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Kansas.

Mr. REES. Does the gentleman have any idea how much money the taxpayers have invested in this surplus property we are talking about?

Mr. CRAWFORD. How much we have invested?

Mr. REES. That is right.

Mr. CRAWFORD. We have many millions of dollars in those commodities and we are going to buy more.

Mr. REES. To get the matter clear, this proposal is to spend \$590,000,000.

Mr. CRAWFORD. That is correct.

Mr. REES. Under the proposal before us the amount we use from the Commodity Credit Corporation is in addition to the \$590,000,000; is that right?

Mr. CRAWFORD. It might be or it might not.

Mr. REES. Is that correct?

Mr. CRAWFORD. Oh, no; not necessarily.

Mr. FULTON. That is correct.

Mr. CRAWFORD. Now, wait a minute. I have the floor. The gentleman from Pennsylvania is getting entirely too rash here in saying to the Congress what he is going to permit in the bill and what he is going to throw out of the bill. The Congress of the United States writes the laws and not the gentleman from Pennsylvania alone.

The Commodity Credit Corporation has these surplus commodities on hand. You will either use them up or let them rot away or dump them. Do you want to use them or let them disintegrate? Of course, we want to use them. If you get them used you do not incur a total loss. If you feed them to people you will be supporting a program that becomes a part of the give-away matter. There is no question about that. You might as well face the realities of the situation. You may lose a hundred million dollars on the stocks that you have on hand, whether you sell on this program or some other program. I do not know what your loss is going to be. I am simply saying you have got to complete the transaction here.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Kansas.

Mr. HOPE. Is this not the situation? The Congress has passed legislation which directs and authorizes the Commodity Credit Corporation to support prices on certain commodities.

Mr. CRAWFORD. Correct.

Mr. HOPE. In pursuance of that policy the Commodity Credit Corporation has purchased these commodities.

Mr. CRAWFORD. Right.

Mr. HOPE. The question is, What disposition will be made of them? Under existing law they cannot sell them at prices which would permit their use for relief purposes in Europe.

Mr. CRAWFORD. Yes.

Mr. HOPE. Under the Anderson amendment they are authorized, if they

see fit, to dispose of them for that purpose?

Mr. CRAWFORD. That is correct.

Mr. HOPE. The question is, How is the bookkeeping going to be handled?

Mr. CRAWFORD. That is the point.

Mr. HOPE. The gentleman's amendment will fix the books up so the debits and credits will be in the proper place.

Mr. CRAWFORD. And also facilitate movement of the goods.

Mr. REES. Does your bookkeeping charge that amount against the \$590,000,000?

Mr. CRAWFORD. Oh, no. It will be in the general loss of the Commodity Credit Corporation. It will not enter into this figure at all insofar as the bookkeeping is concerned. The CCC will have over-all losses and these will be a part.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. If the gentleman's amendment is adopted, it will charge the loss directly to this act.

Mr. CRAWFORD. Oh, not necessarily, because you do it in the general operation of the Commodity Credit Corporation. The bookkeeping could reflect it is a part of this present bill but I doubt it being so shown in the accounts.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment to the amendment.

May I ask the gentleman from Minnesota [Mr. JUDD] as to the amendment that he put in yesterday. Was this not on a similar basis as this amendment, and the amendment to the amendment, but simply left out the price element of it? It was an amendment that permitted the use of surplus commodities in this program, but permitted the use of them with the greater saving to the American taxpayers and letting them be bought at the lowest price.

Mr. JUDD. As to the amendment that was adopted day before yesterday, I talked to the gentleman from California yesterday about it. I think it covered that, but I do not think this amendment does anything in addition to the amendment that we accepted the other day. It provided that the Commodity Credit Corporation could pour into this program any goods that it had bought pursuant to law so-and-so, which was the law that required the Commodity Credit Corporation to buy certain materials in order to maintain support prices. It did not use the words "price support program" but it said the same thing.

Mr. FULTON. But that was at a parity price, at what they were bought for, and did not have in it "which price may be the equivalent of the domestic price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of."

Mr. JUDD. That is right. It did not have that in it.

Mr. FULTON. So that the only difference between the amendment that has already been acted on and is in this

bill—the only difference between that amendment and these two amendments being put in is this price provision. I cannot see why there is all the steam on these amendments when the committee has already put in the use of these surplus commodities, as far as that can economically be done in this program. If there is anything else, it then comes to a policy of Congress on pegging the price of these other commodities of lower caloric value at the equivalent caloric price of wheat. If you want that in a policy, maybe it better be declared outside of this particular act. I feel that this might go beyond the scope of this particular relief program.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from California.

Mr. ANDERSON of California. I just want to say to the gentleman that Congress has heretofore granted these purchasing agencies permissive authority to do the very thing that I seek to do with my amendment. That authority has not been used. If we are going to dispose of these surpluses which the Commodity Credit Corporation has purchased and now holds, we have got to issue a mandate by the Congress not just further permission and tell them that they must be disposed of.

Mr. FULTON. Will the gentleman then accept my suggestion that he eliminate the price element in his amendment?

Mr. ANDERSON of California. Why, that kills the amendment. Certainly I am not going to accept that.

Mr. FULTON. Then what is the difference between the gentleman's amendment and Dr. Judd's amendment? Only the difference in price, as you now say, because Dr. Judd's amendment provides for using surplus commodities and using as many as can be used in this program, which has already been adopted by this Congress.

Mr. ANDERSON of California. Yes; but the surpluses will not be purchased.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the distinguished gentleman from California.

Mr. PHILLIPS of California. I think the confusion in the gentleman's mind is that he thinks the provision would increase the price of farm products. As a matter of fact, the desire is to bring the price of these surplus commodities down so that they can be and will be sold by the Commodity Credit Corporation in competition with wheat. The gentleman asked about the price of a box of oranges. The producer will probably make absolutely nothing. The price at which they would be sold for the citrus concentrate would probably be little more than the costs after leaving the producer. The CCC and the State Department and the War Department refuse to use these surplus commodities, because they say they would have to pay more for them on a caloric basis than they would have to pay for an equivalent amount of wheat. A calorie is a unit of heat. You might feed a man 3,000 calories, and he would starve.

The people of Europe actually need these foods in order to have the strength to work for themselves.

Mr. FULTON. Will my good friend from California explain to me then the difference between this amendment to the amendment and Dr. Judd's amendment for the use of these surplus commodities that is already in?

Mr. PHILLIPS of California. Yes. The difference is very simple, and it is historic. The Congress last spring, in Public Law 84, wrote in a provision similar to Dr. Judd's amendment, which said that this surplus should be used—whatever the words were—so far as practical, or something like that. As soon as that provision was put in the State Department, the War Department, and the Commodity Credit Corporation said, in effect, "It is not practical, because we would have to take a loss." Therefore the amendment offered by the gentleman from California says that they are required to do it; they are given the authority to do it; they are told to do it. That removes that psychological objection. The gentleman from Michigan [Mr. CRAWFORD] then said, "In order to keep the bookkeeping straight, this is the way it will be done as an accounting procedure," which settles that argument. That is all the difference that I see.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 5 minutes, in addition to the 10 already agreed to.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS of California. Now, may I try to answer the gentleman from Pennsylvania?

Mr. FULTON. Let me read the gentleman the language:

at prices higher than the market price prevailing at the time of the purchase in the area where the purchase is made.

What is the difference?

Mr. PHILLIPS of California. Under the amendment offered by the gentleman from Minnesota [Mr. Judd] the agencies would not buy. They would argue between themselves as to who had to take a book loss and whether Congress would be satisfied if they used dried peaches or dried eggs or dried milk or any of the things which the CCC has already purchased, instead of wheat. They would not be buying additional supplies under the amendment offered by the gentleman from California [Mr. ANDERSON], they would be using surpluses already bought, and which they were required by another law—the so-called Steagall amendment—to buy. The Anderson amendment saves the Congress money. The Crawford amendment tells the agencies what kind of bookkeeping to use.

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, the amendment of the gentleman from California [Mr. ANDERSON] provides that, in addition to the relief provided in this bill amounting to \$590,000,000, our Government will give to foreign countries surplus commodities now on hand that we have bought in order to support prices.

For example, our Government has surplus goods including 14,000 tons of dried eggs, 30,000 tons of frozen eggs, 60,000 tons of dried fruit, 72,000 tons of raisins, about 60,000 tons of white potatoes, and about 150,000 bushels of sweetpotatoes.

The value of these goods amounts to approximately seventy-five or one hundred million dollars. It is my contention that you should charge these items against the \$590,000,000 or else explain to our people that you are not only giving these countries \$590,000,000 to buy food and other commodities but you are also giving them, in addition thereto, commodities that cost the Government another \$100,000,000. After all, these surplus items have a value. They were paid for with taxpayers' money and could be used by people in this country if they were distributed. I think the people are entitled to know how much money is being spent and the record should show that this legislation provides for spending \$590,000,000, plus surplus commodities of approximate value of seventy-five or one hundred million dollars.

I believe the proposal I have outlined is not only fair but helps to keep the record straight. It certainly is fair in light of the fact that a part of the \$590,000,000 is going to be used to buy surplus tobacco that will be sent to Europe for what you have described as "incentive" purposes.

I voted to strike "incentives" from the bill because the reasoning is not good. Why should any part of the \$590,000,000 of the taxpayers' money be used to furnish tobacco to heads of foreign countries in order to get them to produce and distribute food and supplies to their own people? To me, that does not make sense.

Now, going back to surplus commodities I have mentioned that are in the hands of the Government, and paid for out of the Federal Treasury. I insist the cost of this surplus property that goes to assist people abroad, should be charged to the amount of money appropriated under this bill. There should be no objection for the reason that the committee in charge of the legislation has recommended a limit of \$590,000,000. If you do not follow my proposal, no one will know how much is spent, but it could be \$75,000,000 or \$100,000,000 more. I may be overruled. I still think I am right.

One thing more. There should be a complete account of the amount and kind of goods sent abroad. Also we should know as nearly as can be ascertained, who gets the commodities. One of the greatest criticisms against agencies handling shipments abroad, is that the public is not sufficiently informed in regard to these matters. If these

funds are going to be used to provide food and needs of distressed and starving people, and to provide a chance for rehabilitation, and to ward off communism in war-torn countries; then there should be a pretty strict accounting of the whole transaction.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. MURDOCK].

(Mr. MURDOCK asked and was given permission to revise and extend his remarks.)

Mr. MURDOCK. Mr. Chairman, I favor the Anderson amendment and the Crawford amendment to the amendment. We may have similar language already in the bill, as stated, but I think it does not go far enough. Therefore I favor the stronger provisions now offered.

We have tried heretofore to make it permissive for these agencies, such as the State Department and the War Department, feeding undernourished peoples abroad, to use their discretion in using these surplus materials here which are available and very suitable for food in relief. They appear not to have done so.

I think the Crawford amendment is necessary in order to implement the Anderson amendment. We make it mandatory that the Commodity Credit Corporation shall buy these surplus goods for this program on certain proper conditions. But unless we arrange for that necessary bookkeeping, so that any financial loss that the CCC may suffer shall be otherwise taken care of, I do not believe we can consider the language in the bill effective toward the desired end unless we put in this additional provision so that CCC loss will be taken care of.

As I see it, our object in this legislation is to provide the maximum real aid in food and health-sustaining diet to these distressed peoples with the least deprivation and economic injury to ourselves. Now how can that best be done? I favor the Anderson amendment as one detailed provision of this program which will tend to maximize the benefits to those we want to help and at the same time tend to minimize the deprivations and sacrifices of the American people.

Of course, the Army in feeding peoples under its care must furnish a maximum of calories which its funds will buy. To do this the Army calls upon our supplies of wheat. But we are short of wheat and the extra demand means a very heavy pull, so that we will have to deny our own people in order to divide up. I think it need not be so heavy a drain upon our wheat if other than caloric value may be considered. For that reason I favor the use of surplus fruits and concentrated fruit juices rich in the necessary vitamin content where there is a surplus in this country.

Furthermore, if we make use of the citrus surplus we will be enabled to use the crushed peels of thousands of tons of oranges, grapefruit, tangerines, and the like after the juice has been extracted, the remainder will be useful as cattle feed and will thus diminish the grain requirement of our dairies. This wholesome substitute in the cattle-feeding program will make a real and substantial reduction in our very scarce and limited supply

of grain. Thus, dividing with our hungry neighbors will be a little less of a burden upon our economy and our people than without such a plan.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. HARLESS].

(Mr. HARLESS of Arizona asked and was given permission to revise and extend his remarks.)

Mr. HARLESS of Arizona. Mr. Chairman, I want to answer the inquiry of the gentleman from Kansas [Mr. REES] in respect to the cost item.

It is my understanding that perishable products are now being held by the Commodity Credit Corporation and that these products will be wasted, possibly dumped, unless a sale can be found for these products which will permit the Commodity Credit Corporation to sell them at a price equal to the purchase price. These products are now in excess supply. It is quite likely that they will not be sold but will be wasted.

If you are going to have products wasted, obviously the Government is going to lose the value of them. One way to save them and to save the Government the cost of them is to adopt these two amendments.

As a matter of fact, I was in Europe this fall and I saw people there who were getting a lot of calories, yet they were starving for the simple reason that they did not have the right kind of food. These amendments are the only items which have been put into this bill which make it mandatory to buy foods that will make a balanced diet. I say it is necessary not only for the starving people of Europe to have a balanced diet but it will be a saving in the long run for us to use the products which we have in excess because we save products instead of wasting them.

During the last crop year we had in Arizona thousands of tons of grapefruit and oranges which were wasted because there was no market for these products. Many of the groves of grapefruit were never picked. It would have cost more to harvest the fruit than the sale price would have brought. By reducing the citrus fruit to concentrated sirups, it is possible to send these products to the starving peoples of Europe without the use of too much shipping space. Citrus juices are not only rich in vitamin content but also hold a high mineral content. Both the vitamins and the minerals are essential for good health. I believe that the War Department, the State Department, and the Department of Agriculture have been unwise by limiting their purchases to wheat. It may be true that they have been able to furnish a high caloric value of food with the small amount of money they had to spend, but under the circumstances that prevail in Europe today people need more than calories. They need citrus juices. Unless we supply these citrus juices to the peoples of Europe, they will contract diseases even though they are eating sufficient calories to maintain life. Tuberculosis, particularly, will become rampant throughout Europe, and from this disease the people may never survive. At this time I want to emphasize upon the afore-mentioned departments

of Government the necessity of supplying grapefruit juice and orange juice in concentrated form to the people of Europe to prevent the possible spread of diseases which will be even worse than starvation.

The CHAIRMAN. The time of the gentleman from Arizona [Mr. HARLESS] has expired.

The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY] for 2 minutes.

(Mr. MURRAY of Wisconsin asked and was granted permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Chairman, both the Anderson and the Crawford amendments surely make sense. Over in Geneva at the FAO Conference all emphasis was put on wheat. They sat around the table and figured out how much wheat there was in the world, and they all figured they did not have enough. In my humble report to the chairman of the Committee on Agriculture, the gentleman from Kansas [Mr. HOPE], I tried to point out that here in our country we had surpluses that could be used. We should spend our time talking about food and not just talking about wheat. I do not care to get into a discussion of calories, proteins, or fats, but I would like to say to the Foreign Affairs Committee that if they are interested I would be glad to furnish them with bulletins, and they may check up, for example, on peanuts. The gentleman from Georgia [Mr. PACE] will not tell you about it, but we have some 65,000 tons of them. Peanuts have much more protein than wheat. They have the oil, and we are heading for a big loss in the peanut-support program.

I would like to have anyone tell me why we should not use a good vegetable protein like the peanut produces, and furnish this in lieu of something that we do not happen to have. There is no use talking about how many calories there are in wheat if you do not have the wheat. There is no reason in the world why we should not use the surpluses that we do have, because if we do it, we do something to hold down inflation that most people seem to think they should do something about. Wheat is the barometer in the agricultural world just exactly as steel is the barometer in the industrial world and just as gold is in the financial world. When wheat prices go up—all agricultural products have a tendency to go up in price. If wheat prices go down other agricultural prices are weakened.

I hope that both of these amendments will be adopted.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The Chair recognizes the gentleman from New York [Mr. JAVITS] on the Anderson amendment for 2 minutes.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the Anderson amendment, the Crawford amendment to the Anderson amendment, and all similar amendments, and I address my remarks in this opposition to the friends of the bill; not to the people who are going to vote against it; but to those who intend to vote for it and want to keep it as an integrated whole.

What has happened? We now have prunes, peanuts, cottonseed, and if you open this Pandora's box you will have 20 other special-interest amendments log-rolling in this bill as if it were an old-time tariff measure.

We have adopted an amendment previously which permits the Commodity Credit Corporation to sell its surplus commodities, as an exception to the prevailing market-price provision which is now in the bill, that covers every surplus commodity which the Commodity Credit Corporation has. If we try to dig into all of these special-interest propositions, we are going to load this bill down so that it will be incapable of doing the job for which it is designed.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. HOPE. I simply wanted to point out to the gentleman that this does not add anything to the price-support program. It deals only with commodities upon which there is already a price-support program. The price of cottonseed is already far above parity, so cottonseed, or any other commodity upon which there is a price-support program, will not be considered under these amendments. There will be no action on it under these amendments.

Mr. JAVITS. Is it not a fact that the provision already in the bill states "other than supplies procured by or in the possession of the Commodity Credit Corporation," thus exempting all those surpluses from the prevailing market-price provision of the bill? Let us not load it with "gutting" amendments. All we are trying to do as friends of the bill is to keep it from being written in a way so as to destroy the bill.

The CHAIRMAN. The time of the gentleman from New York has expired. Two minutes' time remain for the committee. Does the committee desire the 2 minutes reserved to it?

Mr. VORYS. So far as the committee is concerned, I understood there were 2 minutes to spare, not necessarily reserved to it. I was hoping the gentleman from Kansas [Mr. HOPE] would answer some of the questions that have been raised.

The CHAIRMAN. Without objection, the 2 minutes reserved by the committee is now yielded to the gentleman from Kansas [Mr. HOPE].

There was no objection.

The CHAIRMAN. The gentleman from Kansas is recognized for 2 minutes.

Mr. HOPE. Mr. Chairman, it seems to me this matter is perfectly clear. It boils down to this—we have a price-support program under the Steagall amendment which passed Congress 4 or 5 years ago. That program is still in effect. It will be in effect until December 31, 1948. Acting under the authority of that program the Commodity Credit Corporation has purchased certain agricultural surpluses. Most of them are perishable and semiperishable commodities, such as eggs, dried milk, dried fruits, fruit juices, commodities of that type which have a high food value but not a very high caloric value. They will have to be disposed of at a loss if they are sold.

The question is, Do you want to include them under this program at a price which compares with the price of wheat per calorie? That is the only way in which the agency which would administer this program can proceed because it cannot purchase these commodities at the price the Commodity Credit Corporation has to get for them under existing conditions. Now if that is to be done—if instead of wasting these commodities we use them for relief, the question is, Should not the Commodity Credit Corporation have its books cleared so that it will not be charged with the loss which is caused because Congress directed them to dispose of these commodities under this program? That is the Crawford amendment.

Mr. FULTON. Mr. Chairman, will the gentleman yield for one particular question?

Mr. HOPE. I yield.

Mr. FULTON. What is the difference? Because we now have in the bill on page 5 the provision allowing them to buy these articles at prices no higher than the market price prevailing at the time of purchase in the area wherein the purchase is made. We have the provision prohibiting their paying a higher price. If there is going to be any price change by these amendments it is for a higher price, because they could go that high now. I fail to see how these amendments change the proposed price structure.

Mr. HOPE. These amendments authorize and direct the Commodity Credit Corporation and the agency buying these particular perishable products to get together not at the price at which the Commodity Credit Corporation might desire to sell or the price which the Commodity Credit Corporation paid, but at a price which is comparable as far as calories are concerned, with the price of wheat.

Mr. FULTON. What real difference would there be between the price they paid, and the price the Commodity Credit Corporation might be able to sell them for at a parity price based on the same calories of wheat? That is the measure of value, is it not?

Mr. HOPE. If they bring prices down to the point where the agency would feel it could purchase them and get the same caloric value it could by spending the same money for wheat, then Commodity Credit would suffer a loss.

Mr. FULTON. I fail to see how these amendments change the situation.

The CHAIRMAN. The time of the gentleman from Kansas has expired; all time has expired on the Anderson amendment and on the Crawford amendment to the Anderson amendment.

The question is on the Crawford amendment to the Anderson amendment.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the Anderson amendment as amended by the Crawford amendment.

The amendment as amended was agreed to.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have debated with myself for quite some time as to whether

or not I would say anything generally in the consideration of this bill. I have determined that I should.

As you probably already know, I am one of those who is called to the White House conferences with congressional leaders. We were called there on September 29 and there for the first time this matter of aid to the western European countries was presented to us. At that time and in that conference I raised the question of the effect of the foreign-aid program on prices, and I there asserted that inevitably the aid program would force prices even higher. I had the temerity to suggest that if we were to undertake this venture I thought it was unfair for administration spokesmen to be going around the country undertaking to blame the high prices on the Republicans.

It is fair to say that at that time the administration spokesmen from the President down pooh-poohed and belittled the whole matter of prices in connection with this program, and instead of accepting as truth the impact of these exports on prices they sought to blame price rises on speculation on the Board of Trade.

At that meeting the administration proposed that the committees hold hearings. We set up that time table exactly as was asked. It was also understood and agreed that after those hearings we would determine whether or not we would have a special session. Subsequent to that time we were called back to the White House, and with no consultation we were informed that the President had decided to call a special session. In statements made at the White House and released to the press by the President the first emphasis was placed on prices. Again I had the temerity to raise the question as to what that might do with the very urgent need for European aid that had been first proposed to us. It seemed to me that aid was being deemphasized and prices were being emphasized. That is the reason I said after that conference that it looked to me like the administration was beginning to play politics with prices.

Mr. Chairman, what has transpired? Every one now recognizes the effect of these tremendous foreign exports on prices. Of course they are driving the prices up. Whose fault is it that we have these tremendous exports? First of all, there have been billions of dollars of exports to governments not in the aid or need category, and during all of the time those exports have been going out of this country the executive branch of the Government has had the power to control them. I charge that the administration should have exercised that power and was at fault in not doing so.

Now, let me ask you another question. Why is it that almost 3 years after the end of the war in Europe it is necessary for us to send tremendous additional quantities of food, fuel, and other things to Europe, as we are told, to keep people from being hungry and cold and to stop Communist aggression? I will tell you why it is. It is because the Democratic New Deal administrations have terribly

mismanaged the foreign affairs of the country.

We would not now be called upon to appropriate huge funds for western Europe and China 3 years after the war if New Deal administrations had not made very serious mistakes in our country's foreign relations.

For years these administrations coddled Communists at home and abroad. Bit by bit the facts on how a previous administration pampered and yielded to Soviet Russia in handing over vast territory in eastern Europe to that country are coming to light.

Deals made at Yalta and Tehran and elsewhere now plague us. The Potsdam Conference, too, has its seamy side.

For many long months the recovery of Europe was delayed by the administration's support of the so-called Morgenthau plan to pastoralize Germany.

Every competent observer reports that pursuit of the Morgenthau plan gave the Communists their golden opportunity to stir up trouble in western Europe, because Europe cannot be made strong while the German people and their factories are kept in idleness. Lately we have had a reversal of American policies in Europe—a reversal after the house began to burn down.

The point I am making is that all of the blundering and bungling are now taking their toll in huge loans and grants from the United States—all having the result of boosting prices and increasing discomfort at home.

Now, Mr. Chairman, of course there were other matters that had to do with this situation, and I shall not discuss them at length except to say that unorthodox Government monetary procedures, deficit spending, excessive and punitive taxation, bureaucracy run wild, opposition to decent, sensible settlement of labor-management disputes, and a constant edging, scheming, and manipulating to run everybody from cradle to grave—these are contributing causes to the present high prices.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. COLE of New York. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HALLECK. Now let us get down to the matter before us today. Without regard to what has gone on before or whose fault it may be, my view is that the people of the country generally want, so far as they reasonably can, to avoid starvation and hunger and cold on the part of peoples who are friendly to us. They want to do what they reasonably can to restrain Communist aggression. You know, most of our people do not like communistic aggression anywhere, and they do not like Communists or communism here at home. I feel pretty much that way about it myself, and that is the reason I am going to vote for this bill, leaving, of course, to other Members to determine for themselves whether there is any real need or whether this is the proper or necessary way to proceed.

But I would like to call your attention to something. We are told that this sort of an aid program is necessary to prevent disintegration and collapse abroad in friendly nations, with all that that is said to mean to our security, if that collapse should result in further communistic aggression and conquest. But if we are to take at face value what the President said to us, then is it also not fair to say that there is a considerable risk we are running here at home? Why? Because, one, of ruinous inflation and run-away prices; or, two, resort to those methods of planned economy, regimentation, and control that have done so much to bring these countries of Europe to their knees—to a situation where they call upon us, a great, free, strong people, to give them the aid they say they must have.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. Not now. I would first like to finish what I have to say.

Mr. RANKIN. I was going to ask the gentleman to read into the RECORD those four points that his party adopted yesterday.

Mr. HALLECK. I will have something to say about that now. I might say right at this point that if we wrap up in one package all that the President asked for in his message, there would not be 25 votes on the Democratic side for it, and if we sent the bill down there as he asked for it, in its entirety, I think he would run true to form and veto it.

I do not yield any further. I did not yield before to the gentleman from Mississippi.

Mr. RANKIN. I beg the gentleman's pardon. I merely wanted to get that statement issued by the gentleman's party on yesterday into the RECORD.

Mr. HALLECK. My hope is that we can meet such reasonable demands as may be our responsibility abroad and at the same time protect our country at home. My view is that we have to maintain that balance. Everyone with whom I have talked who has supported foreign aid has said, "Oh, of course we recognize that our resources are limited, our capacities are limited." I have not heard anyone urge that we should go to extreme limits and thereby wreck the stability of our own country. We have to keep our country strong.

I have listened to a lot of people who went over to Europe and who came back, and I have done the best I could to find out about the real necessities there. I am trying to balance up this whole operation. That is the reason yesterday I voted for the amendment to cut this amount to \$500,000,000. If wisely expended, it seemed to be ample, having regard to our situation here at home.

One thing further, and then I am through: Legislation has now been introduced dealing with the matter of export controls. I understand an amendment will be offered shortly that I hope will be adopted, that will tie the whole matter of exports to countries outside the aid area in with exports to be sent out of this country under the aid program.

The sum total of all that, along with the amendment written by the committee into this bill, places the responsibility

on the President of the United States and the executive branch of the Government to maintain the balance necessary for the continuing strength and stability of this great country of ours. A lot of us will be waiting to see what happens.

Mr. ELLIS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. ELLIS. Mr. Chairman, the bill before the Committee today, H. R. 4604, can in no sense be called a relief measure, nor can it in any degree be called a measure to fight communism. The members of the Foreign Affairs Committee who have endeavored to explain and defend this bill have failed in every particular to substantiate such claims. To present this bill to the American people as such, in my opinion, does great injury to our economy and denies the people a true picture of the world situation when honest thinking and talking is so essential to our well-being.

It appears that many of our friends have unknowingly or unwittingly joined the international cabal of counterfeit Americans who apparently are bent on bankrupting the United States of America.

Yesterday, the gentleman from Michigan [Mr. JONKMAN], a member of the Foreign Affairs Committee, made the most devastating attack I have heard on any bill since I have been a member of this House, and his charges can only be interpreted that this measure is a complete fraud. Up to this moment, not one member of this body, to my knowledge, has attempted to disprove his charges. Consequently, it appears that we can accept them as being true.

On this floor on Tuesday, the gentleman from Illinois [Mr. BUSBEY] made a most significant statement, and I am going to quote it in part:

All present indications point to the fact that the President will select the State Department as the administering agency of the \$590,000,000 provided for in this (rush foreign spending) bill.

Did anyone ever hear of the State Department protesting or objecting to the maladministration—yes, criminal maladministration—of UNRRA funds when they were being used to subsidize the satellite (Russian) governments? The State Department officials abroad must have known the facts. I know of no State Department protest of record.

And further:

I challenge the President to make public these (Nazi-Red) agreements before we vote on this interim-aid bill. I sincerely believe if these agreements were made public now this so-called emergency aid bill, which is supposed to stop communism, would not have a chance of passage in this Congress.

If these agreements are made public before we consider the Marshall plan, I am willing to wager it would be impossible to muster 100 votes in favor of it.

These remarks refer to the Molotov-Ribbentrop agreements, with the accompanying discussions, both written and oral, subsequent to August 23, 1939, which deals with the Nazi-Red agreement to enter the war against England.

Too much has leaked out already to show that it would rock the world if fully and efficiently told. Why hold it back, then, since the official declaration of the Truman administration is to "save Europe from communism"? These are strong words and, as in the previous case, not one administration supporter has challenged the statement.

I would like to remind the Members of the House and the people of this country that we have just completed one so-called Marshall plan totaling some sixteen or eighteen billions of dollars, and, as the world now knows, the failure of the operation was complete, as far as the rehabilitation of Europe is concerned and the establishment of peace.

Now we are being asked by the administration to go to the American taxpayer again for untold millions to be delivered to the same hands for another insane spending spree.

I have been a Member of this House for 5 years. When we debated and passed the lend-lease bill, the same world-savers came to this well and told us that that money would be the end and be the mechanism that would solve all the financial problems of the world. Then came the British loan. Again, the same group came to this well and, with tears streaming down their faces, told us that this final sum was needed to straighten out the financial ills of the world. Then came the Greek-Turkish loan, and again the same bleeding hearts marched to the microphone and told that that was necessary to straighten out all the ills of Europe.

Now we have a so-called stopgap measure before us which is recognized as the forerunner of the \$20,000,000,000 Marshall plan, and we hear that there will be further need for money in Korea, in Japan, in Germany, and that South America is making up her requisition, and that the Central American nations are getting together and making their requisition on America.

Is there any American in his right senses who thinks that we can begin to pay this bill?

The administration has admitted that more than \$226,000,000 in lend-lease shipments have gone to Russia since the end of the war, arguing that despite the administration's professed anti-Soviet policy, good faith demanded that previous commitments be honored. This conflicting policy resulted in such general protest that lately the administration has rung down its own iron curtain to preserve secrecy on what is leaving the country.

Four Russian ships, docked in New York at the end of last week, were busy taking on cargo, including locomotives and metal piping, but no official statement could be obtained as to whether these were lend-lease or UNRRA contributions. When the administration joins Russia in concealing such facts from the taxpayers who are called upon to pay the bills, it is time to let light and air into the situation.

Appropriations Committee members of the other body yesterday disclosed that nearly 1,000 B-17 bombers were recently destroyed by United States air forces in

Germany at the same time Uncle Sam was furnishing American dollars to Greece and Turkey to purchase second-hand British planes.

This sort of operations just does not make sense. If the State Department continues its foreign operations in this fashion, it certainly should not be given any more funds. Our foreign policy has created nothing but hate, frustration, and despair. When this bill is passed, Joe Stalin will be the happiest man in the Eastern Hemisphere. If the so-called Marshall plan is carried through to its ultimate conclusion, he can sit in his front yard, smoke his pipe, and watch Uncle Sam bleed to death.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. HOLIFIELD. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McCORMACK. Mr. Chairman, it is most regrettable that the gentleman from Indiana, who is not only a Member of the House but the majority leader in this body, should have taken the floor at this time and made the greater part of the remarks he did make. A better time for political speeches and a preview of the 1948 campaign would have been after this bill had been voted on. The gentleman has simply made a review of a lot of charges and statements that have been rambling around the country for the last several years, rehashed and rehashed, appropriate on some occasions when a political speech is being made but certainly not appropriate on an occasion like this, when we are at least expected to elevate our minds to the position of trying to be statesmen, and when we should think of something more important than the next election.

We gave the majority leader very good attention and courteous attention. The ramblings and the rantings of some on the Republican side do not disturb me and never did. But we are always courteous. I do not care whether you are courteous to me or not. It does not concern me at all, because what is said here will be remembered tomorrow and in the days afterward, and what happens here, the majority leader's taking the floor, will be interpreted in its correct light by the people in the days to come.

The gentleman has made an attack upon the President for calling a special session of Congress. This is only a continuance of the present session of the Congress. When we adjourned, or recessed, which was what it was, there was no provision made in the resolution for the Democratic leaders of the Congress to call the Congress back into session. I do not criticize that because I recognize it was probably taken into consideration that the President had the constitutional power to call the Congress back into session, and that while he is the President of the United States, he is the leader of the Democratic Party. So I do not make this observation as a criticism in any way because there did exist that power in the

hands of someone who was a Democrat to call Congress back into session. But the President should not be criticized. However, let us interpret that in answering the observation made by the gentleman from Indiana. In September, there was a meeting of the leaders. The President called that meeting and properly so. If the leaders in Congress, the Republican leaders, who were the only ones who could call us back under the resolution so providing, failed to do so, and the President considered that it was his duty to do so, I do not think anyone could make any criticism of that. If the shoe is on the other foot, we would not offer any criticism. Furthermore, the President called us back under his constitutional powers as President of the United States. Outside of an exercise of the constitutional power of the President, the only way for the Congress to be called back into session was through the majority or the Republican leadership in both branches of the Congress. I am not criticizing the Republican leadership because they did not, in their wisdom, call us back, and I do not think the Republican leadership or any Republican should criticize the President because in the exercise of his judgment and his wisdom he felt that we should be called back in the interests of the people.

We must bear in mind that the words of the majority leader are to be construed differently than if he were not majority leader. A different construction is to be placed upon his remarks because he is the majority leader of his party and the majority leader of the House of Representatives. The majority leader has made some sharp charges about our foreign affairs. What about Mr. Dulles? He certainly played an important part in the conduct of our foreign affairs, and he did so as an American. What about the distinguished Member of the other body who presides over that body? By the way, I believe he has developed into one of the greatest Americans of this generation, and I say that to him as an American. He has been in constant consultation with reference to our foreign affairs. Certainly our foreign affairs have not been conducted from a party angle. All types of thought from both parties and all Americans have contributed and have been participating in our foreign policy. Does the gentleman from Indiana by his remarks indirectly attack Secretary Marshall, who is handling the foreign affairs of our country in the field?

The majority leader said, "I am for this bill," and then he bullyragged. He comes out and says he is for the bill, but in the next breath he said he voted to reduce the amount to \$500,000,000. I wonder if he is at heart for the bill. I wonder if he is riding two horses. I wonder if he recognizes that the people of America are far, far ahead in the recognition of the world situation of many Members of this body, and if he is trying to please them and at the same time put some crippling amendments into the bill. I wonder if his remarks are to be construed in the light of the permanent, long-range plan that is coming, rather than this bill. But, in any event, what does he admit?

He repudiated the leadership of his own party on the floor by that admission—the leadership of his own party, who are conducting this bill. When a bill comes out of the Foreign Affairs Committee, when we were in control, the chairman of the committee is in charge of the bill and the leaders cooperated with him—the Speaker and myself. They are the ones who are in charge, and that is where the practical work of congressional affairs is carried on. The leadership on the Republican side should have been the gentleman from New Jersey [Mr. EATON], the gentleman from Ohio [Mr. VORYS], and others on that side on the Foreign Affairs Committee; and on our side, the Democratic members. But the gentleman from Indiana, the majority leader, admits he repudiated his own leadership by his vote yesterday—the leadership on his side. What a message that is to the country. When you are in a position of leadership, you have got to assume the responsibility. No matter how hard it is, you have got to do it. A leader cannot repudiate his own committee action. A leader should implement, should consult, a leader should advise; but he should never break with the constituted leadership of his own party in the House when a bill is under consideration, in this case, the Committee on Foreign Affairs; or when the Committee on Banking and Currency brings in a bill, or a bill from the Armed Services Committee, or any other committee. Yet the gentleman from Indiana, as the leader of his party, admits he repudiated his own leadership in charge of this bill. That is important for the people to understand. It is important for the people to understand that we are considering a serious bill concerning the foreign affairs of our Nation, and it is going to have tremendous repercussions—our actions here—for good or evil upon the future of our country and the future of a decent world. The gentleman said he thought long before making his speech. He must have thought long. I wonder whom he consulted. I wonder if he consulted the Republican members on the Foreign Affairs Committee before he made that speech. Those are the thoughts that run through your mind. In any event, there was no real constructive contribution made by the gentleman's remarks, and in my 19 or 20 years of service it is one of the most regrettable speeches I have ever heard made by any Member.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe the gentleman from Massachusetts [Mr. McCORMACK] knows and appreciates that I hold him in high esteem. I was very much interested in the regrets he has expressed today as to the statements made by the Republican floor leader, the gentleman from Indiana [Mr. HALLECK]. In all sincerity, I would like to say to my friend the gentleman from Massachusetts [Mr. McCORMACK] that if he regretted the remarks of the gentleman from Indiana [Mr. HALLECK], I far more regret the remarks that he, the gentleman from Massachusetts [Mr. McCORMACK],

has made about the gentleman from Indiana [Mr. HALLECK].

Certainly this is not the time or the place for personal attacks.

I have not always agreed with our floor leader in matters of party strategy or leadership or with the votes that he has cast on the floor. He has not always agreed with me, I am sure, but I think every one of us here today can agree that he is a great American and that he spoke as a real American on the floor here today.

I want to concede to the gentleman from Massachusetts [Mr. McCORMACK], the minority whip, the right to disagree with anyone on the floor; and I am sure that he will concede to me the right to disagree with him in the position he has taken. I wish to say to him, and to this House, that when it comes to the time to choose leadership I would far rather choose as my leader a man who will express his honest convictions and stand up for the country he represents in this body than one who openly admits on the floor of the House that he does not do his own thinking, but takes his orders from some other source.

If there has been one thing wrong with the legislative branch of the Government, if there has been one thing wrong with this country, it has been that we have had too many "me too" people, too many rubber stamps, in and out of Congress. I believe the time has come here in this country of ours when every man worthy of his salt should stand up and express his honest convictions, should speak out that which he believes.

Let the American people be told the truth, bitter though it may be, because we are representing the people of America here. We have a responsibility to the rest of the world; but, by the God we worship, we have a responsibility to our own America, too, and I am happy that our Republican floor leader expressed that thought in such well-chosen words. He realizes his responsibility, he realizes the responsibility of the party he represents, to the people of the United States, as well as to the peoples of other nations. That which he has said was entirely in order, and certainly was the God's truth if truth has ever been spoken from the well of the House. So I rise to congratulate the gentleman from Indiana, CHARLES A. HALLECK, the Republican floor leader of this House. I am proud of him.

Mr. JARMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I thoroughly agree with the statement of the Democratic whip and former majority leader that no attention whatever would have been paid to the remarks of the gentleman from Indiana merely as the gentleman from Indiana; but when it comes here at such a critical stage of the consideration of such an important bill as this as the statement of the majority leader—

Mr. HOFFMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. The gentleman is speaking neither to the bill nor any amendment. He is talking politics now.

The CHAIRMAN. The gentleman will proceed in order.

Mr. JARMAN. Mr. Chairman, if the gentleman will be sufficiently fair, as fair as we were on this side while his majority leader and the manager of one of his candidates for President spoke entirely out of order for 15 minutes, I will get to the bill.

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Alabama yield for a parliamentary inquiry?

Mr. JARMAN. I do not yield.

Mr. Chairman, when the majority leader comes at this crucial moment to make a political forum out of this House it surprises and equally disappoints me, just as I am sure it would have impressed even many on his side of the aisle. It seems to me his statement was most inappropriate.

Now, as to the campaign manager for the other candidate for President. Of course, we pay no attention to his remarks, but I could not refrain from smiling when he explained why the gentleman from Indiana defeated him for majority leader. That was most interesting. I understood him to say that Republicans elect majority leaders who will do their duty and not take orders from above.

Mr. Chairman, the gentleman from Indiana made the astounding statement, if I understood him correctly, that the inflation situation in this country results from New Deal mismanagement of foreign affairs. I will admit, Mr. Chairman, that mistakes have been made in foreign affairs, which is but natural. While the majority of them occurred since January 5, there were a few made before that time also. Mistakes were made in the conduct of the war as is also natural. However, I am greatly surprised that the gentleman from Indiana has overlooked the fact that we had a price-control law which was scuttled by his party slightly more than a year ago and which it seems to me had something to do with prices being nearly twice as much now as they were the day that program was scuttled. As I recall the gentleman and his Republican colleagues insisted that prices would find their level and soon be lower than under price control. I heard a member of this body brag shortly thereafter that steers had gone down to approximately \$20 per hundredweight. Last night's paper referred to the record price of \$39. I agree with the gentleman that the people of this country wish us to pass legislation against the spread of communism. However, and in this I am afraid I am in disagreement with the distinguished gentleman, the people of this country wished this legislation passed without the great delay, the tweedledee and tweedledum of which I have so frequently spoken. They wanted it passed promptly in time for it to fully serve its purpose, and I believe they will particularly resent his conduct as majority leader in coming here on this last day to further delay the matter and perhaps carry it over until tomorrow with a political discussion.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. LEWIS. Mr. Chairman, I ask unanimous consent to revert to section 2 of the bill in order to offer an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. VORYS. Mr. Chairman, I must reluctantly object.

Mr. LEWIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEWIS: On page 8, line 24, after the word "Act", at the end of the line, insert a comma, and add the following: "Provided, That of this amount not more than \$100 shall be expended for such relief in China."

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, 5 minutes to be reserved to the Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LEWIS. Mr. Chairman, it so happens that I was in China in the first week of October of this year. I bring you the statement of every American I met in China, excluding, obviously, the members of our diplomatic staff over there, because they made no statement, and they should not make one, and that is that the Government of China is utterly corrupt and that every dollar that we put through this bill into the hands of the Chinese will go into the pockets of private individuals and will never go for the purpose for which we intend it. Specifically, they told me that large parts of it will go into the pockets of T. V. Soong. Now, if you want to appropriate money for T. V. Soong, who already has a large part of the wealth of China in his accounts, vote against this amendment.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield to the gentleman from Pennsylvania.

Mr. HUGH D. SCOTT, JR. I shared the gentleman's experience in also learning some things of interest regarding China, and I would suggest that if we are so anxious to give this money at this time to China, that we investigate a report that one prominent Chinese leader has \$18,000,000 in banks outside of China, much of it in this country.

Mr. LEWIS. That is right; in the Chase National Bank and the National City Bank of New York City.

Mr. HUGH D. SCOTT, JR. The gentleman knows what I have reference to.

Mr. LEWIS. Yes.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Is it not a fact that Secretary Marshall did not request \$1 to be included in this bill for China?

Mr. LEWIS. Well, I hope that is true. I heard it was.

Mr. RICHARDS. And neither has the President requested funds for China in this bill.

Mr. LEWIS. I think that is right.

Mr. RICHARDS. And neither has the other body placed funds in this bill for China.

Mr. LEWIS. That is right.

Mr. RICHARDS. Does the gentleman also know that the Secretary of State has said that China is an entirely different problem and should be handled in a different way?

Mr. LEWIS. That is right; and in my opinion he is right.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Does not my good friend from Ohio know that the Secretary of State also said that they were formulating a program to give China at the rate of \$20,000,000 a month, and they were considering the necessity of it?

Mr. LEWIS. Well, I do not know about that. I heard something here the other day about \$20,000,000 a month, but I think, under present conditions in China, that is money wasted; poured down the sewer.

Mr. FULTON. Does not the gentleman believe the safeguards we have in the bill, to watch the spending of money and to fight communism every place, are necessary?

Mr. LEWIS. They are necessary, but the gentleman does not know China.

Mr. FULTON. I have been there. I spent a year in the Orient.

Mr. LEWIS. When the gentleman says that he says that the safeguards in this bill will prevent the Chinese from doing exactly what they have done with UNRRA funds. They absolutely wasted tens of millions of dollars of UNRRA funds. Much of those funds or what they bought come through the black market into the pockets of high Chinese officials.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield to the gentleman from South Dakota.

Mr. MUNDT. I should like to complete the record by adding to the statement made by my colleague from South Carolina, that while the Secretary of State did not ask for any money in this bill, for China, in the hearings before the Senate Committee on Foreign Relations he did say that they needed \$20,000,000 a month, so if it were not in this bill we would have another bill coming down here in the first 2 weeks of January.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield further?

Mr. LEWIS. I yield.

Mr. HUGH D. SCOTT, JR. I imagine the gentleman would agree with me that if we could come out with a program which would really help China, a program which would really stabilize their currency and would really get the relief to the Chinese people, he would favor it, as I would.

Mr. LEWIS. That is right. I would favor anything that would get the relief to the Chinese people. They need it, and need it as much as the people of Europe need it, but this bill will not do it and this government in China will not do it. That is the considered belief of every Amer-

ican I have talked with out there in China, and on this subject I emphasize that I did not ask nor get the opinion of any official of our Government in China.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I wonder if the Government of the United States is going to make the same mistake twice in one generation, and get into world war III as we got into World War II, because of failure to appreciate that the greatest bulwark of our own security in the Pacific is to have there an independent, friendly, and, if possible, strong China.

Sometimes one hears people say, "Why should we be so concerned about what happens to China? Why are we always getting so sentimental about the Chinese? What difference does it make to us what kind of government they have in China?"

That attitude is based on the naive assumption that our insistence for 100 years on an independent China came out of some sort of sentimental American altruism for the Chinese. No, indeed. It came out of the most realistic and hard-headed concern for one country only, not China, but the United States of America. Every real statesman we have had in either party for 100 years has realized there were only two possible enemies of America in the Pacific—Japan and Russia—and that neither of them could move against us if in its rear or on its flank was an independent, friendly, and strong China.

During the period prior to Pearl Harbor we forgot that basic policy. We were told by some then, as now, that we must concentrate all our attention and efforts on Europe; we must not scatter our energies and resources to include China. As a result we allowed, even assisted Japan to encroach and expand in China until she thought she had China under her thumb and was secure in her rear. Then where were we attacked? Not in Europe, but by Japan. Hitler never attacked us until Japan had us tied up so we had to fight on both our fronts. After fighting for three and a half years to keep one totalitarian nation from getting control of the manpower, resources, and markets of China—which means of east Asia—we then followed for 2 years, a policy which can only be described as indicating that our leaders think it is not of vital importance to us whether there is an independent China or not. By confusing our paramount interests in the Pacific with an internal purification problem in China, we have all but delivered the resources and the manpower and the markets of China into the hands of another militaristic, totalitarian nation, in this case Russia.

If we do not reverse that policy quickly, if we fail to render assistance to China at this critical moment when she is hanging in the balance, if we fail to at least fulfill the commitments that we entered into to give her certain assistance after the war, as she has fulfilled the commitments she made to us during the war and since the war, if we by default turn China over to the Communists, which

means to the Russians, then disaster is ahead.

Let us look for a moment at just what that would mean to us. First, it would mean that Russia through her satellites in China, exactly like her satellites in Yugoslavia, Poland, and elsewhere, would have control of the greatest body of manpower in the world with enormous industry and vitality and resilience. She would have control of China's resources. Manchuria is the Ruhr of Asia. Russia would have control of the economic, social, political, and military development of China. It would certainly not be oriented in our direction as heretofore.

Secondly, if China goes down, as she will if she does not get help—just as Italy and Greece and France will go down if they do not get help—then the efforts of other peoples in Asia to resist the encroachments of communism must be greatly weakened. Chiang Kai-shek discovered the nature of world communism, and the impossibility of getting along with it, in March of 1927 when it tried under the cloak of a coalition to seize power in China. Unfortunately our Government did not wake up until March 1947, just 20 years too late. For 20 years Chiang has fought this creeping tyranny. If he goes down, then communism will spread like wildfire all over Asia.

That brings us to the third catastrophe—Korea and Japan, too, will then go down. We will be asked in a few days for some \$200,000,000 more to maintain MacArthur's work in Japan. Mr. Chairman, that money will go down a rat hole if China comes under the Communists. Because neither Japan nor Korea can ever become self-sustaining or secure without access to the materials and markets of China. That cannot be if China is in chaos or under the control of the Communists. Every single man we have out there knows that. For us to spend this money to enable General MacArthur to carry on his amazingly useful and successful work in Japan and then have it all fall as it must if China comes under the control of the Communists, is to pour money down as bad a rat hole as ever existed. We ought to have the courage to stand up before the world and openly break our commitments to the Japanese and Koreans rather than mislead those peoples and continue to bleed the American people to keep General Hodge in Korea and MacArthur in Japan, in a cause that cannot conceivably win if Japan cannot get access to the materials and markets of Asia. She cannot stand alone. We would be left with only two alternatives: Either we must abandon Korea and Japan and the whole western Pacific—50 years of investment of American lives and effort in the Philippines will also go for naught—or we must send each year untold millions of American dollars to subsidize Japan and Korea and send American boys to defend them.

Most important of all, if China, or even north China and Manchuria, are taken over by Russia, she will have satellites and security all along her Asiatic frontiers. Then she can concentrate on Europe in far bolder and more aggressive pursuit of her avowed purpose of preventing economic rehabilitation there.

We got into World War II when Japan thought she had China subdued in her rear. We will get into world war III if and when Russia gets China subdued in her rear. Mr. Chairman, I suspect our best hope of preventing world war III is to keep Russia's attention and strength divided between her Asiatic and her European fronts. That means we must, no matter how belatedly, give aid to China.

Our choice is not between the present Government of China and something better. I wish it were. Our only choice is between the present Chinese Government and the Communists, which is infinitely worse. Let us not make the same tragic mistake twice.

(Mr. BENDER asked and was given permission to extend his remarks in the RECORD at this point.)

[Mr. BENDER addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. LEWIS].

The amendment was rejected.

Mr. GOSSETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOSSETT: On page 9, line 21 after paragraph D, section 12, insert a new paragraph E to section 12 as follows:

"Not less than 1 percent of the money authorized to be appropriated for the aid of any country under this program shall be used for paid advertising bought within such country, which advertising shall simply and factually tell the people of such country what America has done and is doing for them."

Mr. GOSSETT. Mr. Chairman, a college professor, Dale Carnegie, wrote a little book called *How To Win Friends and Influence People*. After that he became famous. Unless we win friends and influence people by the appropriation to be authorized in this bill, then we have wasted our money.

One thing upon which everybody coming back from Europe agrees is that we have not told the people of Europe the extent or the nature or the reason for the relief we have been extending. I am told that not 1 percent of those people have any idea of what America has done in Europe or why.

This amendment proposes to spend 1 percent of this money for publicity in Europe. That is \$10,000 out of each \$1,000,000 to pay for something they have to sell—that is, advertising. It can be either space in their newspapers, billboards, or time on the radio to tell them the simple factual message of American aid and relief.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield briefly.

Mr. POAGE. If we would use the money that we take back from those countries in the sale of goods in their currency, we could use that to pay for this advertising, without any cost to us.

Mr. GOSSETT. That can be done within the provisions of this amendment.

I did not know, for example, until the gentleman from Michigan [Mr. SADOW-

SKI] told us yesterday, that we had shipped almost \$2,000,000,000 in private charity to Europe. I would say on a billboard, for instance, "What has America done? World War I, 200,000 casualties and \$50,000,000,000."

"World War II, a million casualties and \$360,000,000,000."

"What does America ask in return? Not 1 cent in reparations; not 1 foot in territory." What America is spending on relief, then give the figures.

I would then add: "What does America want? Peace and friendship." We should tell this story so simply and widely that the humblest person would know and understand it.

Unless we tell the people of Europe what we are doing and the extent of our charity, then we have failed. If you contribute to the Red Cross or a church, of course, modesty and propriety preclude you from advertising that fact, but the exact reverse is true in this matter of international charity and good will. Unless the people know what we have done we will not get their good will.

One time a man lived next door to us and he was generally thought to be a skinflint and a hardhearted old shylock, but after he died it was found he had given enormous sums to philanthropy and charity. Nobody knew about it.

Mr. ELLIS. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield.

Mr. ELLIS. The Appropriations Committee of the other body disclosed yesterday that 1,117 bombers were recently destroyed by the United States air forces in Germany, and at the same time Uncle Sam was furnishing American dollars to Greece and Turkey to purchase second-hand British planes. It looks to me like the management of this thing is up to the management of the American people that had this sale in their hands. So I say the responsibility is in the administration.

Mr. GOSSETT. What I want to do is to correct the errors of the past, and to be sure that the people of Europe know and understand the extent of American philanthropy, American charity, and American good will. If we will spend a few thousand dollars there on the ground, buying paid advertising, we will do more than the millions we have spent through the Voice of America, OWI, and these other propaganda agencies. It is a matter of just a plain business approach to the problem, just like you would sell refrigerators, radios, sewing machines, washing machines, or anything else. Let us use some good hard American business sense in selling the American program abroad. Otherwise, we will have put additional millions down the rathole into which we have already poured millions of dollars.

I hope this amendment will be approved and that even more than I have stipulated here, 1 percent, will be used for this purpose. It gives them American dollars with which they can buy food. It has a twofold purpose. It can sell American good will and American democracy, and give them dollars in ex-

change, with which they can buy American goods.

The CHAIRMAN. The time of the gentleman from Texas [Mr. Gossett] has expired.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am sure my good friend from Texas is perfectly honest and sincere in offering this amendment. If it would accomplish the things he thinks it would accomplish, I would support the amendment. As it is, I cannot support it.

The gentleman says it is good hard common sense to provide 1 percent of this money for advertising. That amounts to about \$6,000,000. Now, that money is not lire, francs, or drachma; it is American dollars. The gentleman proposes to go into the recipient countries mentioned in the bill and spend American dollars in an advertising campaign. The broadcasting companies and the newspapers could make a Roman holiday out of this thing and get rich. As a matter of fact, we think we have insured proper advertising in the bill already. You will note in subsection (c) of section 5 that the recipient countries must use all available media, including newspapers and radio, to tell the people where this stuff comes from and our purpose in giving it to them, and so forth. Suppose they do not do that, the next step is for the United States to step in through this legislation and get together with the recipient country and say: "You have got to do it, or this relief stops." In subsection (c) of section 5 of this bill we provide for the doing of the things the gentleman from Texas wants done, but in a different and less expensive way. The bill provides for the use of local currencies for advertising purposes. But under this amendment we take \$6,000,000 out of this relief program and spend those dollars over there to try to tell the people what our purpose is.

Mr. GOSSETT. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. GOSSETT. This amendment does not say you have to spend American dollars, it merely provides that 1 percent of the amount of money authorized in this bill shall be spent for this purpose. It could mean lira, franc, drachma, or whatever the local currency happened to be. It does not mean dollars. It would be used to buy advertising space in newspapers, radio time on the air, billboard space. That is an important part of this whole program.

Mr. RICHARDS. The authorization for an appropriation through this bill is in terms of dollars, and the gentleman has said through his amendment that we should take 1 percent of the amount of this bill to use for a certain purpose. If that is not dollars I do not know what dollars mean.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. POAGE. A few days ago I suggested that we take some of the money we will receive in return from the sale of this food in local currency that will be

impounded, and that we instruct those governments to spend some of that money to pay for local advertising. In that way we will get results without its being one penny of expense to the American taxpayer.

Mr. RICHARDS. The gentleman is right. In section 5 of this bill we have provided that they can do that very thing.

Mr. GOSSETT. Mr. Chairman, will the gentleman yield further?

Mr. RICHARDS. I yield.

Mr. GOSSETT. Section 5 does not provide that we can do anything. It provides that the Government publicize. I want our Government to publicize.

Mr. RICHARDS. Section 5 provides that certain things must be done, like advertising, and so forth. If those things are not done we can discontinue the aid or we can compel them to do it by exercising our rights under subsection (c) of section 5.

I hope the amendment will be voted down.

Mr. JONKMAN. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at the end of this 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. GRANT of Indiana. Mr. Chairman, will the gentleman from Michigan yield?

Mr. JONKMAN. I yield.

Mr. GRANT of Indiana. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

[Mr. GRANT of Indiana addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. JONKMAN. Mr. Chairman, the objective of the gentleman from Texas is not only laudatory but highly necessary, and that is why the committee has made provision for his objective in this bill. However, I cannot agree with the gentleman from North Carolina when he proposes in his amendment that we use dollars for this purpose. Dollars are at a premium all over the world.

Mr. GOSSETT. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. Mr. Chairman, I yield to the gentleman from Texas.

Mr. GOSSETT. Section 5 does not provide that we publicize this. It provides that this is binding on their government, not ours. It leaves the publicity up to their government, not ours.

Mr. JONKMAN. I will answer the gentleman in a minute.

Mr. Chairman, our dollars are at a premium. Lira and francs, as far as international aid is concerned, are of no value and no consequence. Everybody all over the world wants dollars; yet the

gentleman proposes that we use 1 percent—\$10,000 on every million dollars—that we use \$6,000,000 of these premium dollars, these precious dollars, when we can do the same thing with lira and with francs and when it will have to be done with lira and with francs.

We must take into consideration that we are dealing with countries, as was brought out yesterday, not with peoples. We are helping governments, not peoples. For this reason it seems to me that the committee has made very ample provision in section 5 (c) in which it is provided that the governments are to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers as to the purpose, source, character, and amounts of commodities made available under the authority of this act.

You cannot ask for any more there.

Section 5 (b) states:

That when commodities made available under the authority of this act are not made available on terms of repayment in dollars, they shall be made available only upon condition that the government of the recipient country agrees that when it sells such commodities for local currency (1) the amounts of such local currency will be deposited by it in a special account; (2) such account will be used within such country until June 30, 1948, for the purpose of paying local currency expenses of the United States incident to the furnishing of interim aid to such country under this act and for such other purposes as may be mutually agreed to between such recipient country and the Government of the United States.

Under the committee provisions the objective will be accomplished by the voluntary action of the recipient government, preferably upon its initiative, and the United States agency. This will be far more acceptable than that we should demand a kick-back for our own benefit and publicity by directive in the bill.

The difficulty with all of these aid programs has been that they have been built upon a false foundation and that false foundation is that instead of rendering aid directly to the people by our own agents, we render the aid to the governments which in turn pass it on to the people on such terms and conditions as they may see fit.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JONKMAN. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman is stating a very correct premise. The people over there do not know that they are getting the food from the United States, because they have got to pay for it at inflated prices, either in regular channels or through the black market.

Mr. JONKMAN. That is what I mean when I say that our aid programs have been based on false foundations. Ever since the first UNRRA bill, along with others, I have sought to have our aid handled by our agents direct to the recipients. But that is water over the dam. You have to deal with the machinery that you have. You have to deal with these governments. That is why the committee provided for joint action on

the part of the United States Government and recipient governments to use the local currency that results from the sale of these products for this purpose. If we cannot entrust that to our local agencies then we will have to do again just what we have been doing all the time, or trying to do—direct what shall be done with this money to the last detail.

Mr. AUGUST H. ANDRESEN. It seems to me that there is provision in the bill providing that our country or our representatives within each of these countries can use some of this money for that purpose; that the French Government, for instance, in selling the food could reimburse the United States for expenses incurred and they could use it for radio and other purposes.

Mr. JONKMAN. I think that is correct.

Mr. Chairman, I want to say that it seems that we refuse to learn by experience. After the First World War we went through this same thing. We spent \$7,000,000,000 of public and private loans without getting the European nations anywhere except building boulevards over a period of 6 years, and then we finally woke up and we said, "We must do something in these European countries, that is direct or we will never get anywhere." Under the Dawes plan we sent \$200,000,000 into Germany; we sent \$72,000,000 to Poland under the Dewey plan, and to Hungary \$60,000,000 under the Jeremiah Smith plan, and we said, "This is for the production of consumer goods, and nothing else," do not let go of a penny for any other purpose. Those responsible in each individual country did, with their organization, carry out that program. With ridiculously low administrative expense and a few hundred millions they did the job in a few years. I remember distinctly that in the period of 3 years we changed Poland from an importing country to an exporting country with \$20,000,000 in the Treasury. That is what we should have done this time if we had learned from the lessons of the past. We have not done so. I say we should not put a directive in this bill to squander this money. It will be squandered without Congress directing it to be squandered. We should not put a directive in this bill spending a part on ourselves. It is not worth the probable criticism and will be agreeably accomplished under the bill, as is.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. GOSSETT. Mr. Chairman, I ask unanimous consent to change the wording of my amendment in one particular. I desire to strike out the words "money authorized to be appropriated for the aid of" and insert "not less than 1 percent of the local currency received from any country under this program shall be used." That cures the objection which the gentleman from South Carolina had to my amendment.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, reserving the right to object, I will not object, but I would like to have somebody answer this question: Does our Government receive any local currency whatsoever?

Mr. VORYS. Yes.

Mr. AUGUST H. ANDRESEN. If they do, I have not read it in the bill. It is my opinion that the currency that the French and Italian Governments receive for the food and other commodities which they sell will go into a fund and is not turned over to the Government of the United States.

Mr. VORYS. Mr. Chairman, reserving the right to object, I gave notice 2 or 3 days ago that we would have to start objecting to half-baked amendments that did not represent what the Members had in mind, and I am, therefore, constrained to object to any change in this amendment at this time.

The CHAIRMAN. Objection is heard.

The question is on the amendment.

The question was taken; and on a division (demanded by Mr. GOSSETT) there were—ayes 27, noes 58.

So the amendment was rejected.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: Page 8, line 24, strike out the period and substitute a colon and insert:

"Provided, That notwithstanding any other provision of this act, none of the funds authorized or made available under this act shall be used or made available for use for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

"(1) survey the requirements of other countries which are dependent upon the United States for a portion of their supplies of such commodities, and

"(2) estimate the quantities of such commodities which will probably be made available to such countries from the United States, and

"(3) determine the total amount of such commodities available for export from the United States, after giving due consideration to the quantity thereof required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such commodities. In determining the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than 200,000,000 bushels to protect the economy of the United States from inflationary prices and to insure against a scarcity of bread for domestic consumption during the 12-month period beginning July 1, 1948. "The funds authorized herein shall not be made available or used to acquire a quantity of wheat, wheat flour, and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the United States, will leave a carry-over of less than 200,000,000 bushels of wheat on July 1, 1948, unless the official crop report of the United States Department of Agriculture as of May 1, 1948, shows an estimated production of winter wheat in the United States of more than 700,000,000 bushels, and a normal planted acreage of spring wheat."

Mr. MILLER of Nebraska. Mr. Chairman, I have been distressed by statements on the floor of the House, that this short-term relief bill is just the beginning of the long-range Marshall plan, which would require some 16 or 20 billion dollars of our products or the taxpayers' money.

I have been distressed by the statement made by the gentleman from Georgia [Mr. Cox], that in spite of the more than \$2,000,000,000 we have poured into France and the other billions of dollars to other countries that we now have no friends. They refer to us as Uncle Shylock. There are disgruntled people in all of these countries who have no appreciation of the sacrifices that the American people have made and are making to help relieve the distress in Europe and Asia. It convinces me that we can not buy friends.

Today an amendment to the bill was defeated, which would have prevented the shipping of fertilizer, farm machinery and oil to the countries under this short-term aid bill. As I understand the bill it is for a 4-month duration. How can fertilizer, farm machinery and oil assist them, if it is truly a short-term aid bill designed to furnish food, medicine and clothing?

It should be remembered that the farmers of our Nation have been doing a heroic job in producing food that will feed not only our own people, but the starving and needy in other countries as well. They have been depleting their soil in raising these huge crops. They need fertilizer. They need to replace their old worn out machinery. And they need oil to keep the tractor going. Administration forces defeated the amendment. It makes me feel this short-aid program is in fact a part of the Marshall plan.

I am wondering if the administration intends to continue to deplete the resources of our country by an ever-increasing export program. The President has asked for powers to control exports. Mr. Chairman, the President now has that power and has had it for the past several years. He has not seen fit to use it. We are exporting at the rate of more than \$19,000,000,000 a year, to the world. Our imports amount to about \$8,000,000,000. This means that our trade is out of balance to the tune of \$11,000,000,000. Put in more simple terms it means that the fires of inflation are being fed.

The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] in his remarks on December 5 pointed out that we sent, in the fiscal year ending June 30, 1946, 17,300,000 tons of food to countries in need—a large share of it to western Europe. In the last fiscal year ending June 30, 1947, we sent 19,200,000 tons. In other words, it would take 9,219 trains of 52 cars each, to haul this food. In addition to this, the American people sent packages of food and clothing in the amount of 600,000,000 pounds to needy people in foreign countries. The American people have shown in this way and by the Friendship Train that they are more than willing to take care of the people over there, but they do not feel that they should take care of the governments.

The Department of Commerce is complaining that their funds have been so curtailed by Congress they have a backlog of some 60,000 applications to export American products to the world. Mr. Chairman, I wish we had given them

no funds. Perhaps they would not be in a position to process as many applications as they have. Certainly if we are to grant another 60,000 export licenses, then we can expect a further unbalancing of our import-export program.

I believe the people of my district want me to support legislation which would provide food, clothing, and medicine to those in need, to the best of our ability. I would like to do that. But if the sponsor of this legislation continue to resist amendments which will make the bill just a relief bill and one that will really help the needy, then I will have to vote against the bill. As I presently understand the Marshall plan it will not have my support.

Evidence has been presented by Members visiting Europe that the farmers of France and Italy are holding back their grain and meat. They do not deliver it, and if they did, there would be no hunger or suffering from the lack of food. We propose, in this bill, to give them an incentive to bring their goods in to market. I presume that incentive is a package of cigarettes or a radio, because there are few other things in our country that are now in a surplus category.

Mr. Chairman, as this bill is written, it will not promote good will. It will not make the poor people, whom we want to help, our friends. I say this because the food and relief under this bill must go through the present Government machinery in the countries getting the aid. This means they will sell the food at black-market prices to the hungry. If this is to be the means of distribution, it would be well for us to keep our American-flag label off the supplies because it can bring nothing but scorn and hatefulness for our country. The people just do not understand the method of distribution and why they must pay exorbitant prices for food, medicine, and clothing when our own people have indicated that they wanted it to be presented as an outright gift. Ample evidence has been presented to the effect that but a small percentage of this fund will actually reach the needy. That is not what the American people have been told about the bill. It is the same old story—propaganda and downright dishonest efforts on the part of the administration to mislead the people at home.

Mr. Chairman, I would like to vote for a relief bill which would give assurance that those who are hungry and need food and clothing will get assistance without paying black-market prices to the present Government machinery that has been operating our relief program in the past. There are many sincere Members of Congress who would like to vote for a real, honest relief bill. I hope the committee handling this measure will make it such a bill.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment be limited to 20 minutes and that the gentleman from Montana [Mr. MANSFIELD] may have 5 minutes after I have finished my request.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MANSFIELD. Mr. Chairman, there have been too many peculiar things going on in the Committee of the Whole House for me to stand this much longer. Last night the acting chairman of our committee tried to get the Committee to rise when we were on the verge of voting on the matter of the amount of money for this particular measure. As a matter of fact he insisted on it, and it took the Committee to vote him down. Now he makes the statement that he is speaking for the whole Foreign Affairs Committee on this amendment. I want it distinctly understood that I never saw this amendment and never heard of it until just now.

Mr. VORYS. I beg the gentleman's pardon. I did not attempt to speak for the whole committee. I said I have attempted to circulate the amendment as best I could and that there was only one objection to my knowledge. I now find that there are more than one. I said that I was speaking my own personal views.

Mr. MANSFIELD. I accept the gentleman's explanation and I want him to know that I have never doubted his integrity. However, no one on the Democratic side of the Foreign Affairs Committee has had this amendment referred to him. We do not know what it is all about. We are confronted with an amendment offered by the gentleman from Minnesota which is not only three or four pages long but entirely too complicated for anyone to understand in the time allotted to us for its consideration. I, for one, do not intend to vote on something I do not understand, and I hope some kind of an understandable explanation can be made to the membership of this House. We have had no time to consider this proposal, but the gentleman from Minnesota gets up here and offers an amendment it would take a Philadelphia lawyer to understand.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Certainly I yield.

Mr. AUGUST H. ANDRESEN. I know the gentleman always wants to be fair. I have taken some time, that is true. I am interested in this bill. I am sincerely interested. I expect possibly I will vote for it, but let me say to the gentleman I mentioned in my opening speech, that I was going to propose such an amendment.

Mr. MANSFIELD. May I say to the gentleman that this is about the fifth amendment, if I am right, that he has offered? It is also about the tenth time that the gentleman has spoken on this measure.

Mr. AUGUST H. ANDRESEN. This is the second amendment I have offered, I will say to the gentleman. I have spoken on other amendments, and of course the gentleman had that same right.

Mr. MANSFIELD. That is true, but the point is this: I do not like to consider an amendment brought before this body with the statement by the acting chairman that it had been circulated amongst the committee. I never heard of your amendment until it was read about 10 minutes ago. I think there

should be a little more comity between both sides of the Foreign Affairs Committee so that we will know on our side what is being discussed and will be in a position to consider some of these matters.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. JUDD. I want to associate myself with the gentleman from Montana. We fought this same battle of commodities in short supply the other day. This amendment would make it impossible to ship any wheat at all until a long, complicated mechanical process had taken place, even wheat already purchased. The wheat for this program has already been bought by the Commodity Credit Corporation and is ready for shipment. If the gentleman from Minnesota would accept an amendment to strike out the prohibition in his amendment on shipment from the United States I might be able to go along with it. There might be justification for prohibiting further acquisition on some possible later program, but his amendment says we cannot ship even that which is bought, until perhaps next May. I cannot go along with that amendment.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. LODGE. I would like to associate myself with what the gentleman from Montana has stated. We turned down the short-supply amendment. This is nothing but a substitute for it, and I believe we should turn this amendment down, too.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. KEE. I am another member of the committee who desires to associate myself with what the gentleman from Montana has said. This is the first time I have ever heard of this amendment, and I am opposed to it.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mrs. DOUGLAS. I want to associate myself with the gentleman from Montana. This is another crippling amendment. We are either going to kill these amendments or we should not vote for the bill at all.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I would like to associate myself with the gentleman's statement and make it even stronger. I was shown a copy of this amendment and stated that I opposed it and would oppose it on the floor.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. FULTON. I wish to associate myself with the gentleman's position and shall rise in opposition to the amendment as soon as I can be recognized.

Mr. JARMAN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. JARMAN. I also wish to thoroughly agree with the gentleman

from Montana and say that I thought we disposed of the Andresen amendment yesterday afternoon. I never heard of this one until a few minutes ago.

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and I yield back the remainder of my time.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment is the same thing we have been fighting over on this bill previously. Do you want to strike out the enacting clause because some particular commodity comes in here through a representative and wants to be taken out of the particular application of the bill?

This amendment says that no shipment can be made, as well as the acquisition of wheat, wheat flour, or cereal grain, in the United States. How long does it hold up that shipment? The amendment says, "such as will leave a carry-over of not less than 200,000,000 bushels of wheat on July 1, 1948." Think of it. July 1, 1948. This program is supposed to start on December 1 of this year.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I cannot yield now.

Mr. AUGUST H. ANDRESEN. I am sure the gentleman desires to be fair.

Mr. FULTON. I am sorry, but I do not yield at this time. I will yield as soon as I have made my main point.

Mr. AUGUST H. ANDRESEN. I thank the gentleman.

Mr. FULTON. On July 1, 1948. The program was to have started December 1, 1947, and now it is to start as soon as possible in 1947. We cannot wait until 1948 to make this determination, but under this amendment we would have to. Unless the official crop report of the United States Department of Agriculture as of May 1, 1948, shows an estimated production of winter wheat in the United States of more than 700,000,000 bushels and a normal planted acreage of spring wheat, nothing can be sent. This amendment does not define what a normal planted acreage of spring wheat is. The result will be that somebody will get an injunction against this bill and there will be no relief. It is a good way to strike out the enacting clause.

Let us see what the wheat carry-over has been in the past. The gentleman wants a 200,000,000-bushel carry-over. From 1919 to 1928 the carry-over was 117,000,000 bushels average; from 1932 to 1941 it was 246,000,000; and in 1947 it was only 84,000,000 bushels of carry-over. So if he wants a 200,000,000-bushel carry-over he is going to knock down this program by 116,000,000 bushels. Even in 1946 there was only 100,000,000 bushels carried over.

Let us see what our wheat crop has done. In 1943 we had a spring wheat crop of 17,000,000 bushels. In 1946 we had 19,000,000 bushels, and in 1947 we had 20,000,000 bushels. So we have 3,000,000 more bushels of spring wheat to go on in this country. It is a very

selfish attitude that would deny any portion of that to these starving people.

Now, let me take up winter wheat and then I am through. In 1943 we had 38,000,000 bushels of winter wheat in excess in this fine country of ours, 56,000,000 bushels, and yet he still wants to carry over 200,000,000 bushels. And he wants us to wait until all these calculations have been made, at least to May 1, 1948, and in the meantime these children are starving on the streets. I am against it. Now I will yield to the gentleman.

Mr. AUGUST H. ANDRESEN. If the gentleman is as accurate in all his figures as he is in the last one he just quoted—he said 56,000,000 bushels.

Mr. FULTON. It is 56,941,000.

Mr. AUGUST H. ANDRESEN. It was over 1,000,000,000 bushels this year.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Let me point out where the gentleman was incorrect.

Mr. JAVITS. Mr. Chairman, will the gentleman yield for a question?

Mr. FULTON. I yield.

Mr. JAVITS. The gentleman from Pennsylvania is correct in the figures, but he should have said acres. He misread "acres" for "bushels."

Mr. FULTON. It is acreage. The acreage has increased from 38,000,000 to 56,000,000 in winter wheat, and in spring wheat from 17,000,000 to 20,000,000. Is that not right?

Mr. AUGUST H. ANDRESEN. That is correct; and it is a good thing.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The gentleman from New York [Mr. JAVITS] is recognized for 4 minutes.

Mr. JAVITS. Mr. Chairman, nobody is mad at anybody. I am not mad at my colleague from Ohio and I do not believe any other member of the Committee is. He has got a terrifically tough job and is doing his best. If his statement were carefully analyzed it would be found that he said only that he had submitted the amendment to such people as he could find. Many of us, obviously, he could not find. We have a perfect right to come in here and express ourselves on this amendment. No one questions that, and, I repeat, there is no dissension; nobody is mad at anybody. The gentleman from Ohio has done the best he could, and I think he has done a fine job.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. Certainly.

Mr. VORYS. I submitted this amendment to those I could. I assumed it was circulated like other amendments. I took it up with our staff and found that they felt it was a workable amendment, and that is what I attempted to state. It is not a subject on which I am a great authority, but I wanted to have the view of the Committee so far as I could. I knew the gentleman from Pennsylvania [Mr. FULTON] was opposed to the amendment.

Mr. JAVITS. I now yield to the gentleman from Pennsylvania.

Mr. FULTON. In reference to the quotation of the staff on the floor of this House, it might be of interest to the House that it was the staff figures I read to show the great increase of wheat. There is no position being taken by the staff of the Foreign Affairs Committee on this amendment or this legislation. All it does is bring in the figures, and not comment on the legislation or be quoted.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New York.

Mr. BLOOM. Does not the gentleman think that the members of the committee, the majority or minority members of the committee, should be consulted once in a while rather than consult with the staff of the committee? We are the ones who have to vote on this thing.

Mr. JAVITS. I have explained my position on it and I think it is fair. In my opinion, the gentleman from Ohio has done the best he could, but many of us disagree with him on this amendment.

Mr. Chairman, the gentleman from Illinois [Mr. DIRKSEN] had this to say in a very eloquent speech he made the other day:

I beg you as I have never besought this House before, I implore you as I have never entreated you before, let us not gut this bill, inelegant as the expression is, and let us not reduce the amount.

Mr. Chairman, that is exactly what is proposed in this amendment—the bill is being gutted. I am not an expert on wheat carry-overs, but I say that you are setting up the mechanics, the necessity for a computation which could not be made in the time within which the shipment of this wheat is going to do any good. If it cannot do any good, why pass this bill at all? The gentleman from Pennsylvania is right, if you adopt this amendment you are striking the enacting clause, you are gutting the bill. So this is a field day for every enemy of the bill on the floor.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I think we ought to clear up any misunderstanding. All this amendment does is to require that the President take into consideration the needs of all the countries in the world that are depending on us for wheat in fixing his export figures, and also figure what we need for our own use in the next 12 months; then use as a base figure for carry-over 200,000,000 bushels of wheat until we can determine what the size of next year's crop will be.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Chair recognizes the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, I was rather surprised that the acting chairman of the Committee on Foreign Affairs fell under the blandishments of the gentleman from Minnesota, because I heard the gentleman from Ohio say the other day that he did not want the enacting clause stricken out of this bill; he, the acting chairman, now agrees to this

vicious amendment. Insofar as wheat or cereal is concerned, I ask the gentleman from Ohio, when could any shipments be made if the pending amendment is adopted?

Let me read a part of the amendment:

None of the funds authorized or made available under this act shall be used, nor shall any wheat, flour, or cereal grown in the United States or the shipment thereof from the United States be made unless the President shall first have a survey made.

When is the survey to be made? Do you set up an organization to make it? How is it done? There is nothing in this amendment on that. When can a shipment of wheat be made? This amendment is as broad as it could possibly be in order to defeat the purposes of the bill.

Mr. Chairman, I want to say, and I say this in all seriousness, that I have seen many people suffer from hunger. I have seen too much of that to delay the vote on this bill or to delay the aid to those that should have it. If we are going to pass the bill, let us do it now. Let us not play around with this thing and act like children. We cannot wait for a survey. My God, have not surveys enough been made for you to know the suffering in France, in Austria, and in Italy without having to have another survey made? I am against this amendment—it tends to aid in killing the purposes of the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. DEVITT].

Mr. DEVITT. Mr. Chairman, I have the highest possible regard for my friend and colleague the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]. I did not know until now that he exercises powers of blandishment over the gentleman from Ohio.

In the interest of obtaining much more light and much less heat on the subject, I would like to yield to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] for a dispassionate explanation of his proposal.

Mr. AUGUST H. ANDRESEN. I thank my colleague from Minnesota for giving me this time for that purpose. What I want to do is to see that every country in the world that is depending on us for wheat will be able to get their just share of the wheat that is available from our supplies. Secondly, I want to take care of the needs of the American people so that we can be sure that we will have enough wheat carry-over until we can determine the size of the next crop.

We had a drought down in the Southwest. There have been some rains, it is true, in the last 3 or 4 weeks, and it is to be hoped that we will get another big crop of wheat down there, but unless that crop materializes we will not have enough wheat in this country to take care of the needs of the American people, to say nothing about the hungry people in the rest of the world who are looking to us for wheat.

The Department of Agriculture has all of the facilities on production and availabilities as far as wheat or any other grain is concerned, so that the President will not have to set up a new staff.

This amendment does not prohibit the shipment of wheat outside of the United

States. It only requires the President, through the Department of Agriculture, to make the survey of supplies of wheat in the United States and requirements for domestic and foreign needs. They have the figures and they can give him that information and, furthermore, it will only take into consideration their calculation to leave 200,000,000 bushels reserve as of July 1, 1948, in the United States out of the 1947 available supply so that we will be assured that the American people will have bread next year in the event of a short wheat crop in 1948.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Minnesota.

Mr. JUDD. Would the gentleman object to an amendment to strike out "or the shipment thereof?"

Mr. AUGUST H. ANDRESEN. Such an amendment is not necessary. The language in my amendment does not interfere in any manner with shipments of wheat provided for in the bill. According to the report of the committee, shipments of wheat to France and Italy will be less than 80,000,000 bushels for the period covered by the legislation. The 1947 United States wheat crop plus the carry-over is estimated at 1,490,000,000 bushels. My amendment requires that in the making of commitments of wheat for export, domestic requirements be taken into consideration, and in making all calculations an amount of 200,000,000 bushels of wheat be allowed for a carry-over for July 1, 1948. This carry-over does not in any manner authorize the Secretary of Agriculture or any other Government agency to acquire by purchase or otherwise the 200,000,000 bushels of wheat for the carry-over. The carry-over of wheat is treated as any other carry-over into the new crop year, with a large share of it being on the farms or in the elevators of the United States. It is not the intention of my amendment to have the Government acquire the carry-over. I am against such an operation, as I am opposed to Government purchase of the entire crop.

After making a calculation of 200,000,000 bushels carry-over, we find 1,290,000,000 bushels of wheat for domestic uses and for export.

The amendment further provided that if the official crop report of May 1, issued by the Department of Agriculture on May 10, 1948, shows an estimated winter wheat crop of more than 700,000,000 bushels of wheat, and a normal planting of spring wheat, the carry-over may be reduced, which will permit an additional amount for export.

Surely, we must protect the economy of the United States when it comes to wheat and bread. Therefore, we must ascertain the size of the winter wheat crop of 1948 before we ship all of our wheat out of the country. We will know by May 1 as to the approximate amount of winter wheat that will be produced for use in 1948-49. We must make sure that the American people will have enough bread until a new crop is produced in 1949.

The Department of Agriculture, with all of its grain experts, possesses all

necessary production and supply figures for wheat and other grains. It will not be difficult for them to give immediate information on supplies for export and domestic use.

Again I stress, we do not want to leave the American people high and dry. That is the reason why I offered my amendment. I want to stop economic retrogression for the people of the United States, to see that they will have bread, at least, long enough so that we can make another wheat crop, and when we do that, we will also take care of the people in the other countries of the world.

I will say further to the gentleman from Minnesota that the need in May and June in Italy and France and other European countries will be greater than it is now, so it might be well to hang onto a little of this wheat until the first of May so that we can send more over there until they can produce another crop, which will be some time in July or August, if we can spare it.

I will make a more detailed statement on the wheat situation, which I will place in the RECORD at an early date.

I thank my colleague from Minnesota [Mr. DEVITT] for permitting me to use his time to further explain my amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE to the amendment offered by Mr. AUGUST H. ANDRESEN: Strike out the figures "200,000,000" wherever they occur and insert "150,000,000."

Mr. HOPE. Mr. Chairman, I have offered this amendment because I think a carry-over of 150,000,000 bushels is adequate; in fact, I personally think it is probably more than adequate. It depends, of course, on the crop we have next year. There has been some apprehension about the 1948 wheat crop because of the drought in the Southwest, but that drought has now been broken. I was in Kansas over the week end. The crop prospects are much brighter than they have been before. It is not unreasonable to assume that for 1948 we are going to have a crop of 900,000,000 bushels at least. It could be a good deal more than that. We had 1,406,000,000 bushels this year. About 700,000,000 bushels of that was produced in this Southwest territory. If we would have an extremely poor crop and produce 500,000,000 bushels less in that territory this year, we still would have, if we have a good crop elsewhere, 900,000,000 bushels of wheat. We have never used more than 552,000,000 bushels for human consumption. We will want about 75,000,000 or 80,000,000 for seed. That is all we actually have to have to give the people of this country bread. We will feed some. But if we have, in addition to a crop of 900,000,000 bushels, a carry-over of 150,000,000 bushels, that will give us a supply of 1,050,000,000 bushels—enough to take care of any ordinary demands for feed.

If we are concerned about the situation next year, we are adequately protected if we have 150,000,000 bushels carry-over. I talked to the officials in the Department of Agriculture this morning. They tell me that if they carry out the maximum proposals which have been made for exporting 570,000,000 bushels of wheat and other grain, we will wind up with an expected carry-over of 160,000,000 bushels, so that the figure which is contained in my amendment is 10,000,000 bushels less than the Department officials think we will wind up with on the basis of their present figures. This assumes that 250,000,000 bushels will be feed. Of course, no one knows whether it will be 250,000,000 bushels or more or less. The amount will depend a good deal on the price of wheat and its relationship with the price of corn and other feed grains.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Iowa.

Mr. JENSEN. The Congress will meet in regular session on January 6 and will be in continuous session possibly for 6 or 7 months. If either one of these amendments should be adopted—and I do not know which is the proper figure and am not so concerned about that—and should it be proven that we can spare more of this wheat, then certainly the Congress of the United States can take immediate action. Is not that a fact?

Mr. HOPE. It is true that Congress will be in session.

Mr. JENSEN. We will, and we will take the necessary action.

Mr. HOPE. I do not anticipate there will be any need to take any action if we adopt my amendment, because I think we are going to have at least a 150,000,000-bushel carry-over on the basis of all the information which is available at this time.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. If the gentleman's amendment covers 150,000,000 bushels and the gentleman expects us to have more than that carry-over, then the whole amendment is not necessary, because it then becomes a vain thing. But if the same thing happens in 1948 that happened in 1947, are not the gentleman's figures going to be changed, because, according to the figures of the Department, only 84,000,000 bushels of wheat were carried over in 1947, and in 1946 only 100,000,000 bushels? So would not the gentleman be running a risk of defeating part of that program?

Mr. HOPE. I think anyone would agree that a carry-over of 84,000,000 or 100,000,000 bushels is a little small. I think we would not want to get down to a carry-over that low if we can help it. I think 150,000,000 bushels under the circumstances is ample, and I do not think it will interfere with the program covered by this bill. If it gives any assurance to some people that we have enough wheat for domestic consumption, then I see no objection to adopting the Andresen amendment as modified by my

amendment. I do not think either one is particularly necessary.

The CHAIRMAN. The time of the gentleman from Kansas has expired. All time has expired on this amendment.

The question is on the amendment offered by the gentleman from Kansas [Mr. HOPE] to the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The question was taken; and on a division (demanded by Mr. HOPE) there were—ayes 77, noes 61.

So the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] as amended.

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 78, noes 73.

Mr. KEE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. AUGUST H. ANDRESEN and Mr. KEE.

The Committee again divided; and the tellers reported there were—ayes 109, noes 95.

So the amendment as amended was agreed to.

Mr. POAGE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. POAGE: On page 9, line 21, after paragraph (d) of section 12, insert a new paragraph (e), as follows:

"Not less than 3 percent of the local currency received in any country under the terms of section 5 of this bill shall be used for paid advertising bought within such country. Such advertising shall simply and tactfully tell the people of such countries what America has done and is doing for them."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. I believe this is the same amendment that was offered by the gentleman from Texas [Mr. GOSSETT] a little while ago and which has been acted on.

Mr. POAGE. This is a different amendment, Mr. Chairman.

The CHAIRMAN. It is not the same language by any means.

Mr. VORYS. Then, Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 8 minutes, the last 3 to be reserved to the Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. POAGE. Mr. Chairman, this amendment is not the same amendment that was previously offered here. It is the amendment I hope will carry out the intent of the plan I suggested to the House on last Monday when I suggested that in my opinion we should provide for paid advertising in foreign lands to express to those people just what we have been doing and that we must also carry out a policy of dramatizing our actions so that the people of those nations

might have the whole story brought before them. We need the headlines as well as the ads.

This amendment very specifically does not spend American dollars. It is not the same as the Gossett amendment which provided for the expenditure of 1 percent of the dollars provided by this bill. I hope the Members who are anxious to see that the action of the United States is made plain to these nations will understand this amendment and will not vote against it on any misunderstanding or misapprehension that it is a repetition of an amendment that has already been before the Committee. This amendment avoids every objection which was urged against the Gossett amendment.

This amendment provides for the spending, not of American dollars, but of the impounded currency of foreign nations the money which under section 5 of this bill which is impounded in the beneficiary nations is in their currency. This currency is impounded when those countries sell this food and these supplies that we send to them. Section 5 says to those nations that when they sell American wheat to their own citizens, in France, for instance, that when the French Government collects a million francs that she shall set this aside in a special fund and that we can direct the spending of that fund. This amendment says that the Congress here and now directs France to spend 3 francs out of every hundred she collects on advertising to tell the people of France what America has done. Is there anything unreasonable in that? It does not impose one additional penny of cost on the taxpayers of America. It is not paid out of American dollars, it is paid out of the money those countries receive from the sale of what we give them. For every 3 francs they spend on advertising under this provision they have kept 97 other francs.

I want to impress upon you that I am one Member who intends to vote for this bill and who has voted against reducing the amount of money. I want to see us carry on this aid program. I do not want to weaken or reduce our aid to these people but I do want the people of the world to know who supplied this food.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to my friend from Arkansas.

Mr. HAYS. The gentleman has undertaken to cut out the objections that were raised to the Gossett amendment, the principal one being that the Gossett amendment as drawn would mean a reduction in the total amount of aid provided.

Mr. POAGE. That is right.

Mr. HAYS. Of American funds made available. As the gentleman's amendment is drawn, it simply utilizes a small percentage of the francs or lira that are procured from the sale of these goods for letting the people whom we are benefiting know that it is an act of the American people?

Mr. POAGE. That is exactly right. Now, listen to this if you do not listen to anything more. We have all complained how we have given various administra-

tive agencies powers which we feel these agencies abused. The bill as now written gives the power to do just what the amendment requires. I do not question but what the power is there in the bill, but the bill does not require anybody to exercise this power. All the amendment does is to say to the State Department, to the Army, and to all the others who spend this money, not that "you have the power to require somebody to do advertising" but that "you must do some advertising; that you must tell America's story." We have had the power to tell America's story a good many times, but we have not told it. We have heard lots of criticism ever since this debate started about our failure to tell America's story. Let us not leave it to the discretion of somebody. Let this Congress tell those nations that as we give you a hundred francs worth of food which you will sell to your people you must spend 3 of the francs you get for the food in telling America's story to the people who are benefiting by it. That is all there is in the amendment. If the membership does not adopt this amendment, let no man again complain that America's story was not told as Congress wanted it told.

The only question is, Do you intend to direct the expenditure of a small sum yourself or are you willing to leave the control in administrative hands. For my part I believe Congress should speak for itself.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas [Mr. POAGE].

Mr. Chairman, all of the arguments the gentleman from South Carolina and the gentleman from Michigan made against substantially this same amendment apply here. This is an attempt to load down these deposits in foreign currencies with statutory requirements.

As has been pointed out, the bill already provides under agreement that this sort of thing can be done. This proposal, in my judgment, would cheapen the United States by forcing other countries to furnish money for us to advertise.

Our information program takes advantage of such opportunities when they arise.

I hope that we are now through with this sort of amendment so that we can get on with the bill. I hope that it will not be drawn up in a different percentage or by changing a few words. I trust the Committee will promptly vote down this amendment so that we can get this bill passed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. POAGE].

The amendment was rejected.

Mr. VORYS. Mr. Chairman, I move that all debate on section 12 and all amendments thereto close in 10 minutes.

The CHAIRMAN (Mr. MICHENER). The question is on the motion offered by the gentleman from Ohio [Mr. VORYS].

The motion was agreed to.

Mr. GWINN of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GWINN of New York: Page 8, section 12, at the end of line

24, strike out the period, insert a semicolon, and add: "Provided, That out of this sum prices paid for wheat, corn, barley, rye, or oats shall not exceed the market price of each of said commodities on the effective date of this act."

Mr. GWINN of New York. Mr. Chairman, I should like to ask a distinguished member of the committee, the gentleman from Minnesota [Mr. JUDD], whether or not the wheat for this program has already been bought by the Government, or what percentage of the wheat has already been bought by the Government to supply the requirements of this act?

Mr. JUDD. When Secretary Anderson was before the Senate Committee on Appropriations he was asked that question, and he answered:

We have secured the necessary wheat for the export program through the month of March 1948. We are using Commodity Credit money to do that.

Senator BALL then said:

In other words, you have the grain all ready to ship to cover the interim relief program. All you need now is the authorization of the money.

So the grain that is considered in this bill, according to the Secretary of Agriculture, is already purchased, and, as the gentleman knows, my objection to the Andresen amendment was that it tied up the shipments of that which has already been bought, and it will not be necessary, under the money appropriated in this bill, actually to buy any more wheat, according to the Secretary of Agriculture.

Mr. GWINN of New York. Mr. Chairman, our own Government gambled; they went into the market and bought this wheat knowing that through their propaganda they would whip this Congress into line and get reimbursement by forcing appropriations. Now, if that is true, we ought to notify this country, and particularly the feeders of cattle and the milkers of the cows in the Northeast, that this big buyer, the United States Government, is not hanging over the market like a cloud and cannot push the price of corn and wheat and oats beyond the present danger point. We ought to limit the price the Government can pay for grains according to this amendment. That does not in any sense limit the free market in these commodities. It simply limits what the Government can pay.

Mr. JUDD. Mr. Chairman, if the gentleman will yield further, I hope the gentleman understood clearly that the Secretary only mentions the commodity wheat. He did not mention other grains. He said, "We have procured the necessary wheat for our export program."

Mr. GWINN of New York. Well, wheat is the principal item. What percentage of the item of rough grain does wheat represent?

Mr. JUDD. I do not know the actual amount. We hope they will get as many calories of other grains if they are in short supply of wheat.

Mr. GWINN of New York. It is a mistaken notion that when we send grain abroad, we merely send grain. We send also the equivalent in butter and beef and pork and fats. We take that away from the American people when we take their wheat and corn. The poor people here must go hungry for beef and butter.

The number of our beef, dairy, and pork animals per capita in the United States are very seriously declining. The animal census from 1918 to 1947, which may be called the great period of departure from the freedom of the market place, shows that in 1918 we had 70.5 head of cattle—beef and dairy—for every hundred people. Year by year it declined until in 1923 we had only 60.5 animals per hundred people, in 1933 we had 55.8. In 1947 it is estimated that we have but 52.5. That is a shortage of 30 percent. It is alarming in terms of scarcity and high prices. We should have 21,000,000 more beef and dairy cattle than we now have to be on a healthy basis. Of course, meat will go higher and higher and so will butter and other dairy products if the Government continues to buy and make them more scarce. It is wicked childishness—even foolishness—to talk of artificially fixing the prices of beef and butter. That will not get food. It gets starvation for us. The farmers cannot pay even the present price of wheat and corn to feed their stock, to say nothing of the prices the Government may impose upon the people by buying wheat and corn to ship to France, Italy, Austria, and China. My amendment will stop the Government buying when our supplies become exhausted and no more grain comes out of the free market at present price levels.

Of course, the same disastrous decline in pork production appears. In 1917 we had 56.4 hogs for every 100 people; now we have only 43.8. The price of pork is going up because of the inability of the farmer to feed wheat and corn to hogs even at the present prices.

These debates make it crystal clear that the reason France and Italy are in short supply of the same commodities is due to the same causes, namely that the governments in Paris and in Rome are trying to force the farmer to send grain and meat to the cities under price ceilings which their governments fix. The farmer refuses to ship to the cities at those prices. The farmer refuses the francs and lire at government prices, so they are hoarding both grain and animals on the farms where there is comparative plenty. Besides that the French farmer refuses to plant wheat at the price the Government fixes. French farmers in 1947 left a million acres idle that could have been planted to wheat had France really believed in freedom and practiced it instead of talked about it.

France and Italy like the rest of the world listen to the false siren songs of the politicians in the cities who promise on behalf of the compulsory police state to fix prices and make people deliver. But people do not produce under compulsory conditions. Scarcities follow without a single exception. It is following in our country because we too have been guilty of the mortal sin of OPA with the rest of the world, we too destroyed freedom, the principle on which production rests. There is no effective relief we can give France or Italy until Frenchmen go down to Paris and Italians go down to Rome and politically behead, as they have in the past done physically, their own planning economists who have destroyed again their economy as they have done over

and over again in the past. Our aid will feed the politicians but not the poor.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MUNDT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to call the attention of the House to two very serious aspects of this amendment. In the first place, as the gentleman from Minnesota has just pointed out, the only portion of this purchase program which has been made is with regard to wheat. This would positively preclude the purchase of rye, barley, oats, and corn for use in this program, because it is entirely conceivable that by the time the program gets going, a good part of that grain might be 1 cent or 2 cents a bushel higher than it is today and consequently the Gwinn amendment would scuttle the whole purchase program, and you might just as well not have this bill provide for any grains except wheat.

For those of us who do not believe in price fixing and who live in the Farm Belt, the Gwinn amendment has a second serious aspect. I suggest you listen to this. This proposes automatically to put a ceiling price on grains. It is an OPA program to place a ceiling on wheat as well as the other grains. It says that the Government cannot buy above the established price on the day this bill passes insofar as these particular farm products are concerned. I am not in favor of a new adventure in OPA which has for its sole purpose a ceiling on farm products. It is interesting to note that it applies to nothing else.

Mr. GWINN of New York. Mr. Chairman, if the gentleman will yield, I am the last man in the House who would put OPA on our economy.

Mr. MUNDT. I know the gentleman is. He would not do it deliberately.

Mr. GWINN of New York. This is not an OPA. It simply limits the Government, the only big buyer in the field, the one that ought to be limited.

Mr. MUNDT. I accept the gentleman's statement that he does not want to put OPA on, but what you have done, as a matter of fact, is tantamount to having an OPA fixed price on farm products which would not permit their value to move up if the rest of our economy moves up during the unpredictable months of the future.

Mr. MANSFIELD. I agree with the gentleman 100 percent. That is just what the effect of this will be, price control on wheat.

Mr. MUNDT. Price control on wheat, corn, oats, rye, and barley.

Mr. Chairman, I ask that we vote on this amendment and reject it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. GWINN].

The amendment was rejected.

Mr. SNYDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SNYDER: On page 9, line 3, after the word "commodities", insert:

"In addition to the foregoing authorization and the provisions for its administration, there is hereby authorized a sum of \$500,000,000 to alleviate conditions of cold

and hunger in the United States and provide for each recipient who qualifies under existing legislation for relief the sum of \$65 per month.

"This supplemental relief shall be administered by existing agencies for the administration of public relief and the supplemental money hereby authorized may be apportioned to the various States for the purpose set forth, provided, however, that in the allocation of any funds hereby authorized to the States, the States will not be required to match such funds as now provided under existing law."

Mr. VORYS. Mr. Chairman, I make the point of order that the amendment is not germane to this bill. However worthy the subject of relief to American citizens may be, it is foreign to this particular legislation, which has to do with relief and aid to foreign countries. I regret that the Committee on Foreign Affairs cannot take up all the problems of the world and this country. Some Members feel that we take up too many problems, anyway. Certainly, this bill does not have anything to do with relief in the United States. The amendment is not germane.

The CHAIRMAN. Does the gentleman from West Virginia desire to be heard on the point of order?

Mr. SNYDER. I do, Mr. Chairman.

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. SNYDER. Mr. Chairman, this bill attempts to give relief. The title of the bill is broken down into two sections, in reality. The first section of the title is, "To promote world peace and the general welfare, national interest."

The second section is, "and foreign policy of the United States by providing aid to certain foreign countries."

It could in fact read, and does in meaning, "For what purpose? To promote world peace, to promote the general welfare, and to promote the national interest."

The Congress of the United States does not have any constitutional right to legislate on the general welfare except for the general welfare of the people of the United States or the general welfare of the United States itself. I think probably the Committee on Foreign Affairs or those who prepared this bill in order to get this relief for foreign nations put into the title of this bill that general clause, "for the general welfare." Since it has been inserted into the bill it cannot be limited to what the bill itself contains. Going through the bill, I find very little in it, if anything, which would be for the general welfare of the people of the United States. I think the Committee on Foreign Affairs should welcome this amendment because it gives substance to that clause in the title of the bill, "for the general welfare." Since it includes the general welfare, the question is, does this amendment which I am offering actually affect the general welfare of the people of the United States? I have been interested in the debate here. I have listened to the comments of Members who visited their own districts this past summer, and who told about the condition of people, poor people, and people who were hungry. In the past summer, I spent a great deal of time in my district

and found aged people receiving \$16, \$18, and \$20 a month. Is it not, then, for the general welfare? Will anyone say it is not for the general welfare of those people that they receive a decent American standard of living? From this small sum of \$16, \$18, or \$20 a month, they try to pay rent, purchase food, and so forth, and with the winter season as we have it here, in addition, they have to pay for their fuel.

One of the objects as set forth in this bill as has been brought out in the debate is to stop communism. It has been contended that communism is bred and springs from want and hunger. If we have people in the United States in that condition, then it meets the objective of the bill in stopping communism. I will say this—these people in the United States who will receive this relief are good, loyal Americans. I do not believe they are Communists, and I do not believe they will be Communists, whether they get this relief or not. They believe in their country and they believe in their form of government. It is to the general welfare that they be given additional assistance. These men and women have made contributions through the active years of their lives in helping to build a strong, progressive economy in this country of ours. Some of them with whom I talked lost sons in World War I and World War II. They have lost grandsons. They have reached a point in their lifetime where, through economic conditions, they are not able to meet the high cost of living.

I do not believe the committee will contend that it is not for the general welfare to give these people relief. I believe if this amendment is adopted and made part of this bill, which is appropriating \$500,000,000, the amendment will give \$65 a month to our aged people who qualify, and then we can be assured that we will have done a good job.

I have been supporting this bill with misgivings and some reluctance. I would be easier in my mind if I knew that we had provided for our own, and if we so adopt this amendment, proud we may be in the consciousness that we have taken care of our own.

The CHAIRMAN (Mr. MICHENER). The Chair is ready to rule. The gentleman from West Virginia [Mr. SNYDER] has offered an amendment which has just been read by the Clerk. The gentleman from Ohio [Mr. VORYS] makes a point of order against the amendment on the ground that it is not germane to the bill being considered, nor to the section of the bill which it seeks to amend.

The proponent of the amendment relies upon the welfare clause in the Constitution as his authority for claiming that this amendment is germane to this bill. If that philosophy were followed, inasmuch as all legislation introduced is presumed to be in behalf of the welfare of all of the people, therefore, any kind of an amendment which contained any clause that had anything to do with the national welfare would be pertinent and germane. But it is not necessary in the instant case to decide the matter on such general, broad principles. For instance, if the gentleman's amendment is

germane, then a bill embodying the Townsend plan, or a veterans' pension bill would be germane, and any other bill that might conceivably be in the general welfare.

The title of the bill reads: "To promote world peace and the general welfare,"—the gentleman from West Virginia relies upon that—and "national interest, and foreign policy of the United States by providing aid to certain foreign countries." I emphasize the words, "by providing aid to certain foreign countries."

That is the gist of the bill, and the amendment offered by the gentleman from West Virginia [Mr. SNYDER] has nothing whatever to do with aid to foreign countries, but deals entirely with domestic conditions. Therefore, the point of order is sustained.

The gentleman from New York [Mr. KEATING] is recognized for 2 minutes.

Mr. KEATING. Mr. Chairman, I rise to propound a unanimous-consent request. I have an amendment to this section, which is on the Clerk's desk, which is correlative to and should be considered with a proposed amendment to section 14. I ask unanimous consent to reserve consideration of this amendment, to be considered in connection with the proposed amendment to section 14, and that the amendment be read at this time for information.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. KEATING]?

There was no objection.

The Clerk read the amendment, as follows:

Amendment offered by Mr. KEATING: On page 9, line 3, change the period at the end to a comma and insert "nor shall aid continue under this act unless the recipient country immediately requests the Government of the United States to furnish it, through the Secretary of the Treasury, the identity of each of its nationals, including individuals, partnerships, corporations, and associations holding assets in the United States, together with the character, location, and value, if determinable, of all such assets."

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER] for 2 minutes.

Mr. TABER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Appropriations Committee has been working on the appropriation for this bill. I want to read this paragraph from the report of the committee and to ask the gentleman from Minnesota [Mr. JUDD] a question. The paragraph reads:

This bill makes it possible for the Committee on Appropriations and the Congress to provide funds for aid to China just as soon as specific recommendations are presented by the Department of State, which Secretary Marshall has indicated will be before the Congress convenes in regular session in January 1948.

No such recommendations are pending before the committee. The authorization involved for China is \$60,000,000. Sixty million dollars taken from the total authorization in this bill leaves \$530,000,000. Does the gentleman from Minnesota and the House consider that it

would be the duty of the Appropriations Committee to consider only \$530,000,000 of that estimate at this time and await such action as may be presented to us by General Marshall later on?

Mr. JUDD. Yes. It would be my judgment that that is the position that should be taken by the Appropriations Committee at this time. As I have discussed with the gentleman previously, General Marshall said that a program was under preparation. This is the colloquy that took place between General Marshall and me on November 12 when he was before our committee. I asked him:

Will the detailed proposal the Secretary says is under preparation for early submission be submitted in all probability before the Secretary leaves for the Council of Foreign Ministers meeting?

He replied:

I could not answer that right now. I do not think it will be, sir; but it will be submitted by the time Congress reconvenes or earlier.

I asked:

Reconvenes in January?

Secretary Marshall:

In the regular session; yes.

The proposal to include China was submitted in the Committee on Foreign Affairs only after the decision had been completed as to the amount to be authorized for the three European countries. It will be recalled that the committee had voted to reduce to \$489,000,000 the amount of \$597,000,000 that was in the original bill. Only after all questions as to relief in Europe had been decided by vote of the committee did I offer the amendment to put in \$60,000,000 for China. That was considered separately from Europe.

My amendment was in line with Secretary Marshall's own statement that the doctors should not deliberate while the patient was sinking; and inasmuch as he said he did have a proposal for aid to China in preparation, I felt we should make it possible for the Committee on Appropriations to make money available for that proposal just as soon as he submits it. Until he submits it I do not believe the Committee on Appropriations is under obligation to bring in any appropriation for China and in fact should not bring in any appropriation for China. When he submits his proposal, the Committee on Appropriations, and later the House itself, if they approve the proposal, would be authorized under this bill to make funds available at once. If less than \$60,000,000 were appropriated for aid to China then the balance certainly would be available for use for other countries listed in the bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent notwithstanding the previous agreement as to a limitation of time on this amendment that the gentleman's time be extended 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CASE of South Dakota. What effect does this statement, then, have on the authorization to the Reconstruction Finance Corporation to advance \$150,000,000? Will it be understood that the Reconstruction Finance Corporation will withhold from advancing the proportionate amount represented by the China proposal in the report on the bill?

Mr. TABER. I would think that that should follow.

Mr. JUDD. Personally, I do not think that would necessarily follow. I think that would be in the hands of the Reconstruction Finance Corporation acting as the President may determine. At this time the Committee on Appropriations can properly bring in appropriations only for such programs as the Executive has submitted and justified.

Mr. TABER. Was it not contemplated that this \$150,000,000 would take care of China as well as the other countries in the interim? And if so, why should they make an allocation to China if there are no estimates before the Appropriations Committee?

Mr. JUDD. I do not think they should make an allocation to China when there are as yet no estimates submitted for the program for China. The figure of \$60,000,000 was arrived at by taking the \$20,000,000 a month which General Marshall himself suggested would be needed beginning April 1 and multiplying it by three to authorize \$20,000,000 a month for January, February, and March. It would therefore seem to me reasonable for the Reconstruction Finance Corporation to reserve out of the \$150,000,000 which the Reconstruction Finance Corporation can advance, \$20,000,000 to take care of China during January if the proposal for China comes in from the State Department by the first of January. By about the end of January it might be possible to bring in another deficiency appropriation bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEEFE. Mr. Chairman, I have a unanimous-consent request. I may say to the committee that this is an exceedingly important matter in order to get the RECORD straight before we finally act. I therefore ask unanimous consent that despite any previous agreements in reference to limitation of time the gentleman from New York's time may be extended another 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Is it not a fact, may I ask my chairman, that the country through various forms of publicity has, in his opinion, been sold on the necessity of giving some immediate aid to China which is crystallized in this portion of the Foreign Affairs Committee report, which says:

It was made plain to the committee that

the case of China, though different in many ways from that of Europe, is no less urgent and no less important to world peace and to the security of the United States.

Therefore, the Foreign Affairs Committee in effect earmarked \$60,000,000 of the \$590,000,000 which it has asked to be appropriated for China, and the story has gone out to the country, to the world, and to China that the Congress is going to appropriate \$60,000,000 for China because the needs there are immediate and critical.

Now, then, in the gentleman's opinion, if the Appropriations Committee reports an appropriation bill here immediately or as soon as this legislation passes, could we consistently do it on the statement appearing in the report of the Foreign Affairs Committee and in view of the statement now made by the advocate of this aid to China, the gentleman from Minnesota [Mr. JUDD], when there has been absolutely no showing by the State Department that it requested the money or that it wants it or that it has any plan for the utilization or spending of the money? And if the Appropriations Committee brings in an appropriation bill without provision in it for China will not word go out to the country, in the opinion of the Chairman, that the Appropriations Committee has defied the express will on China and has refused to appropriate the money that is necessary for China's relief?

In view of the situation that faces this Congress and the Appropriations Committee, it seems to me that the gentleman from Minnesota [Mr. JUDD] should make it perfectly clear on the RECORD that he as the sponsor of this asks and suggests that the Appropriations Committee eliminate from this bill the \$60,000,000 for China and that we make no appropriation until the State Department has seen fit to come before the committee and ask for it and justify it. Does the gentleman agree with that?

Mr. JUDD. When the gentleman says "eliminate from this bill" does he mean the bill under present consideration, H. R. 4604, or the bill before the Appropriations Committee?

Mr. KEEFE. Eliminate from the Appropriations Committee bill any estimate for China.

Mr. JUDD. Yes; I thought I had made that clear in my statement. I do not see how the Committee on Appropriations could bring in an appropriation for China, or should, until such justification has been made by the State Department. Let me read what our report says as the reason for our including China in this authorization:

In order to get the maximum benefit, both psychological and economic, the committee believes that such aid as may be worked out for China should be started as soon as determined upon.

This bill makes it possible for the Committee on Appropriations and the Congress to provide funds for aid to China just as soon as specific recommendations presented by the Department of State, which Secretary Marshall has indicated will be before the Congress convenes in regular session in January 1948.

I wrote those paragraphs myself very carefully, and they were approved by the

committee, in order that our intent would be clear.

Mr. TABER. I think I ought to say this at this point. I do not believe that either the Congress or the country expects the Committee on Appropriations to bring in any appropriation of any kind unless a program for the use of the funds, one that is intelligent and that will appeal to the Congress, is submitted to the committee.

Mr. JUDD. I am in thorough agreement with that statement.

Mr. TABER. So I do not believe there will be any feeling in the country to the effect that we have neglected any duty so long as nothing of that kind has been presented to us or is available to us.

Mr. JUDD. I am again in 100-percent agreement with the statement of the chairman of the Appropriations Committee, and there has never been any other thought in my mind, at least, and I am sure that of the committee, with respect to this proposal.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. KEEFE. So that there may be no doubt about it, does the gentleman from Minnesota, who was the sponsor of this proposal in the Committee on Foreign Affairs—

Mr. JUDD. One of the sponsors.

Mr. KEEFE. Understand and realize that up to this moment there has been absolutely no justification on the part of the State Department for this money? That is clear, is it not?

Mr. JUDD. That is perfectly clear. I read to the gentleman a while ago that Secretary Marshall said he probably would not have a proposal ready until the beginning of the next session.

Mr. KEEFE. Now then, does the gentleman know and understand that it may be that there will not be any justification submitted at all by the State Department?

Mr. JUDD. Of course, I understand that. But if the State Department, after General Marshall publicly said he would submit a program for China, and the Congress has authorized funds for a program, should choose not to submit a program, then it must take that responsibility before the country.

Mr. KEEFE. Does the gentleman also understand that it may not be possible in any event to have any further deficiency bill before the Congress until at least the 1st of next February?

Mr. JUDD. Yes; I understand that, and that is the reason I said I thought that some of the money under the Reconstruction Finance Corporation authorization, for example, \$20,000,000 for 1 month's aid, ought to be set aside.

Mr. KEEFE. Set aside when?

Mr. JUDD. Now, I think the full \$60,000,000 for China ought to be reserved by the gentleman's committee and not included in this appropriation bill until a program, which I know the State Department has in mind, is submitted, which they tell me will be early next month.

Mr. KEEFE. Then despite the critical character of the China situation, so that the record may be finally cleared, in the gentleman's opinion we ought not to make the appropriation available until such time as it is justified.

Mr. JUDD. I do not think you can appropriate the people's money for a program which is not yet before you.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. BENDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENDER: On page 9, strike out lines 12 to 21, inclusive.

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. That precise amendment was disposed of yesterday in the Committee of the Whole.

The CHAIRMAN. That is correct. The amendment is out of order, and the point of order is sustained.

The Clerk read as follows:

Sec. 13. Personnel employed to carry out the purposes of this act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. If the gentleman will yield, I ask unanimous consent, Mr. Chairman, that all debate on this section close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. COOLEY. Mr. Chairman, when I heard the speech of the gentleman from Missouri [Mr. SHORT] yesterday, I thought of something that Shakespeare once said:

All the world's a stage,
And all the men and women merely players.
They have their exits and their entrances;
And one man in his time plays many parts.

On the 25th day of November the gentleman from Missouri [Mr. SHORT], having just returned from an extensive tour of Europe, made a very eloquent speech here on the floor of the House. For 80 minutes he discussed the distressing situation in Europe and in the world. When he had concluded his speech, to which I had listened with great interest, I found that I was in complete accord with the views which he on that occasion expressed.

I was utterly amazed yesterday when he came before this House with a tirade against this bill. I do not suppose there is a man in this body that knows more about the distress of the world and the

devastation which has been wrought throughout the world than does the gentleman from Missouri. What caused his change of heart, I do not know. Far be it from me to question his sincerity or impugn his motives, but I think that in fairness to the Members of the House who did not hear his great oration on November 25 you should hear at least a few quotations from that great speech.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. No; I prefer not to yield. I would love to, but I prefer not to.

Mr. JENNINGS. I know it must distress the gentleman's soul not to yield to me.

Mr. COOLEY. In talking about the different countries, the gentleman from Missouri [Mr. SHORT] discussed at length the situation concerning Germany.

Mr. JENNINGS. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. JENNINGS. The presumption is that if the distinguished gentleman from Missouri made an eloquent and able speech in this Chamber on the 25th of November, it has long since come to the attention of the intelligent membership of this House, and the gentleman is now guilty of repetition. I just wonder if he notified the gentleman from Missouri that he was going to jump on him here today.

The CHAIRMAN. That is hardly a point of order.

Mr. COOLEY. I have not jumped on the gentleman from Missouri. I wonder if the gentleman from Tennessee has read the speech. I am not going to jump on the gentleman's friend the gentleman from Missouri, DEWEY SHORT. I think just as much of him as does the gentleman.

Mr. JENNINGS. I doubt that.

Mr. COOLEY. He said this about Austria.

Maybe the gentleman from Tennessee had better stay and listen to this if he did not read it.

I wish the gentleman from Missouri were here.

Mr. SHORT. I am here.

Mr. COOLEY. Now that I know he is here, I will say that I think just as much of you, DEWEY, as does the gentleman from Tennessee, Judge JENNINGS.

This is what our eloquent friend said on that occasion:

I think that Austria is one of the most critical spots in the world today, and we should by all means lend her assistance because she has shown a firm determination to oppose communism even with the Russians there overshadowing them.

Then he spoke a little about beautiful France. This is what he said about France:

I think we should be very sympathetic and as helpful as we can to France. But we should give France and every other country to whom we give aid to understand that any further aid coming from the United States is really going to our friends and not our enemies.

Then he spoke further, and said this:

We have always given help to the poor and distressed people of this earth, whether it was due to an earthquake in Chile or a typhoon in Japan.

Further, he said:

Since western civilization is hanging in the balance, I am going to do my best to tide these poor and hungry millions of innocent women and children through this coming winter. Many will perish regardless of our decision.

Then Mr. SHORT said further:

I might say to the gentlemen we should help these people, and the important reason for wanting to help them through this winter is to stabilize their governments and stabilize their currencies, so that they have a minimum degree of suffering, not merely from a humanitarian or philanthropic point of view, noble as that is, but I want to do it in mere self-defense.

Further, he said:

If my neighbor's house is on fire a few doors from me, and a wind is blowing my way, I do not care whether I like that neighbor or dislike him. He may be friend, he might be foe, but I am going to do my best to put that fire out before my house is consumed.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. I know that some of you will remember this grand quotation:

Communism and nazism are not two different things. They are the head and tail of the same skunk. They are two sides of the same coin. Communism and nazism are totalitarian states.

Then I call your attention to the fact that after this very distinguished and beloved colleague of ours had made his extensive trip to Europe he came back and filed with the Committee on Armed Services an official report and mailed copies of it to all the Members of the House and signed it "DEWEY SHORT, M. C., Chairman." In that report you see the following:

Unfortunately, communism has made rather sizable inroads in Italy. But if well-directed assistance is continued for a reasonable period of time, Italy shows every promise of preventing the spread of communism.

Then further he says:

The committee feels that France, with proper aid, will reestablish herself as one of the great nations of Europe.

Further he says:

Your subcommittee is of the opinion that aid should be immediately furnished to Europe as suggested in this report, not only from a humanitarian and philanthropic point of view, but also because it is essential for our own peace and prosperity.

I do not know why he has had such a change of heart. He addressed the Committee yesterday and said he wanted no part of this, and that he was not afraid of communism. He said if he had to buy them off, he would not be willing to do so. Of course, the gentleman from Missouri [Mr. SHORT] has a perfect right to be inconsistent. He has a perfect right to speak for this bill at one time and then, a few days later, to speak against it. But I leave the matter to the intelligence of Members.

I quote further from Mr. SHORT's report:

Western Europe has suffered the worst drought in 100 years, which together with the lack of sufficient fertilizer and farm equipment, has made the situation even more acute. With the low potential food availability and the low diet now existing, it is very obvious that the food supply must be augmented from other sources if the people of Germany are to be able to contribute to Europe's economic recovery.

In addition to these economic problems, the ever-present threat of communism continues to be a major barrier to Germany's rehabilitation. It is the opinion of the subcommittee that the German people do not want communism, but unless economic conditions are improved, their will to resist communism will be greatly weakened. Communism thrives on chaos, misery, hunger, and discontent.

At present, communism has made but slight headway in the freely elected Austrian Federal Government. Our efforts should be directed toward preserving the gains Austria has made and to assist her in every way possible in maintaining a government of her own free choice.

In Trieste, your subcommittee was immediately impressed with the tension that prevails in this area. A large Yugoslavian Army is stationed practically at Trieste's door. While the situation there is at present under control, there can be no doubt that this area may well be a powder keg. It demands the most careful observation by the United States, and the present policy of standing firm on previous agreements and treaties should be maintained.

Mr. Chairman, turning again to the speech delivered by the gentleman from Missouri on November 25, I call your attention to this very courageous and statesmanlike utterance:

We are living in dark and perilous days with the destiny of humanity hanging in the balance. Grave as is the difficulty, we shall not shirk it, nor shun our responsibility, but will rather accept it as a glorious opportunity to stand up in the faith of our fathers and meet it squarely—

Oh, how much truth and courage is contained in that brief statement. Our friend goes on to argue—

and that is why it is essential and necessary that we not only feed the stomachs of the hungry people in Europe, but we must feed their minds with ideas, and we must have an informational service which realizes that. Man does not live on bread alone.

Arguing further in behalf of Italy and France, our great orator had this to say:

In Rome we discovered that the Italian people showed a resolution and a determination to get back on their feet. They have gone to work in Italy, and I think that the De Gasperi government, on the whole, is fundamentally honest and also a capable and efficient government. It has the backing of the Vatican.

Pleading for France, the gentleman from Missouri said this:

Having been overrun, plundered, pillaged, and looted twice in our generation, you can imagine the fear. She suffered the humiliation of occupation. Millions of her best men were carried off to slave labor camps and many of them died in concentration camps. Her factories were looted, her banks were robbed. Her people were outraged and mistreated. So I have a great deal of sympathy with France, considering everything through which she has passed. After all, she is one of the great powers of western Europe. She does believe in our western

culture and western ways of life. She has made magnificent contributions. There are historical ties, the help she gave us in winning our independence and the help we gave her in both World Wars.

In the speech of November 25 the gentleman clearly indicated that he was greatly concerned over communism. In commenting upon communism and nazism, he said:

Both of them are governments by force, by murder, and by terror. The people do not want it. They must accept it or death. What would you do? It is government by the secret police. The OGPU is no different from the Gestapo. It is government by the firing squad, government by liquidation of all who dare oppose the will of the dictator; it is government by the concentration camp and by slave labor. That is the kind of government it is.

* * * The time for Russian appeasement has long since passed. It should have been stopped long ago. It is futile and useless for us to talk about the mistakes that were made at Tehran and Yalta and at Potsdam. That is water under the bridge and over the dam.

In pleading for the liberty-loving people of Europe and for those who do not want communism, the gentleman said this:

What can they do with a bayonet in their backs, a pistol to their heads? They are in the same position as the Nazis were under Hitler. We can pull out and just leave a vacuum there, but the minute we pull out you can bet your bottom dollar that Russia will move in, and none of us want that.

In pleading for charity, our scholarly friend quoted from the Book of Books:

Recompense to no man evil for evil. Provide things honest in the sight of all men. If it be possible, as much as lieth in you, live peaceably with all men. Dearly beloved, avenge not yourselves, but rather give place unto wrath: for it is written, "Vengeance is mine; I will repay," saith the Lord. Therefore, if thine enemy hunger, feed him; if he thirst, give him drink: for in so doing thou shalt heap coals of fire on his head. Be not overcome of evil, but overcome evil with good. * * * He hath shown thee, O man, what is good. And what does the Lord require of thee but to do justly, and to love mercy, and to walk humbly with thy God?

The gentleman might have added:

Though I speak with the tongues of men and of angels, and have not charity, I am become as sounding brass, or a tinkling cymbal.

And though I have the gift of prophecy and understand all mysteries and all knowledge; and though I have all faith so that I could remove mountains, and have not charity, I am nothing.

I certainly want to agree with my distinguished friend in one and only one statement which he made on the floor yesterday and that is his statement to the effect that the debate on this bill was not up to par. The gentleman made another statement in his speech of November 25 with which I am likewise willing to agree. I think, however, that it was more applicable yesterday than on November 25. On that day he said:

Frankly, I am confused and bewildered.

If you will carefully read the two speeches, I am sure that you, too, will agree that our beloved friend is still confused and bewildered.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. JONKMAN. Did the gentleman from Missouri say at that time that he was for giving \$111,000,000 that they did not need?

Mr. COOLEY. Certainly the gentleman made no such statement.

Gentlemen, we are making history. The vote will soon be taken. Men of all nations will soon know the verdict which we will here render. The world is waiting for this vote to be taken as it has never before waited for a vote of this House. In this matter we have a grave responsibility.

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

[Mr. RIZLEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. RIZLEY] has expired.

All debate on this section has expired. The Clerk will read.

The Clerk read as follows:

SEC. 14. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this act have been completed, shall transmit to the Congress a report of operations under this act. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

Mr. KEATING. Mr. Chairman, I offer an amendment which I ask be considered in connection with my amendment to section 12.

The CHAIRMAN. This is pursuant to the gentleman's consent request a while ago?

Mr. KEATING. That is right.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. Keating: Page 10, line 7, after the word "act", insert a new sentence reading as follows: "Included in this report to the Congress shall be a listing of the identity of each national of the recipient countries (meaning thereby individuals, corporations, partnerships, and associations), known to have property or assets in the United States, together with the character, location, and value, if determinable, of such property or assets: *Provided, however,* That the listing should be made only after negotiations between the United States Government and the governments concerned have established satisfactory conditions for (a) protecting any confidentially disclosed assets from confiscatory action; and (b) guaranteeing that such assets either may be held by the United States as security against Export-Import Bank loans or any governmental credits from the United States to such countries, or may be made available as security against loans from the International Bank of Reconstruction and Development, under conditions agreed to by the Government of the United States."

Mr. VORYS. Mr. Chairman, I reserve a point of order against the amendment.

Mr. KEATING. Mr. Chairman, the purpose of this amendment in conjunction with the amendment which was previously read under section 12 is as follows: Under the proposed amendment to section 12 it is to be provided that the aid shall not continue under this program—

Mr. MALONEY. Mr. Chairman, will the gentleman yield?

Mr. KEATING. I yield.

Mr. MALONEY. Both these amendments are very similar to an amendment offered yesterday by the gentleman from Pennsylvania [Mr. KUNKEL]. At that time I stated that many of the members of our committee were very sympathetic toward these amendments. We do believe, however, that this matter should be brought up at the time we consider the Herter bill. I would like to suggest to the gentleman from New York that he bring it up at that time, and I would request that he withdraw his amendment today.

Mr. KEATING. Do I understand from the gentleman from Pennsylvania that hearings on the so-called Herter bill will commence on Monday?

Mr. MALONEY. That is right.

Mr. KEATING. And that I will be given an opportunity to be heard before that committee on this amendment at that time?

Mr. MALONEY. We will be glad to have the gentleman's advice at that time, I assure him.

Mr. KEATING. I am quite ready to concede that these proposed amendments go somewhat beyond the scope of this emergency relief measure. The purpose of the amendment to section 12 is to provide that the country receiving relief must immediately request our Government, through the Secretary of the Treasury, to furnish the identity of each of the nationals of that particular country who may hold assets in the United States, together with the character, location, and value of such assets.

Then, as complementary to this provision, I seek to amend section 14 to require that the President, in the quarterly report which he must make to Congress of the operations under this Foreign Relief Act, shall include a list of this information requested by, and furnished to, the foreign countries.

The amendment to section 14 has a further proviso, however, that there must be preliminary negotiations between our Government and the particular country concerned, in order to establish conditions for protecting confidentially disclosed assets from confiscatory action by the foreign governments, and also—and this is extremely important—guaranteeing that these assets may be held by the United States as security against any loans or grants made by it or by the Export-Import Bank or the International Bank for Reconstruction and Development.

The primary obligation to meet the needs of the French people lies with French nationals; of Italy, with Italian nationals; of Austria, with Austrian nationals; of China, with Chinese nationals. That is what we would expect any nation

to which we might apply for aid to say to us. It is only when and if, as indeed now appears to be the case, the citizens of such beneficiary countries as these are unable to meet the needs of the hungry, the cold, and the sick, and need assistance also to prevent engulfment by stronger foreign powers, whose domination would be a threat to the peace and security of our own people, that we should ask our already overburdened and harassed taxpayers to decrease still further their take-home pay in order to lend a helping hand.

It is for that reason that I consider it imperative as a part of our duty to those who sent us here to see to it, insofar as lies within our power, to assure that proper security be afforded for the advances we are called upon to make, if it is a fact, as is rumored, that wealthy foreign nationals have removed from their own countries and have secreted, invested, deposited or made other disposition of assets in this country running into the millions, and perhaps billions of dollars.

We have already made large advances, both by way of loan and gift, to foreign countries. We will undoubtedly be called upon to do more. I welcome the enlargement of the scope of this amendment to make the substance of its provisions applicable to any and all advances which have heretofore been or may hereafter be made to all countries seeking financial support.

I am happy to hear that many of the members of the Committee on Foreign Affairs look with sympathetic eye upon the inclusion of some provisions such as these in the machinery for the administration of all foreign aid, which is to be the subject of intensive study and hearings starting on Monday. Convinced that my suggestions can be more fruitfully pursued by endeavoring to have amendments to this general effect written into the provisions of the bill authored by the distinguished gentleman from Massachusetts [Mr. HERTER] and encouraged, as I am, by the apparent sympathy displayed by the committee with the objectives which I am seeking to achieve, I am happy to accede to the suggestion made by the gentleman from Pennsylvania and the invitation to appear before his committee on Monday, and therefore withdraw these amendments, Mr. Chairman, at this time.

The CHAIRMAN. Without objection, the two amendments offered by the gentleman from New York [Mr. KEATING] are withdrawn.

There was no objection.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been a little surprised by the statements that were made in connection with the inquiries about the application of this bill to China, the statements made in connection with the \$60,000,000 included in this bill of authorization, and whether the Committee on Appropriations should be expected to bring in a bill providing for the full amount of the authorizations. Apparently some Members feel it is necessary to have an understanding with respect to China if we do not report the

full amount. If there is any such understanding or any feeling like that it would require that I vote against the passage of this bill, for, as far as I am concerned, I do not feel on the basis of the justifications we have heard during the past week that I will be in favor of any bill for the total authorization here less the \$60,000,000 for China.

The ordinary understanding is what the rules provide: to wit, that an appropriation in excess of an authorization is subject to a point of order but that appropriations in full are never guaranteed by the passage of an authorization. The appropriations committee may report an appropriation within the limits of, but may not expand the authorization.

Certainly if we were to be considered bound to report a bill to appropriate the full figure of an authorization there would be no occasion for the appropriation committee to hold any hearings or to attempt to keep our expenditures in any kind of relationship. That we do try to do.

For example, at the very time that the Appropriations Committee has been having hearings on estimates to implement the authorizations in this bill and during the very time that this Committee of the Whole has been considering the bill on the floor we have also had estimates before us in the appropriations committee for \$490,000,000 additional for the occupied areas.

Now, the country in thinking of interim aid or supplemental money has been thinking of this \$590,000,000, or whatever it may be, but the problem before the Appropriations Committee today is not merely \$590,000,000 less \$60,000,000 for China; it is for about a billion dollars, because there are \$490,000,000 in estimates for the Army's relief work in occupied areas—Germany, Japan, and Korea. This bill deals only with the areas of the war-devastated countries, the liberated countries of France, Italy and Austria.

There are things that bother me in the information that has been coming before the committee.

One of the reasons for the dollar exchange that France expects out of this bill is so that France can pay others while we hold the sack.

Now I admire the way France has been meeting her crisis the past week. I am glad to see that she is finding a backbone. France will be proud of her recovery on her own showing of grit and courage. In my opinion, she is showing this because the necessity forces her to show her heroic qualities.

But why should the United States advance the dollars for France to the extent of \$28,000,000 to pay for the export of food into the French zone of Germany? How the United States is going to get any credit for the food which France takes into the French zone in Germany to the extent of \$28,000,000 I am unable to say.

France is also said to need dollar exchange to pay \$30,000,000 in interest payments to Belgium, \$10,000,000 to pay to Brazil on a commercial account, \$26,000,000 to pay off interest on the French foreign debt, and \$10,000,000 to the International Monetary Fund.

So it appears that we are asked to provide France with dollar exchange so that she can square her accounts in these other places. At least in the picture of balances set before us that is a part of the picture.

I just cannot commit myself at this time to vote for this bill with such information if you expect the full authorization as I cannot support such a program. Certainly I do not want to be understood to be committed to report an appropriation bill on that basis.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Wisconsin.

Mr. KEEFE. In view of the statement just made by the gentleman, which is in accord with the facts submitted to the Deficiency Committee, is the gentleman not of the opinion that the idea this is a relief bill has been pretty definitely destroyed and exploded?

Mr. CASE of South Dakota. It has in my mind. It certainly is not a bill for relief of hunger and starvation as commonly understood. And if I were to spend \$500,000,000 for national defense, I think I know where it would talk a language that would be more effective and less likely to create misunderstandings of a kind that could lead to war.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this section close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. JENNINGS addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. CASE of South Dakota asked and was given permission to revise and extend his remarks.)

Mrs. ST. GEORGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened with the very greatest interest to the debate on this section and on all sections of this bill. It has been confusion, to say the least, and at times I have felt very much like Alice in Wonderland. To begin with, we can take the title of the bill. It reads, "To promote world peace." Then we are told that this bill is going to help us fight communism.

I yield to no one in my desire to fight and to destroy communism, but I am going to vote for this bill because it is a welfare bill and because, as I understand it, it is the only bill before us that is going to help the starving, the suffering, and the poor of Europe. We came down to this special session for that avowed purpose. My people expect us to do something for the people that they honestly and truly believe are in want all over the world, but they do not expect us to tie all sorts of other things into this legislation and to make this in any sense a long-range plan.

Another thing, we have heard many words that have been used without meaning. They have indeed been as sounding brass and tinkling cymbals. We hear a lot about freedom. We hear a lot about the freedom-loving people. I

have lived in Europe, I have many friends in Europe, and I have very near and dear relatives in Europe. This talk of freedom in Europe today reminds me of the story of a man who was asked to address a gathering and was given as his subject *The Buffalo and the American Way of Life*. When he got to his feet he said, "There are no buffalo, and there is no American way of life." There is no freedom in Europe today and there are very few freedom-loving people.

This war did one thing in Europe, it fastened national socialism in one form or another on that continent. There is absolutely no question about that, whether it is typified in the Socialist countries or whether it is typified in dictatorships that lean to the right. Of course, we want to back these people who are fighting communism, but do not let us delude ourselves and delude our people by talking of them as freedom-loving and by comparing them to our democracy. We had better look also to freedom at home. It is very questionable whether people who are working 31 percent of their time for their Government are free. It is a very questionable thing whether the greatest bureaucracy that has ever been created in the world can be considered the fine flower of free government. No indeed, all over the world, at home and abroad, we can say, "Freedom, what crimes are being committed in thy name."

Surely we must fight communism, but above all, in voting for this bill we are helping the poor and the afflicted, nothing more. This bill is not perfect. I wish it could have been amended in many places. It is far from perfect, but it is the best we have, and half a loaf is still better than no bread.

The Clerk read as follows:

Sec. 15. The personnel, records, and funds provided for the purposes of carrying out this act shall be transferred to the administration of any organization for general foreign aid which Congress may provide.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes, with the last 2 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, there are a number of things about this legislation that I do not like. This bill does not provide for the placing of food by Americans in the hands of the needy people of Europe. It is a grant or a gift to certain governments.

A great portion of this money will not be used by those governments for food, clothing, and medicine. France, for instance, will use several million dollars of her portion to make a payment on her debt to Belgium. She will use more millions to contribute her share to the feeding program in French-occupied Germany. She will even use several million dollars of this in payment of an obligation to one of the South American countries.

This legislation authorizes a gift or a grant to foreign governments, who in turn may sell this food to their own people. It is not a gift of the United States direct to hungry and distressed persons.

I voted for the Wheeler amendment and the Anderson amendment to the Wheeler amendment. If a starving world is to be fed and production is to be sufficient to provide food here at home at reasonable prices, the American farmers must have fertilizer, farm machinery, and petroleum products. The farmers of America are willing to make some sacrifices in reference to these items, but if no provision is made for domestic needs, the farmers cannot produce the needed amount of food.

I also voted for the Andresen amendment as amended by the Hope amendment because I think this amendment is in the interests of our domestic economy, and does not do violence to the program of foreign relief.

(Mr. CURTIS and Mr. KEATING asked and were given permission to revise and extend their remarks.)

Mr. ROBSION. Mr. Chairman, I ask unanimous consent to extend my remarks in the Appendix of the RECORD on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. FULTON. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. FULTON: On page 10, line 12, after the word "the", strike out the word "personnel" and insert in lieu thereof the word "functions."

Mr. FULTON. Mr. Chairman, this is simply a corrective amendment and substitutes a better word.

The amendment was agreed to.

(Mr. RANKIN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, section 15 provides that the functions of this interim act shall be transferred to any organization for foreign aid which Congress may later provide. That is, of course, merely declaratory of what the Congress could do even without this provision. Therefore, to that extent this section looks forward to further activity in this respect. On the other hand, section 12 provides:

This act shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodity.

Therefore this act insofar as it is possible to take care of two points of view, does do both, for those who believe that there should be some further plan and also those who do not want to have this act imply any future obligation. Both of these provisions are here.

As for myself, after three emergency aid acts this year and after 2 years since VJ-day of planlessness, I hope that this is the last installment in international planlessness for our country, as well as the first installment in some sort of international planning. I hope it is not

just another installment in a policy of emergency aid. The United States has to have some sort of foreign policy for the future, a long-time consistent policy, and I hope that we get ready pretty soon to decide what it is going to be.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Sec. 16. (a) Clause (1) in the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, 80th Cong.), is amended to read as follows: "(1) to constitute more than 57 percent of the aggregate amount contributed to said fund by all governments, including the United States;"

(b) The amendment made by subsection (a) of this section shall take effect as of May 31, 1947.

Mr. OWENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OWENS: On page 10; after line 23, insert a new section 17 as follows:

"Sec. 17. This act shall expire not later than June 30, 1948."

And on line 24, change section 17 to section 18.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes, with 5 minutes reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. RICH. Reserving the right to object, who is going to get the time?

Mr. VORYS. Five minutes for the gentleman from Illinois [Mr. OWENS] and 5 minutes for the committee.

Mr. RICH. I object. I wanted to ask the gentleman a question, and I would like to have time to do it.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this section close in 12 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OWENS. Mr. Chairman, I have suggested this amendment out of the caution which exists in my system concerning an administration which has been in power for the past 15 years, because section 14 provides that the President shall, from time to time, but not less frequently than once every calendar quarter and until the end of the quarterly period after all operations under authority of this act have been completed, transmit to the Congress a report of operations under this act. That is a very questionable paragraph. Inasmuch as the appropriation is supposed to be spent by March 31, I felt that it would be more safe if we were really to provide for a definite ending. For that reason I suggest that it be ended on the fiscal year June 30, 1948, and in that way I feel we are going to be safe. That is why I have introduced the amendment in question.

While I am on my feet I wish to mention a few other things with respect to this bill. I think I have proved before that I believed in giving aid to the war-devastated countries of Europe. I voted for the \$350,000,000 appropriation and in fact I voted against the \$150,000,000 reduction. At that time I called attention

to the fact that I felt we did not have a right to make any such gift because it was not in accordance with our Constitution. That is, unless we should include in the title the fact that it was for our general welfare. While my amendment to show that point in the title was then voted down, I now observe that it is included in the present title.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. OWENS. I would be pleased to yield to the gentleman.

Mr. VORYS. I have attempted to canvass the committee and I hesitate to say this, but so far as I know I have been unable to find any objection to the gentleman's amendment. Personally, I do not object to it.

Mr. BLOOM. Mr. Chairman, will the gentleman yield just for a question?

Mr. OWENS. I yield.

Mr. BLOOM. This section refers to Public Law 84. You do not amend Public Law 84, do you?

Mr. OWENS. No. This is a new section; section 17.

Mr. BLOOM. But you refer to this bill that is under consideration, not to Public, 84?

Mr. OWENS. No. I am referring to this bill.

Mr. BLOOM. I have no objection.

Mr. OWENS. Thank you. I believe that is a good amendment.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. RICH] is recognized for 2 minutes.

Mr. RICH. Mr. Chairman, I would like to direct my question to the acting chairman of the committee. The gentleman said he was not satisfied with this legislation and he hoped we will get a foreign policy. I would like to know whether you expect to have some other manner of distributing and handling this legislation in the future than you have in this bill.

Mr. VORYS. The gentleman brings up a good point that a number of Members have asked. There is pending before the Committee on Foreign Affairs a bill introduced by the gentleman from Massachusetts [Mr. HERTER] representing the views of the Select Committee on Foreign Aid, of which our chairman, the gentleman from New Jersey, Dr. EATON, is also chairman. That bill has to do with the sort of administration that any foreign-aid program should have, including this one, as soon as we decide on it, and hearings are to begin on that bill next Monday.

Mr. RICH. I cannot understand, if you have something that is going to be much better than this terrible monstrosity of a bill that is before us today under the guise of aid for the people of Italy, France, and Austria, why you ever brought this bill in here until you perfected it.

Mr. VORYS. Let me remind the gentleman that the relief assistance bill that we took 3 months to pass last spring has been working pretty well. A lot of us have been over there to see how it is working. This bill uses that machinery until Congress gets time to decide upon new machinery either based on the Herter bill or recommendations the Pres-

ident or other Members of Congress may make to the committee.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. RICH. I will yield, but first I want to answer the gentleman. Every time we talk about this foreign-aid program you are all disgusted with what we are doing, yet you want us to swallow this bill. I cannot do it.

I now yield to the gentleman from New York.

Mr. BLOOM. I just wanted this time to say to the gentleman from Ohio that he seems to express the sentiments of the majority of the Foreign Affairs Committee that it is going to have a meeting on Monday morning at 10 o'clock on the Herter bill. We have not yet finished our conference on this present bill and I think it should be stated that the Foreign Affairs Committee will meet as early next week as it possibly can on the Herter bill and not definitely decide that we are going to meet on Monday morning.

Mr. VORYS. I believe the gentleman from New York was not present at the meeting where it was voted to begin hearings on the Herter bill and any plan the President presented for a permanent organization for foreign aid next Monday at 10 o'clock a. m. That action has been taken by the committee.

Mr. RICH. All of which supports me in maintaining that the Foreign Affairs Committee does not know what they are doing.

Mr. VORYS. Mr. Chairman, I yield back the balance of my time.

Mr. REDDEN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

[Mr. REDDEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. GOSSETT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am going to vote for this bill because I hope it will accomplish some of the objectives claimed for it. I am very sorry that the Foreign Affairs Committee has not seen fit to provide adequately for publicizing what this country has done and is doing by way of relief in Europe.

I was interested in the statement by the gentleman from Ohio [Mr. VORYS] that we had been a planless nation in foreign affairs. With that statement I agree. Some of our blunders are inexcusable. It seems to me to be ironic and tragic that we should be fighting communism with the one hand and encouraging it with the other. I refer to what seems to me a stupid, if not a criminal, act on the part of our delegation to the United Nations in the partition of Palestine and in the delivery of that part of the world to Communist influence. By that act alone we have taken a major step toward antagonizing the whole Moslem world, not only 800,000,000 Moslems but a billion other people over whom they exert influence. In this Palestine partition we have played petty partisan

politics on the very threshold of what should be an American century. We have jeopardized American leadership by such tactics; we may have signed the death knell of the United Nations. It seems to me it might be well for the Foreign Affairs Committee to investigate the part played by American delegates to the United Nations. Not only was their action in the partition of Palestine a great disservice to the Jews but it was also a very real service to communism in the Far East, the Middle East, and in the Near East.

It is doubtful that all the money we have spent and will spend in Europe can offset the evil we have done in the rest of the world by our meddling with the Palestine question.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. OWENS].

The amendment was agreed to.

The Clerk read as follows:

SEC. 17. If any provisions of this act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other circumstances shall not be affected thereby.

Mr. MARCANTONIO. Mr. Chairman, I offer a substitute for the bill.

The Clerk read as follows:

Substitute offered by Mr. MARCANTONIO: Strike out all of the language after the enacting clause and insert the following:

"SECTION 1. It is the purpose of this act to provide immediate emergency aid to the peoples of Europe to alleviate conditions of intolerable hunger and cold and to speed their rehabilitation.

"SEC. 2. The emergency aid shall be administered through agencies of the United Nations. In order to strengthen that organization as an instrument for peace, the United States entrusts the Security Council of the United Nations with the responsibility for designating or establishing the agency or agencies which will properly administer emergency relief and recovery funds appropriated by the Congress of the United States, with the restriction that no part of these funds shall be used for military purposes, and that none of these moneys shall be used for strengthening or recovery of those forces which gave support to fascism.

"SEC. 3. The national sovereignty of all the recipient countries must be fully respected.

"SEC. 4. There is hereby authorized to be appropriated the sum of \$1,500,000,000 to carry out the emergency provisions of this act."

Mr. MARCANTONIO. Mr. Chairman, the adoption or rejection of this amendment will determine for all time, as far as this piece of legislation is concerned, whether or not it is a relief proposal or merely the establishment of another political weapon in order to maintain and preserve economic and political systems and governments which have become satellites of our State Department and which the peoples of these countries definitely do not want.

I want to take this occasion, Mr. Chairman, to quote a man for whom this Nation will always have the greatest of respect, Fiorello LaGuardia, who in his inimitable manner clearly defined the issue that is before us when he testified before the Senate committee considering the Greek-Turkish proposal. He was

talking at that time about relief, and said:

Now, gentlemen, there are many ways of dealing with this problem: The first, that aid should be given on a national basis. Each rich nation should choose the recipient and make its own conditions. This is the old-fashioned imperialist way. This method of making one country dependent upon another was discarded by the world—I hope forever. That isn't why the United Nations was formed. That is not the spirit of the Atlantic Charter or the San Francisco Charter—not as I understand it.

The second possible arrangement—and look out for this one, please—is for a group of big nations to join together and select recipients of their charity. This arrangement would only be a false front. It is not in keeping with international cooperation. Let us be honest: It is just plain, ordinary, old-time power politics—and the world has had war after war because of power politics.

The third way is to create an international authority operating under the control of the United Nations and meeting the relief needs, without any consideration of race, creed, or political belief, being guided only by the existence of true need. This is what is known as the new way of the United Nations. But it really is not a new way. It is a way brought to this world nearly 2,000 years ago in the teachings of the Prince of Peace. And a wicked world has, to date, refused to learn the lesson.

Now, Mr. Chairman, I submit that the way that is suggested in this bill is the first way that Fiorello LaGuardia described as the imperialist way. My amendment is the third way. It guarantees aid to the peoples of the devastated nations and secures peace and democracy. It strengthens the United Nations, which is mankind's hope for peace. However, we all realize that this is not a relief bill. The debates, the amendments adopted, and Under Secretary Lovett's testimony have removed the mask from this bill. Responsible men have brazenly admitted that this is not a relief bill; that this is a war measure in the so-called cold war; that this is a measure to fight communism.

Let us analyze that alleged objective for a moment. In the name of fighting communism we are fighting in reality democracy and the attempts of the masses of the people of Europe to obtain for themselves bread, land, and peace. In the name of fighting communism we have aided and abetted a Fascist government in Greece. In the name of fighting communism we are still aiding and abetting that government, which only last Saturday issued an order making it a capital punishment offense for anyone in Greece to go out on strike. In the name of fighting communism we are giving support to a minority government in Italy, a government which has not hesitated to devote its entire energies to negate the demands of the Italian people.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MARCANTONIO. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes. I have not said a word on this bill until this minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Let us see what is happening in Italy. I know something about Italy. My people come from there. A great number of my constituents are people of Italian origin. First of all, we have used some money appropriated by this Congress for Italy in the past. What has happened? Eighty percent of the aid was sold by the Government. So, who got that food? We did not aid the people in the villages and the peasants. We did not aid the underpaid workers of Milan, Turin, and Florence. We did not aid the Italians in the slum sections of Rome that so many gentlemen who have visited there carefully omitted to see. We aided the people who own the villas, the people who could afford to purchase in the black market, but deep down nothing ever reached the poor people of Italy, the workers, the peasants, and the children.

The people of Italy want what? The peasants of Italy want land; the peasants who have been working for 6 cents a day for centuries. They suffered 22 years of fascism. They joined the resistance movement and they fought the forces of Mussolini. The peasants of Italy joined with our men to overthrow Mussolini, and when they joined to overthrow Mussolini they did so not only to overthrow a Fascist regime, but they sought to overthrow an economic system, a feudal agriculture that had crushed them for centuries into abject poverty. They wanted the big estates divided and they wanted for themselves, the peasants of Italy, a piece of land. That is what they have wanted for centuries. That is what they fought for. That is what they are struggling for today against a government which has given carte blanche to their former Fascist oppressors and is giving protection to their landlord exploiters. We have taken that government and we have made it a satellite of our monopoly capital-controlled State Department. Now, we are asked to continue to aid that government in its efforts to defeat the will of the Italian people.

Just like the Schuman government in France uses American aid against the workers, the De Gasperi government, aided with American money, employs tanks and bayonets and machine guns to destroy the organized effort of the peasants who are fighting for land; and we, a people dating back to Valley Forge, are now asked to give money not to feed those peasants or their children but so that the government of De Gasperi, a minority government, a satellite of our State Department, can use the funds of American taxpayers to destroy the hopes of millions and millions of people living on the Italian Peninsula.

Let us go a step further. Up north, in Turin and Milan, the industries are owned not only by Italian monopoly capital but monopoly capital which has become more and more and more possessed by finance capital right here in Wall Street. The workers of Italy are on strike; they want to get a decent living out of those industries. The government fights them. Therefore, the crux of this policy is to suppress the rights, economic and political, of the workers of

France and Italy, the two recently acquired economic colonies of the big trusts of these United States. The De Gasperi government, satellite of the State Department, uses all of its resources to destroy the aspirations of those Italian workers, and we here are asked to pass this legislation to implement that program of defeating the aspirations of Italian workers, the partisans who fought up in northern Italy alongside of our men.

Ah, but you say you are doing this to fight communism. What you are really doing is committing crimes against democracy in order to protect the vested interests of our big trusts in Italy and France. Yesterday a superduper Taft-Hartley law was invoked against the workers of France by our satellite Schuman government. Tomorrow what act of repression against the Italian worker? Again, you say all this, all these crimes against democracy are committed to fight communism. Let us tell the truth. All this is being done to protect the economic expansionism of our monopoly capital. This is an imperialist program.

Fight communism, today it is money, tomorrow it is food, and the next day it is what? War. This is part of the imperialist program which will lead to war and depression. We are placing America gradually more and more on a basis of a war economy again. War and depression can be the only outcome of this program unless the American people resist it. In fighting so-called communism what you are really doing in Greece, China, Italy, and France is aiding and abetting fascism, restoring to power and control collaborationists, hold-over Fascists and neo-Fascists. All this, to perpetuate the rule of our big trusts in Europe and Asia. However, you can pour billions into this program, but you will never stop the forward march of the men and women of Europe toward a better day. They have suffered too much and too long under Hitlerism to supinely accept the rule of Wall Street imperialism. They fought to overthrow Hitlerism for a better day. They will reject your Wall Street imperialism in their struggle to obtain a better day.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the substitute close in 10 minutes.

Mr. POWELL. I object, Mr. Chairman.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the substitute and ask unanimous consent to proceed for three additional minutes.

Mr. BLOOM. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois be permitted to proceed for five additional minutes.

Mr. RAYBURN. Reserving the right to object, Mr. Chairman, a great many of us thought we were going to complete this bill yesterday, and a great many of us have important engagements for later in the day. I do trust that my friend from New York and the gentleman from Illinois will not insist upon any very great extension of time. I also hope that the gentlemen on that side in charge of this bill will close this debate pretty soon. I am not going to object, however, if anybody wants the gentleman to have five

additional minutes, but I think we ought to get through some time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, let me first express my opposition to the substitute amendment offered by the gentleman from New York. As I listened to him I wondered how the Italian peasants are going to get bread and land when Palmiro Togliatti, the Communist leader, takes over and puts Italy under the hammer and sickle. I wonder how the French peasant is going to get land if Jacques Duclos and Thorez, Communist leaders, take over and put that country under the hammer and sickle. It will simply be swapping one totalitarian form of government for another, and the peasants in those countries who have been crying for bread and land will be in the same identic and rigid position as the millions of peasants in the Soviet Union who cannot own 1 square foot of land, because the title is vested in a totalitarian government.

But, Mr. Chairman, that is not what I arose to say. I am inclined to address myself to the remarks made by my good friend the gentleman from Oklahoma [Mr. RIZLEY]. He made a bold confession here that he was not going to be for any long-range aid plan. Oh, yes, he is—and so are all of you. The only trouble is that we have been confused by the labels and the tags which are so freely used. The plan that is being served by this bill, and I make no apology for the bill and shall vote for it without confession of any confusion and my bewilderment, is representative of the basic plan that is much older than George Catlett Marshall, our Secretary of State. It symbolizes a plan that is older than anybody in this Chamber. That plan began in 1620, when the first refugees came to this country, the Pilgrims, to find freedom. The mariner on the high seas is not confused as long as he keeps his sextant and his compass. And if we keep the sextant and chart and compass of freedom to square our actions, there will not be such a confession of bewilderment and confusion. Freedom is the purpose of America. That is the cause of America. That is the crucible out of which America was born. We started on this pattern of freedom in 1620. There would have been freedom in 1775 even if there had been no Boston Tea Party because freedom is our destiny. They dipped into Leviticus and found that old phrase: "Proclaim liberty in all the land."

Freedom was the text and pattern in 1787 when the Constitution makers, after reciting the words "perfect union, justice, and tranquillity" then stated at the end of the preamble, "and to secure for ourselves and our posterity the blessings of liberty."

It was the same in 1812 when the liberty of our seamen on the high seas was impaired by impressment. It was liberty that was the lodestone and the beacon light in 1861 when Lincoln, from my own State, came to shepherd the cause of union. It was the same pattern of freedom that we had in 1898. It hap-

pened that the individual in question then was not William Hohenzollern or Adolph Hitler. It happened to be General Wehler, who was herding Cuban men, women, and children in concentration camps in World War II. It was the same pattern of freedom that sent over 200 Members of the Congress into conflict in 1917. It was the same pattern that swept millions of young men into motion 6 years ago last Sunday, when our physical frontiers were violated at Pearl Harbor. The trouble is that we were behind the times, because the moral frontiers of a great and living faith were violated in 1939. But it took 2 years in which to catch up. If there had never been a Pearl Harbor, there still would have been World War II because there could be no deviation from the great and persuasive and compelling course of freedom, which accounts for the very greatness of America.

Who will deny that an anguished concern for freedom finally healed the cleavages that were so deep in 1939 and 1940 and unified the Nation. Who will deny that concern for freedom—that one thing which is the heart or core of our system of life—kept us in the conflict, evoked the sacrifices which our people made, and accounted for the ultimate victory.

It has been our guiding star. Freedom is the thing which made us great. Without it, we could not have achieved such triumphs in the social, political, economic, and spiritual fields. It is a moral force and not merely some academic proposition. How well and truly the apostle Paul wrote when he said, "Where the spirit of the Lord is, there is liberty." That can be changed about. We might with equal force say, "Where freedom is, there is the spirit of the Lord." And because that is so, America has been ready and willing to aid whenever evil and misfortune has beset weaker and humbler peoples in all corners of the earth. How else do you account for it?

Freedom is the pattern. I disagree with the gracious gentlewoman from New York [Mrs. Sr. GEORGE]. The trouble is that we fall into the error of thinking that freedom is an accomplished thing overnight. We have been on the freedom road progressively for more than 1900 years. That started with the blessed event in Bethlehem more than 19 centuries ago, and the course has been upward and onward, even though it has been tortuous and difficult. We have gone through kings and dukes, principalities and earldoms, and empires, and all that sort of thing over a good many years, but constantly the course has been upward, and the great yearning heart of the people of Europe, notwithstanding the observations of the very able and gracious lady from New York, is still swelling for freedom. That it has not been accomplished is not their fault, and it does not impair the vitality and the substance of the desire of those people to reach out into the sunlight of freedom. Call this a relief bill if you will; call it a security bill; I am ready to take every instrumentality, I am ready

to take every weapon that is necessary to stand on the positive side of rolling back every force, every vile and evil ideology that threatens the very fundamental cause and purpose of America, without which we might be in a class with an impoverished fourth-rate country of Europe. That is the thing that dictates action on this bill. So I make no apology. I am ready to embrace all weapons in every agency of Government, knowing that if freedom is liquidated in the other corners of the earth, since it is an indivisible fabric, it would threaten freedom and liberty at home, and destroy the very basic purpose and hope and heart throb of America. That is the justification for this bill.

Let me add a closing thought. Not once but a thousand times in the debate which was devoted to this bill the sentiment was echoed and reechoed that one of the basic purposes of this bill was to resist and contain communism. Let us phrase it in a more positive manner. The purpose of this bill is to defend freedom at home and abroad. Yes; that course at times makes strange bedfellows. Yes; that course involves a gamble. Yes; that course demands sacrifice. Yes; that course requires actions which at times seem strange and unjustifiable. Yes; that course at times raises doubts as one observes the liquidation of freedom and the westward thrust of the iron curtain. I know that we shall not be wanting when the time comes, because there is behind us too great and impressive a tradition of sacrifice and struggle as those before us in the life of this Republic kept their rendezvous with freedom.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on the pending amendment and amendments thereto do now close.

Mr. POWELL. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I move that debate on the pending amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MARCANTONIO].

The amendment was rejected.

Mr. HALLECK. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HALLECK: At the end of the bill insert the following new section:

"Nothing in this act shall be construed to make inapplicable in the case of commodities procured under the authority of this act the authority to prohibit or curtail exports granted by section 6 of the act of July 2, 1940 (Public Law 703, 76th Cong.), as now in force, or as may be hereafter amended."

Mr. HALLECK. Mr. Chairman, this is the amendment that the chairman of the Committee on Banking and Currency [Mr. WOLCOTT] had devised and expected to offer. He is presently detained in sessions of that committee, engaged in consideration of important matters that must be disposed of at this session of the Congress. I have just conferred

with him over the telephone and he desires to have the amendment offered.

My understanding of the amendment is that it is calculated to integrate the export programs of all kinds, coming under governmental control. I have discussed the matter with some members of the Foreign Affairs Committee and they do not see in it anything out of line with the purposes of the legislation.

Mr. VORYS. The Foreign Affairs Committee had this amendment under consideration yesterday morning and approved it as a committee amendment, but intended to express their approval when the gentleman from Michigan [Mr. WOLCOTT] presented it.

The amendment merely makes clear that this bill does not interfere with export control powers of the President and makes it clear that the Foreign Affairs Committee is not invading the province of the Banking and Currency Committee which has important matters concerning controls before it.

Mr. DORN. Mr. Chairman, I rise in opposition to the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DORN. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close at the end of the gentleman's remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. POWELL and Mr. SADOWSKI objected.

Mr. PFEIFER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PFEIFER. Mr. Chairman, I have listened patiently to the full debate on this very important measure. I was astonished to hear so many Members offer amendments that would absolutely destroy the purpose of the bill. For God's sake, let us dilly dally no longer and rush this bill through to relieve the suffering humanity overseas. France, through Lafayette, has done so much for America when she faced a crisis, and Italy, through her action during the latter part of the war, has sacrificed much in aiding the Allied cause.

No one can deny that there is suffering abroad and immediate help is necessary. Party politics has no place in the deliberation of this body on such an important piece of legislation. Help is needed now to help those countries in their fight against starvation, disease, and death. I have been over in Europe only a short time ago and the suffering there was so evident that I doubt if anyone that has seen such conditions would refuse immediate aid. Let us therefore, Mr. Chairman, waste no more time—vote for this bill now so that the suffering humanity abroad may get the help when it is needed, not when it is too late.

Mr. DORN. Mr. Chairman, far be it from me to rise at this late hour to attempt to oppose the passage of this bill

or anything like that, but there is one point that has not been mentioned in all of the debate this week on this bill; that on September 18 of this year at Lake Success, N. Y., Andrei Y. Vishinsky, Russia's Deputy Foreign Minister, labeled me as the No. 1 warmonger of the United States. On that same list he put our distinguished chairman of the Foreign Affairs Committee, the gentleman from New Jersey [Mr. EATON]. He also proposed that we be tried by an international court for warmongering. I think this proposal was later taken up by the Political Action Committee of United Nations and defeated.

Vishinsky's reason for placing me on that list was not because of any eloquence on my part for I cannot make an eloquent speech. Why is it that he did not place the able gentleman from Illinois [Mr. DIRKSEN] on that list? He has made numerous speeches here against communism. Why did he not list the able gentleman from Massachusetts [Mr. McCORMACK] who has made numerous speeches against communism, or the many other able members of this body who spoke about communism? Why did he pick out a freshman Member of this body? I will tell you why. I studied European psychology when I was in the Army of the United States during the late war. I was in a lot of countries in Europe. I had time to think. Mr. Chairman, what Russia fears today is the thing I mentioned here on May 7, that is, the greatest air force in the history of the world.

Mr. Chairman, if the Members believe that relief bills will stop communism, then they are only kidding themselves. Stalin is the greatest political chess player in the world. He won at Yalta. He won at the other conferences. If I were sitting in the Kremlin today, Mr. Chairman, playing with the future domination of this world, I would favor the United States putting its money into relief bills instead of air power; I would favor their putting money into rat holes in Europe and elsewhere in the world, while at the same time I would be spending, as the Russians are spending today, \$13,000,000,000 annually for my air force, submarines, and my army. Thirteen billion dollars in Russia is equivalent to \$40,000,000,000 in the United States because we have a high standard of living while they have slave labor. Their \$13,000,000,000 will go further than \$40,000,000,000 in this country. In 5 years, if such a policy continues, our resources will have been dissipated on relief and temporary expedients while Russia builds the greatest army, submarine, and air force in the world. Then where will we be? A second-rate power having lost in the international military-preparedness race and then the cold war may become hot and who will call the shots?

Mr. Chairman, Rokossovsky, Zhukov, and Koniev, who are commanding those great Russian armies poised in western Russia today, land that we surrendered at Yalta, are ready to drive to the English Channel in 3 weeks. They place great confidence in their 300 divisions, 44,000 combat planes, and over 200 submarines. Russia is strengthening this force while

shouting about warmongers and diverting our attention to relief.

Now, Mr. Chairman, what will stop communism in this world? An air force right here in America, as I stated on May 7, that can fly to any part of the world and return, capable and willing to use the atomic bomb, if necessary, to protect the security of this great country. Air power, Mr. Chairman, is peace power. You get weak and you see what Russia will do. You stay strong and they know that we will defend the liberties of our people. If they know we will fight for our Constitution and we have the ability to defend it, then they will sign up at the United Nations and you will see them cooperate because they respect military power and that alone.

Mr. Chairman, I plead with you this afternoon, let us put first things first. I believe in the policy of a shotgun in one hand and a Bible in the other. That is exactly what founded this Nation, that is what put the Puritans in Massachusetts, that is what made America what it is today. I say, Mr. Chairman, let the world know that we are in favor of Christianity, that we are in favor of justice, but at the same time let us keep our armed forces built up to the point where we can defend the sacred freedoms of the United States of America.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all Members may have the privilege of inserting their remarks at this point in the RECORD and to revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KEFAUVER. Mr. Chairman, I think the Members of the House should be congratulated upon the statesman-like manner in which this legislation has been considered. There have been no partisan disputes. We are today witnessing evidence of a most important and far-reaching change in our national viewpoint. The change is that practically all Members of Congress appreciate the fact that world leadership has inevitably turned to the United States. We cannot escape the power the Stars and Stripes carry all over the world. This change has been taking place for a number of years. Many people in this country did not recognize it after World War I. Now, however, the fact of responsibility and the necessity of leadership is apparent to everyone.

I shall vote for this bill because if this Nation is to work for freedom and peace we must do our best to establish better order in western Europe. From purely a humanitarian viewpoint the people of this country want to prevent hunger and starvation to every extent possible. The bill is justified on that ground, but there are other and important reasons why it should be passed. The forces of communism would fill any power vacuum and will use every means possible to sabotage and take over the Governments of France and Italy. If we fail to pass this bill, our strongholds of possible peace and

freedom on the continent of Europe will be lost. We must grant this aid if we are to have the opportunity of joining in a larger mission for world stability, security, and peace.

In the beginning I complimented the committee on the handling of this bill. It will soon be sent to the President for his approval. I hope that action upon the appropriation to implement it may be handled expeditiously. Many people wonder why Congress takes so long. They do not appreciate the steps through which legislation of this kind must pass. Letters I have been receiving indicate impatience with the slowness in getting relief to these countries. The consideration of this bill has enabled everyone to express their views, so let us hope that when the appropriation measure is before Congress that it may be passed without another prolonged and extensive debate.

Mr. VORYS. Mr. Chairman, I move that all debate on the bill H. R. 4604 and all amendments thereto do now close.

The CHAIRMAN. The question is on the motion offered by the gentleman from Ohio [Mr. Vorys] that all debate on the bill and all amendments now pending thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. Halleck].

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MICHENER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries, pursuant to House Resolution 386, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

Mr. KERSTEN of Wisconsin. Mr. Speaker, I have an amendment to change the title of the bill, which I understand is proper.

The SPEAKER. That will come after the passage of the bill.

Mr. KERSTEN of Wisconsin. I should like to inform the membership that this is an important amendment and I should like to speak on it.

The SPEAKER. It is not debatable. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. JOHNSON of Oklahoma. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. JOHNSON of Oklahoma moves that H. R. 4604 be recommitted to the Committee on Foreign Affairs for further study.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

Mr. VORYS. Mr. Speaker, I offer an amendment to the title of the bill.

The Clerk read as follows:

Amendment offered by Mr. VORYS: Amend the title so as to read: "To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries."

Mr. KERSTEN of Wisconsin. Mr. Speaker, I offer a substitute for the amendment to the title.

The Clerk read as follows:

Amendment offered by Mr. KERSTEN of Wisconsin as a substitute for the amendment offered by Mr. Vorys: Strike out the title and insert the following: "To assist the peoples and governments of certain foreign countries in preventing the spread of communism in such countries, to promote world peace and the freedom of the individual in such countries from domination particularly by any form of the communistic police state, to promote the national interest and foreign policy of the United States by providing aid to such foreign countries."

The SPEAKER. The question is on the substitute amendment offered by the gentleman from Wisconsin.

The substitute amendment was rejected.

The SPEAKER. The question is on the amendment offered by the gentleman from Ohio [Mr. Vorys].

The amendment was agreed to.

Mr. VORYS. Mr. Speaker, pursuant to the provisions of House Resolution 386, I move to take from the Speaker's table the bill S. 1774, and strike out all after the enacting clause of that bill and insert in lieu thereof the text of the bill H. R. 4604, as passed.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Strike out all after the enacting clause of the bill S. 1774 and insert in lieu thereof the provisions of the bill H. R. 4604 as passed.

The motion was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The bill H. R. 4604 was laid on the table.

Mr. VORYS. Mr. Speaker, I move that the House insist upon its amendment to the bill S. 1774 and request a conference with the Senate, and ask that the Speaker appoint managers on the part of the House.

The motion was agreed to.

The Speaker appointed the following conferees: Messrs. EATON, VORYS, MUNDT, BLOOM, and KEE.

The SPEAKER. Without objection, the Senate bill as amended is ordered to be printed.

There was no objection.

EXTENSION OF REMARKS

Mr. BUSBEY asked and was given permission to extend his remarks in the RECORD and include a letter he wrote to Attorney General Thomas C. Clark and an article that appeared in Plain Talk Magazine.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD and include a letter from Curtis P. Nettels, a member of the faculty of Cornell University.

Mr. JACKSON of California asked and was given permission to extend his remarks in the RECORD and include an editorial from the Santa Monica Outlook.

Mr. SARBACHER asked and was given permission to extend his remarks in the RECORD and include an article from the Marine Corps Gazette.

Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks in the RECORD.

Mr. HOFFMAN asked and was given permission to extend his remarks in the RECORD on three subjects and include editorials and excerpts from newspapers.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include certain articles.

Mr. PRICE of Illinois asked and was given permission to extend his remarks in the RECORD in two instances and include newspaper articles with each.

Mr. WALTER asked and was given permission to extend his remarks in the RECORD and include an article from today's Journal of Commerce.

Mr. MCGREGOR asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. STRATTON (at the request of Mr. BUSBEY) was given permission to extend his remarks in the RECORD and include an article entitled "The Gentleman From Illinois" on the one hundredth anniversary of Abraham Lincoln's coming to the House of Representatives.

Mr. O'HARA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include certain extraneous matter. I am advised by the Public Printer that this will exceed two pages of the RECORD and will cost \$159.75, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

SPECIAL ORDERS GRANTED

Mr. JACKSON of California. Mr. Speaker, I ask unanimous consent that on Monday next, at the conclusion of the legislative program of the day and following any special orders heretofore granted, I may be permitted to address the House on Greece for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JAVITS. Mr. Speaker, I ask unanimous consent that the special order granted me for today be postponed to Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

INTERIM AID BILL, 1947

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that it may be in order to consider the conference report on the bill S. 1774 at any time after it is filed.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight of Saturday next to file a report on House Joint Resolution 273.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight of Saturday next to file a report on the bill H. R. 4675.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

COMMITTEE ON RULES

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight Saturday next to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include a speech made by himself some weeks ago, and also to include two separate items, one an editorial and the other an article.

Mr. SMITH of Ohio asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. JENNINGS asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and to include a quotation.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEGISLATIVE PROGRAM AND ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I have discussed with numerous members of the Committee on Foreign Affairs the matter of the conference report and the time when it might be expected to be ready. My information is that the conferees cannot get together until sometime tomorrow morning. In view of the many

features of the two bills that are in disagreement, I think it is generally agreed that a conference report could not be ready for action tomorrow. It would seem that at the earliest the conference report may be ready on Monday.

Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, may I suggest that some member of the committee ask unanimous consent that the conferees may have permission to file a conference report if they come to an agreement before midnight on Saturday?

Mr. HALLECK. Yes; I will yield to the gentleman from Ohio [Mr. VORYS] for that purpose.

Mr. VORYS. Mr. Speaker, I ask unanimous consent that if the conferees arrive at an agreement before midnight Saturday night they have permission to file their report.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. SMITH of Virginia. Mr. Speaker, reserving the right to object, I do so merely for the purpose of asking the gentleman from Indiana for what reason did he ask that the Committee on Rules have until midnight Saturday night to file a report?

Mr. HALLECK. I shall be glad to explain. The Committee on Banking and Currency has, by unanimous consent, received permission to file reports on two bills. As the gentleman knows, we are anxious to conclude the program in time for members to get back home for Christmas. Some of the Members have considerable distance to travel. Moreover, there is a high degree of urgency in connection with all of these matters. If these bills are reported from the Banking and Currency Committee, it will be our plan that the Committee appear before the Committee on Rules and if the Committee on Rules sees fit to grant rules making these measures in order, that they might be taken up early next week.

Mr. SMITH of Virginia. So that the plan is to start on your price control bill on Monday?

Mr. HALLECK. Since the gentleman has raised that question, I will say generally in respect to the program as I can now foresee it, although I am sure the gentleman will understand there are many difficulties in this sort of a situation in undertaking to outline an iron-clad timetable. The Committee on Appropriations has been laboring diligently in the preparation of an appropriation bill which must necessarily be enacted to take care of the various matters that have been considered in this extraordinary session. My hope is that the appropriation bill can be ready not later than Tuesday of next week. Of course if the matters from the Committee on Banking and Currency can be gotten in such shape so that they can be taken up on Monday or on any subsequent day, we certainly want to proceed with them as expeditiously as we can.

It may be possible that we can get some of those matters up for consideration on Monday. I would suggest the Members be here on Monday, because certainly it is to be hoped that the conference report on the foreign aid bill will be ready for action then.

Mr. McCORMACK. Further reserving the right to object, Mr. Speaker, in connection with the latter observation made by the majority leader, I recognize the difficulty of giving specific plans, and of course the gentleman is in that position, but I wanted to ask the gentleman, for the benefit of the other Members. Next week will be an important week; that is, it will be a busy week. That is correct, is it not?

Mr. HALLECK. I should say so; yes.

Mr. McCORMACK. That is, you intend to take up the appropriation bill and also whatever bills come out of the Committee on Banking and Currency, and the conference report. So it is important for the Members to be here from Monday on.

Mr. HALLECK. Yes. I certainly agree with the gentleman's remarks.

Mr. McCORMACK. The leadership is in the position that you feel you have to call up any of this legislation if it is ready on Monday?

Mr. HALLECK. That is correct.

Mr. McCORMACK. I simply wanted that for the information of the Members so that they would realize they should be here from Monday on.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, I would like to inquire as to whether the gentleman has any idea, if this conference report comes in Monday there will be a roll call so that a Member can record his opposition to it.

Mr. HALLECK. Of course, the gentleman knows as much about that as I would.

Mr. HOFFMAN. Oh, I would not think so.

Mr. HALLECK. It is within the province of any Member to demand a record vote on any measure.

Mr. HOFFMAN. But he cannot get it unless he can get enough Members to stand up and be counted.

Mr. HALLECK. I am quite sure the gentleman would very seldom find himself in that situation.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. HALLECK]?

There was no objection.

EXTENSION OF REMARKS

Mr. MARCANTONIO asked and was granted permission to revise and extend his remarks.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. EBERHARTER] is recognized for 20 minutes.

Mr. EBERHARTER. Mr. Speaker, the chairman of the Committee on Ways and Means last June appointed a so-called Special Tax Study Committee. The membership of this committee consisted almost exclusively of representatives of the National Association of Manufacturers, United States Chamber of Commerce,

Appendix

The Marine Corps and the National Security Act

EXTENSION OF REMARKS

OF

HON. GEORGE W. SARBACHER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. SARBACHER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article appearing in the Marine Corps Gazette, issue of October 1947.

I believe this article is one of the most clear-cut and concise explanations of the Marine Corps function under the recently passed National Security Act of 1947, commonly known as the unification bill:

THE MARINE CORPS AND THE NATIONAL SECURITY ACT

(By Lt. Col. James D. Hittle)

The National Security Act of 1947, more commonly known as the unification bill, has already taken its place among the basic laws of the land.

In addition to those provisions of the bill concerned with national economy and foreign policy, and the Central Intelligence Agency, the new law contains provisions of interest to personnel of the armed services. Its provisions with regard to the Marine Corps are particularly significant.

This new law prescribes the basic functions of the major elements of the armed services. Such provisions in the law are, in effect, a directive from Congress to the armed services, stipulating the purpose for which the larger elements of the Nation's fighting forces are created and supported. Legislation of this nature is not altogether an innovation. Frequently in the past Congress has prescribed functions for various parts of the armed forces. But never before in our legislative history has any Congress so intelligently and deliberately set forth within one law the basic functions of the armed services. Congressional action in this respect was in harmony with the legislation's intent to eliminate unnecessary duplication within the armed forces and to prevent intraservice disputes over the performance of certain functions.

Within the armed forces each subordinate echelon deserves a clear-cut directive or order when a mission is assigned. Thus, it is consistent with sound military procedure that the armed services as a whole, charged with the protection of the Nation, should receive a "directive" from Congress—the higher authority—stating clearly the functions that each major element of the services will perform in accomplishing the common mission of all the armed services.

The National Security Act of 1917 prescribes the general functions for the Navy, Naval Aviation, the Marine Corps, the Army, and the new Air Force. That portion of the act pertaining to the Marine Corps reads as follows:

"The United States Marine Corps, within the Department of the Navy, shall include land combat and service forces and such aviation as may be organic therein. The Marine Corps shall be organized, trained, and equipped to provide fleet marine forces

of combined arms, together with supporting air components, for service with the fleet in the seizure or defense of advanced naval bases and for the conduct of such land operations as may be essential to the prosecution of a naval campaign. It shall be the duty of the Marine Corps to develop, in coordination with the Army and the Air Force, those phases of amphibious operations which pertain to the tactics, technique, and equipment employed by landing forces. In addition, the Marine Corps shall provide detachments and organizations for service on armed vessels of the Navy, shall provide security detachments for the protection of naval property at naval stations and bases, and shall perform such other duties as the President may direct: *Provided*, that such additional duties shall not detract from or interfere with the operations for which the Marine Corps is primarily organized. The Marine Corps shall be responsible, in accordance with integrated joint mobilization plans, for the expansion of peacetime components of the Marine Corps to meet the needs of war."

The first sentence of the new law gives legal recognition to the Marine Corps, perpetuates its relationship to the naval service, and directs that the Marine Corps shall include combat, service, and aviation elements. This guarantees that the Marine Corps shall continue to be a balanced fighting force, possessing its organic aviation and service units.

The second sentence of the Marine Corps section of the bill is of key importance. It states: "The Marine Corps shall be organized, trained, and equipped to provide fleet marine forces of combined arms, together with supporting air components, for service with the fleet in the seizure or defense of advanced naval bases and for the conduct of such land operations as may be essential to the prosecution of a naval campaign." Thus, the law now recognizes and directs that the maintenance of fleet marine forces is the fundamental function of the Marine Corps. Such a stipulation is wholly consistent with the concept of the Marine Corps, which, for the last quarter of a century has pioneered and specialized in amphibious operations. It is in the concept of the fleet marine forces that the amphibious character of the Marine Corps finds its most convincing emphasis. True, the Marine Corps since its earliest days has engaged in amphibious operations. Also, the fact cannot be disputed but what the marines, in the years following World War I, developed the amphibious knowledge which in World War II proved to be prerequisite of victory in global warfare. Yet the fundamentally amphibious nature of the Marine Corps, so apparent in fact and action, was not recognized in the basic laws governing the armed forces. Neither the National Defense Acts of 1903, 1916, nor 1920 even mentioned the Marine Corps.

Unrecognized by previous basic defense legislation, the role of the Marine Corps as an amphibious force in the application of the Nation's naval power is now not only recognized in law, but the law makes it mandatory that fleet marine forces shall be a part of our armed forces. This, incidentally, is the only instance in which the National Security Act of 1947 makes any provision for the existence of an operating component of any of the armed services. Clearly, it was the intent of those who wrote the National Security Act that "fleet marine forces of combined arms," should be recog-

nized by law and legally incorporated into the basic military structure of the country. To assure that these fleet marine forces would not deteriorate into lightly armed battalions or regiments used solely for landing parties, the law stipulates that the fleet marine forces shall be forces of combined arms (tanks, artillery, and so forth), and supporting air components, thus assuring the continued existence of a Marine Corps capable of major combatant effectiveness.

Specific reference is made in the employment of fleet marine forces in the defense of advanced naval bases. Thus, the defense of advanced naval bases—a special aspect of amphibious operations pioneered and developed by the marines—is a function assigned to the corps by law.

In an even broader sense this portion of the bill relating to the fleet marine forces contains what is probably the most important passage affecting the conduct of future wars by the armed forces of this Nation. The key phrase is that referring to "the prosecution of a naval campaign." Statutory recognition of the naval campaign is of historic significance in the development of our national military thought. The concept of the naval campaign—a series of operations that are predominantly naval in character—is in its modern sense a purely American contribution to the art of war. The naval campaign is the forceful application of naval power in accordance with another American contribution to modern war—the theory of the balanced fleet. The balanced fleet, consisting of naval surface, undersurface, naval air, and naval landing forces, is a combat entity, capable of exercising naval power in the most forceful meaning of the term as used by Mahan. It is a well-coordinated team of aviation, landing units, and surface forces habitually trained to operate as an all-naval team under common doctrine and subject to unquestioned naval command.

This congressional affirmation of the naval campaign is, in turn, a statutory recognition that naval power—with its forceful application by the balanced fleet—is still, and for the foreseeable future shall continue to be, a fundamental instrument of our national security. Such congressional action was unquestionably based upon what some experts are altogether too prone to overlook—that we are still a maritime nation, bounded largely by the seas, and that our national security is, in the final analysis, dependent upon control of the seas.

The Pacific war demonstrated that the naval campaign, based upon the balanced fleet, is the true expression of naval power in its most forceful sense.

Fleet marine forces of combined arms are the unique attributes of our naval organization. Consequently, it seems to be more than a matter of coincidence that Congress should choose the section of the Security Act pertaining to the Marine Corps in which to give statutory recognition to the naval campaign.

The third sentence of the section states that: "It shall be the duty of the Marine Corps to develop, in coordination with the Army and the Air Force, those phases of amphibious operations which pertain to the tactics, technique, and equipment employed by the landing forces." This has the effect of congressional mandate that the Marine Corps shall have a major role in all future amphibious development. Most certainly, the corps is not to be the only agency within the armed forces responsible for the development of amphibious tactics, technique, and

equipment, but at the same time the corps is designated, by statute, as a developing agency, thus assuring the corps that it will be able to continue its progress in the field of amphibious operations. Since amphibious operations may involve the employment of airborne units, the amphibious development activities of the corps will permit continued progress in the utilization of aircraft as a means of transporting landing force units.

Indeed, it is noteworthy that the only instance in which the National Security Act of 1947 makes reference to amphibious operations, with respect to either operating forces or development activities, is the section of the law pertaining to the Marine Corps. In this respect the law continues the precedent by which the Marine Corps has been the focal influence in the evolution of modern amphibious doctrine.

Also, the new law assigns the Marine Corps the traditional functions of providing detachments and organizations for armed ships, naval stations, and bases. This is a reaffirmation of such functions originally assigned the corps by law in 1798.

In addition to these specific functions, the corps may be assigned such additional functions as the President may direct. Accordingly, marines may still, as provided by previous law, be assigned for duty with the Army, or such other functions as are not specifically prescribed by law. There is but one restriction placed on Presidential assignment of additional duties. The law states "that such additional duties shall not detract from or interfere with the operations for which the Marine Corps is primarily organized." Thus, Congress pointedly insists that, regardless of what additional duties are assigned, such additional duties shall not endanger the fundamentally amphibious character of the Marine Corps.

Under the new law, the Marine Corps Reserve will continue to be a major factor in the expansion of the corps in event of a war. Such statutory recognition of the Marine Corps Reserve, as well as a guaranty of its continued existence, is contained in the portion of the law stating that "the Marine Corps shall be responsible * * * for the expansion of peacetime components of the Marine Corps to meet the needs of war."

In way of summation it can be seen that under the National Security Act of 1947 the Marine Corps is now by law assigned a major status within the armed forces of the Nation. The traditional detachment and garrison duties are reaffirmed. Of transcendent importance is the fact that the amphibious character of the corps is legally recognized. The concept of naval campaign, in which the fleet marine forces find their logical justification, is recognized as a fundamental feature of our Nation's sea power. Specifically, fleet marine forces of combined arms are accorded statutory status, and the corps is assured a prominent role in future amphibious development.

The National Security Act of 1947 has been authoritatively described the most important legislation of its kind in the Nation's history. The accuracy of this description cannot be questioned from the standpoint of the Marine Corps.

RECORD, I include therein an article from the Clinton Daily Item which contains the substance of a statement I made upon my return from an extended European inspection tour.

The article follows:

CONGRESSMAN PHILBIN PAINTS HARROWING PICTURE OF CONDITIONS OVERSEAS AND SAYS IT IS OBVIOUS THAT THE UNITED STATES CANNOT AFFORD TO FEED, CLOTHE, AND SUPPLY EUROPEAN NATIONS INDEFINITELY

Returning from his extended tour of Europe, Congressman PHILIP J. PHILBIN, of Clinton, member of the powerful House Armed Services Committee, today painted for the Item a harrowing picture of the conditions he observed.

The Clinton Congressman says:

"Governmentally, socially, and economically," Congressman PHILBIN stated, "most countries of Europe are in a deplorable state. Only Ireland, Denmark, and Switzerland apparently enjoy satisfactory subsistence standards. Belgium and Holland are in fairly good shape.

"In other countries many people are living dangerously close to mere survival, with daily rations barely capable of sustaining life. Germany is prostrate. The nation is divided into various military zones, under which the economy of the nation, once self-sustaining, is not able to function. This puts the burden of helping to feed large numbers of people, including pitiable victims of persecution and war who are located in and out of displaced persons camps, upon our Army.

"It is nothing unusual to see women and children in the occupied zones going barefoot through the streets or about their daily work.

"Coal and fuel are in very short supply everywhere in Europe and this has crippled industry and transportation and also threatens hardship during the winter months. In our occupied zones, if it were not for the excellent work of the Army in keeping up morale, maintaining public order, encouraging the resumption of normal business and, to a large extent, helping to feed the indigenous population, conditions would be much worse. Both officers and men of the Army have full realization of the gravity of their tasks and are carrying them out in the main with fine spirit, sound judgment, and efficiency.

"I was particularly impressed with the work of Gen. Thomas F. Bresnahan, of Fitchburg, commanding officer, at Bremerhaven. Though the zone of his command was severely stricken by intensive wartime allied bombing and is in large part literally a shambles of ruin and wreckage, General Bresnahan has achieved splendid results in restoring morale and economic activity and in ministering to the needs of the indigenous population and the displaced persons who are sent through his port. On the whole and in most every respect our military commanders, officers, and enlisted men are conducting themselves with great credit but it was especially gratifying to observe an outstanding soldier from Massachusetts performing such conspicuous and valuable service.

"A natural, but very distressing incident of food and clothing shortages is the black market which thrives in many places in Europe, to the great detriment of ordinary people who have not the wherewithal to pay excessive prices for necessities of life.

"Strict rationing programs legally in force have not succeeded in checking black market operations which exist not only in articles of food and clothing but also in dollar exchange. Everyone wants dollars. Severe penalties are imposed in France, for example, for purchasing francs over and above the quoted rate which can be easily done because of the anxiety of people to secure American dollars, but this has not served to control extensive dealings in dollars and other desirable currencies (Swiss franc and Dutch

kroner) which, of course, adds to existing scarcities and promotes price inflation.

"England has also inaugurated very strict exchange regulations. Commencing October 1 it became practically impossible for anyone to take more than a nominal sum of money in pounds out of that country though hundreds of thousands of young Englishmen are seeking opportunity to migrate. The food and fuel wants in England are extreme and deplorable. Strikes and political controversy have stifled coal production. Export requirements seriously deplete essentials of life.

"Ireland was truly refreshing. There great physical beauty of surroundings, a bounteous nature, industrious habits, and the profound Christian faith and fortitude of the people combine to provide good wholesome living, orderly government and a happy contented citizenry. There is no discoverable communism or radicalism in Ireland and everyone has enough to eat, adequate clothes and shelter.

"Coal shortages exist but the Irish are effectively substituting peat to heat their homes and buildings. Warm of heart, they are generously sending food and supplies to other stricken nations. Their program for aiding displaced persons is considered the best yet in operation, I was very much impressed and touched by the placidity of spirit, tolerance, and friendly, neighborly attitude toward other nations and people which I found in Ireland because it was in such sharp contrast with the chaos, hate, passion and skepticism I observed in some other places.

"Collectivism in one form or other accompanies the privation and starvation which stalk over the Continent. Left-wing philosophy and left-wing government based on cynical materialism seem to be the rule in many countries and repressive measures aimed at capitalistic institutions and free enterprise are adding to the confusion and want by discouraging incentive and preventing production. Radical, antidemocratic concepts and practices are putting Europe deeper in the mire of stagnation.

"Because of the activities of these collectivist governments peoples of several countries are hampered in pursuing their regular work and literally millions helpless before actual or impending regimentation, are marking time waiting for the paradise which has been promised them by rabid Marxist, or Socialist political reformers.

"The frantic desire to migrate to the United States or some other western country is found everywhere and large numbers of aggressive, ambitious young people as well as the indigent and the starving are striving eagerly to escape from the welter of confusion and want which spreads over the Continent.

"In general, social, political, and economic conditions are so bad, morale so low and the spirit of the people so demoralized by privation, want, and radical agitation throughout much of Europe that it is very difficult to suggest workable panaceas or remedies.

"Our Government officials of high rank, including many of those of the armed forces, as well as many Members of the Congress, Committees of which are studying the situation who have visited stricken areas outside the iron curtain, are seeking some solution, trying to find some way by which we can aid the starving and the suffering and revive the languished commerce and industry of many afflicted nations.

"The Marshall plan, which has already been outlined, is being given careful study and full report will shortly be available to Congress and the public. Up to this time the nations concerned seem to be more anxious for additional large cash gifts and huge food and material shipments without conditions or restrictions than they are receptive to concrete measures for economic renovation and rehabilitation.

"It would appear that unqualified cash outlays by the United States, or for that mat-

Congressman Philbin Paints Harrowing Picture of Conditions Overseas

EXTENSION OF REMARKS

OF

HON. PHILIP J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. PHILBIN. Mr. Speaker, under leave to extend my remarks in the

ter unconditional shipments of food and materials will never adequately answer these problems. Whatever its form, we must be sure that the relief extended goes to the right places and is not misappropriated or misapplied.

"Fundamentally Europe must get back to work, back to sanity, back to stability in government as well as economic activity. Russian interference in the affairs of other nations must be stopped.

"Undoubtedly our people are willing to lend a helping hand, certainly willing to do whatever we can consistently with our own means and resources to alleviate the terribly compelling want and hunger which besets so many poor, unfortunate victims—women, helpless children, and aged and infirm—throughout Europe, and try to revive and restore waning or defunct economies.

"I think that in extending this help we shall have no desire to interfere in any way with the sovereignty, self-government, or internal economic affairs of any nation. On the other hand, it would be foolhardy to turn over any of our resources whether money, materials, or foodstuffs, as we have done in the past, to some nations, obsessed by ideologies, who will use them not so much for the constructive purpose of rehabilitation and readjustment as for the continuance and strengthening of radical reform, social experimentation, and socialistic or communistic programs hostile to our own Nation and to the cause of democracy.

"It is necessary that before extending further huge grants of money and materials we should first make a careful appraisal of our own resources and needs and financial condition. We have serious shortages of some essentials and very high prices in our own country which we cannot afford to aggravate, which, in fact, we should reduce.

"We have a stupendous national debt and a very high level of wartime taxation which continue to impose burdens upon our industry and people. In answering the call of humanity, in seeking to alleviate the plight of the hungry and afflicted of stricken lands, as I believe every American wants to do, we must make sure that we do not disorganize and disrupt our own economy, that we do not impose further grave burdens of taxation and inflation upon our productive system, taxpayers, and people which they cannot stand, and be certain that we are not dispensing relief, economic resources, financial aid, and material assistance to further and advance the plans of radical-minded political leaders or governments who, in turn, may well use these great assets to work detriment and harm upon our institutions, prosperity, and security.

"Obviously, the United States cannot afford to feed, clothe, and supply European countries indefinitely. We cannot afford to sustain hostile, antidemocratic, anti-American totalitarian systems anywhere. It is said that communism breeds and thrives on hunger and want and that may be so, though its greatest gains to date have come through coercion.

"But it is idle to believe that the furnishing of money, food, clothing, and materials of itself will ever prevent or dissipate communism. In fact, if these are dispensed by pro-Communists and Socialists they will give an apparent vitality to collectivism which it does not intrinsically possess and will serve to strengthen such systems in the minds of the masses of the people.

"Europe must by all means, and primarily, show the will and purpose for recovery. There must be a spiritual regeneration. In many cases Europeans have voted themselves into radical government as a matter of choice and there is certainly no way that we can interfere with free elections. Lamentably, some elections have been tainted with totalitarian conspiracy and fraud.

"Actual aggression and ideological penetration in foreign countries are also matters difficult to control adequately unless we want to chance involvement in another war, or unless we are willing in the first instance to adopt drastic economic measures in conjunction with other democratic-minded nations of good faith to check these outrages, outlaw the transgressors against international morals and law from world commerce, and intercourse and work earnestly as we should do for a really effective, revamped international agency unhampered by the obstructive veto power of a single nation to secure peace, and political and economic stability. We must not further appease or strengthen communism or any other anti-American philosophy or government.

"It is a time for firmness and decisive action to protect our own Nation and all that it means. We must let no nation, however powerful, cajole or bluff us into the sacrifice of our sacred principles and our own interests.

"As matters now stand, the President and the Congress are preparing to implement our humanitarian program for relief of hunger and starvation abroad as rapidly as possible. Substantial temporary measures are already in effect and much is already being done to help afflicted peoples. These efforts merit our steadfast support. Complete data and official reports will soon be at hand and then we can determine as a Nation what further financial and material assistance we can prudently and reasonably render without bringing disaster upon ourselves and define strictly the circumstances and conditions under which long-term relief and rehabilitation measures should be effected. We can also continue our efforts to help feed, sustain and resettle the displaced persons, the persecuted, and the homeless, who are wandering over the face of the earth without refuge or sustenance.

"Meanwhile, if we would read clearly and interpret intelligently the plain, uncontroversial lessons of history and the inescapable distressing facts of the present, including the revival of the Communist Internationale, we will first of all renew our determination zealously to protect our own national security and protect our own governmental and economic systems and democratic way of life from the ravages of destruction, decadence, and want which war and radicalism have worked over such a large part of the earth.

"We must not for any reason permit our Nation to be drawn into the vortex of ruin and dissolution that engulfs so many other nations. We must fight militantly against subversion at home.

"A visit to war-torn, socially upset, and economically disordered Europe, which I wish every American could take, evokes deepest sympathy for the homeless, distressed, impoverished, and hungry. It brings strongest resolution to help in every feasible practical way.

"It also sustains firm faith in the morality, soundness, and working efficiency of our great free democratic institutions which, through respect for the dignity and worth of the individual and regard for basic Christian principles of law, freedom, and justice have made our Nation the most prosperous and our people the most happy and best-provided-for in the whole world.

"Let us all humbly thank God for America and ask for His continued help. For without America, and what she stands for, surely the shadows of darkness will fall over the earth."

The Clinton Congressman returned from Europe on the steamship *America*, and was accompanied by Dr. Lawrence F. Burke, of this town, and Congressman Buck, of New York. Secretary of the Treasury Snyder, General O'Hare, General North, Colonel Biddle were among officials who returned on the same ship.

Defeatism in Congress

EXTENSION OF REMARKS

OF

HON. JOHN W. McCORMACK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. McCORMACK. Mr. Speaker, under permission to extend my remarks, I include the following comments by Robert L. Norton appearing in the Boston Post of December 8, 1947, entitled "Defeatism in Congress":

DEFEATISM IN CONGRESS

(By Robert L. Norton)

WASHINGTON, December 7.—Considering the Communist insurrection in France and the stalemate at the Foreign Ministers Conference in London over the German and Austrian peace treaties, it is somewhat dismaying to note the defeatist tactics being employed in Congress to delay and chisel the interim-aid program for European relief.

TENDS AID TO REDS

This opposition, evidenced in the House debate, is not of a decisive character as affecting final action, but it, nevertheless, does serve to lend aid and encouragement to the Soviets in their planned anarchy in France and Italy.

The murderous rioting, the crippling of transportation, and the creation of chaos cannot be viewed in any other light than an organized attempt dictated from Moscow to seize the French Government. It is not the "cold war" which we talk about in this country, but was in its true sense, with the deliberate purpose of fomenting revolution. The Soviet objectives might be as easily attained through the process of sabotage as with the use of armed forces.

MUST STAND FIRM

There certainly can be no misunderstanding the fact that the Red insurrection is aimed to kill the Marshall plan in advance and to make stopgap aid ineffective, since this is openly avowed by the Soviets. Therefore, if we are to face up to the realities and disregard the evasive reasoning and soft pedaling of some Members of Congress, the present crisis in France can only be regarded as making war on the United States of America.

Nothing could be more unfortunate in this real crisis than the weakening of our foreign policy by not standing up to the Soviet onslaught. Any reduction of the amount set for interim aid by the House would certainly be so construed by the Schuman ministry which apparently has not yet gained a firm grip on the situation in France. It is the key battle, the results of which will determine whether our long-range policy in Europe is to be ditched before it gets under way. It's a test of Soviet strength and of our own determination to stand firm against the challenge.

NO TIME TO QUIBBLE

The possibility of an armed show-down in France is not to be disregarded. This is the measured judgment of many House Members who observed the situation in France at first hand during the recess of Congress. It does not represent an alarmist viewpoint. In the cloakrooms of Congress, one hears a much franker discussion of what may be the alternative facing this country if the economic and political power of the United States of America fails to restore stability to Western Europe than in the public debate.

With the Soviets succeeding in bringing about chaos in France, the question naturally asked is why we should go ahead with

the expenditure of some \$20,000,000,000 if it appears that this help contemplated under the Marshall plan would prove ineffective. Would it not be thrown away?

It is at best a calculated risk, as Assistant Secretary of State Lovett explained to the House Committee on Appropriations. But just how justifiable the risk will be, as far as the Marshall plan is concerned, will depend upon the outcome of the struggle in France during the next few months. This is not the time to falter and quibble in the support of the initial move which is contained in the stop-gap aid program. Anything but an overwhelming decision favoring this appropriation by Congress would display a weakness which surely would be highly gratifying to Russia.

Otherwise, consider today's example of Soviet propaganda misrepresentation from the Moscow radio, broadcasting in Germany to Austria: "In the United States there is no real electoral freedom. The nomination of candidates is monopolized by two parties. The voices of all other parties are hopelessly drowned in the noisy election duel between the two old parties, which is a sham fight rather than a real one."

"The parties in the United States have no members and no subscription. They have no local branches."

"All election campaigns have the character of a commercial stunt organized by a highly paid expert, aided by bribed reporters. In order to get their candidate in, the monopolists are lavish in their support of the campaign."

It hardly seems necessary to observe that, in the Soviet elections, there is only one party—the Communists. The voters mark for Stalin, or else. Also, it is to be noted that the Communist Party is still on the ballot in this country and entitled to participate in a free election along with Republicans and Democrats.

The Pardon of Curley

EXTENSION OF REMARKS

OF

HON. DONALD L. JACKSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. JACKSON of California. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Santa Monica (Calif.) Outlook:

THE PARDON OF CURLEY

We want to be fair to Boston's mayor, James Curley, and to President Truman who has let him out of prison with a pardon after serving 4 months of a 6 months' minimum sentence. It may be that Curley really was taken in, as he claims, by a smart confidence man who used the name of this idol of the Boston Irish to sweeten his racket, and used the United States mails to tell the suckers what profits they could make in wartime by joining him and Curley. But what was Curley's motive in being used, if not to line his own pockets? And wasn't it wartime and he a trusted public official, the former mayor of Boston and Governor of Massachusetts?

We want to be fair to Mr. Curley, who is 73 years old and reportedly suffering from diabetes and a heart condition. But the case smelled to high heaven at a time when American boys were dying to stop Hitler and Hirohito—and when Curley's Boston machine was needed by the Democratic Party to help win a fourth term. They had to do something about Curley, after that election was won, to get rid of the smell. So they

tried him on the charge of conspiracy to use the mails to defraud. Not a nice charge against a high public official, and we may be sure that it would not have been brought if the facts had not been damning.

We want to be fair to President Truman. In ordinary circumstances it might be an act of merciful nobility to pardon an elderly man, suffering from a serious malady, who had served most of his short sentence. But along with Curley the President pardoned another disgraced former official who was in for the same offense and is apparently in sound health. So it will hardly do to say that the President's tender heart was melted by compassion for a sick man, by that and nothing else. Especially when Curley is not too sick to make a beeline to Boston and announce that he will resume the duties of the mayoralty office which has been kept open for him by the faithful party hacks of the well-oiled Curley machine.

We want to be fair to President Truman. But isn't it a remarkable coincidence that Curley rules Boston and that the Democratic Party is going to have to carry Boston by a whopping big vote in 1948 to win the State of Massachusetts? And, speaking of that, when Mr. Truman pardoned all that gang of Pendergast henchmen who were doing time for wholesale vote frauds in Kansas City, was it because they had diabetes and a heart condition?

Wanted in these United States: A return to simple honesty and probity in high office—especially in the greatest office in the world.

Shipments to Russia

EXTENSION OF REMARKS

OF

HON. J. HARRY MCGREGOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. MCGREGOR. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the New Hampshire Morning Union, of Manchester, N. H.:

SHIPMENTS TO RUSSIA

As usual voices are raised in the United States in support of the insane policy of shipping raw materials, heavy machinery, and machine tools to Russia to help build up her military strength.

These voices sound suspiciously like those raised before Pearl Harbor in favor of selling scrap iron, steel, oil, and other products to Japan when she was already on the warpath in China. Against the petty reasoning of that time, the grim fact now stares us in the face that we helped to build up Japan's military strength for an attack on ourselves and that our own scrap iron and steel were used later to kill our own boys.

Are we going to repeat this costly error, this time with Russia, when the evidence of our past folly is so clearly written before us?

There are times when common sense speaks so loud that opposition to its dictates becomes trivial. This case of shipments to Russia is one of those times. Against the voice of common sense, the arguments raised in support of these shipments have the clear ring of quibbling appeasement.

For instance, we are told by James Reston in the New York Times, and by some other newspapers, that the amount of goods going to Russia has been magnified. In reality, it is said, these shipments total only about 1.1 percent of our total exports, and about double our imports from Soviet Russia. What has that got to do with it? If a policy

is wrong and dangerous, it is still so although conducted in reduced form.

We are told that actually the shipments to Russia are not real, because the bulk of what is being transferred was purchased by the Moscow government for cash and stored in this country to be shipped as transportation became available. What kind of Hocus-pocus is this? Are shipments any the less real because they were bought for cash and stored for later transportation?

We are told that we are getting the benefit of certain important imports from Russia that would be cut off if we ceased shipments to that country. Are not these materials available elsewhere, and does their advantage offset the destructive influence of helping to increase Russia's military strength?

Finally we are told that if we cut off shipments to Russia, we will invite the retaliation of not only Moscow, but also Russia's satellites in eastern Europe, and that the Marshall plan will be weakened thereby.

This argument reveals a fallacy that lies behind the whole chain of reasoning of the defenders of shipments to Russia. This is the silly notion that Russia is not hostile and that somehow peace and understanding must be reached with her. This is to overlook blindly Soviet opposition to every effort to achieve world peace and to aid the reconstruction of Europe. It is to overlook sinister and lying Soviet propaganda against the United States, and Moscow's avowed purposes of aggression. It is to overlook the fact that Moscow has decreed the wrecking of the Marshall plan, and that it is now filling France and Italy with chaos in the attempt to smash the economy of western Europe.

No! There must be no return to Munich! The purposes of the Soviets are plain, and nothing but the most arrant folly could induce us to continue shipping them materials that build them up as a potent antagonist. Every American hopes that the Soviets will change their purposes and decide to live with other peoples, but until they do, common sense leaves no other course than to stop selling them the intricate and complicated machines they need to become strong.

Foreign Aid

EXTENSION OF REMARKS

OF

HON. ROY O. WOODRUFF

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. WOODRUFF. Mr. Speaker, under permission to extend my remarks in the RECORD, I include therein the following letter from a highly intelligent and patriotic citizen:

CORNELL UNIVERSITY,
DEPARTMENT OF HISTORY,

Ithaca, N. Y., November 28, 1947.

The Honorable ROY O. WOODRUFF,
House of Representatives,
Washington, D. C.

DEAR MR. WOODRUFF: Will you permit me to convey to you my opposition to the program of foreign aids.

When such gifts have brought us to the point that the President considers it expedient to ask Congress to make him the head of a police state, is it not evident that the issue at stake is the survival of American institutions?

For an independent state to give away vast sums of money to foreign countries is so unnatural, so contrary to all past experience and practice, that one has to conclude that such a course will soon terminate in the destruction of the country that follows it.

tell others. Co-op members have been lax in this. In a co-op, you can't let George do it. In a co-op there isn't any they—there's only a we. You may have a manager, and he may have a staff, but they're not the co-op. The members are the co-op. Let's remember that.

When the tax issue came up, the apple growers association over in Hood County, Oreg., took pains to point out that it is not tax-free, as the propaganda experts would have the people believe. On the contrary, it stated, the association is the second-largest payer of property taxes in the county, and pays seven other taxes, too.

That's all to the good. But you don't have to wait for a crisis to begin telling your story.

I also recommend continuous self-appraisal and criticism within every cooperative. Let us not complacently assume that we are completely righteous because we are a farmers' co-op. A co-op justifies its special place in our society only if it fully lives up to its responsibilities. The co-op is not just another business. If it becomes that, it is not a true co-op. The whole history and legal status of the farmer cooperative in this country are bound up with the fight against monopoly, the battle against problems which farmers as individuals cannot meet, the drive for progressive business methods, the struggle to maintain freedom for the little guy. Justify your existence through service. Keep pioneering. If farm co-ops had not pioneered in the past, we wouldn't have them today, and we probably wouldn't even have the legal right to cooperate. In my opinion, if co-ops don't continue to pioneer, they will die.

In recent testimony before congressional committees on long-range agricultural policy, Department of Agriculture representatives expressed the belief that cooperatives should have an important place in the agriculture of the future. They urged certain extensions of the farm cooperative field. The Department committee which studied this matter recommended that Congress grant legislative authority to broaden the basis of credit for forestry cooperatives and to encourage use of the cooperative pattern in forest conservation. The committee also suggested that the Department be given an opportunity to do a better job in research, service, and education in the field of agricultural cooperation. The committee further suggested continued vigilance against legislation which would interfere with farmers' rights to cooperate, or would handicap cooperative activities, or would cripple the cooperative credit system.

Whether these suggestions will be accepted I have no way of knowing. It depends to a large extent on your interest and your activity.

Cooperatives on their own initiative can do one thing to strengthen their credit system. It is time, I think, for you to acquire more of the stock of the banks for cooperatives, either through purchase of capital with cash or by leaving the savings accruing to you to be used for capital purposes. This should be done carefully, with regard for the stability of the banks. The objective should be to retire the Government capital in the banks completely and to provide a sound, permanent, and flexible credit base, so that the banks for cooperatives can obtain a large portion of their lending funds from the investing public.

I recommend this to your consideration as a forward-looking course of action. The Farm Credit Administration believes this action should follow a carefully developed procedure, and I hope you will discuss the matter with the Farm Credit people.

My final observation concerns the responsibility of the American farm cooperative in meeting the present perils to world peace.

So far there is no peace settlement. The agriculture and industry of war-torn areas are still bleeding—unable to build the firm

economic base on which the structure of lasting peace can be built.

President Truman has asked Congress to provide special emergency aid to three European countries and to shore up our own economy to meet the dangers of inflation. He will soon present a long-term program through which we can aid the economic rehabilitation of Europe.

American food fought for freedom through the long years of war. American food still fights for freedom. In time of war food was one of many weapons. In the building of peace it is the primary tool.

Like Atlas carrying the world upon his back, the American farmer carries on his shoulders tremendous responsibility for the future of all mankind. The hungry and oppressed across the oceans, and the anxious people of our own land, turn their eyes to the American farmer. How much grain can he conserve? How much can he produce?

Now, if ever, is the time to prove again the value of agricultural cooperation.

Through your livestock marketing cooperatives, you can yield great influence to bring down and hold down the market weight of your hogs, to market beef with less finish, to spread the word about all grain conservation methods that fit your local conditions at this particular time.

Your grain co-ops can help prevent waste through careful handling, through an intensified fight on insects and rats, through all the ways in which people can work together to save grain.

Your State colleges have been given responsibility for education in the ways of saving grain and in the "why" of the program. Give them a helping hand. Even to let the college people know you back up their effort is a help to them. But you have the means to do much more.

Let every farmers' co-op stand out as a leading force in behalf of the homely tasks as well as the lofty aims while we, the people of the United States, press on toward peace and security. Cooperate for this, the greatest of all our objectives, as you are in the habit of cooperating for your personal goals. Let the Nation see once more the truth in the old proverb that "three helping one another will do as much as six men singly." Let the Nation see, through the example of the farmers, that this is true in great affairs as well as small.

Those who know from experience what cooperation means have something major to contribute to a sick and disordered world whose dire need is for cooperation.

The planning, the work, and the fighting that gave us victory and a new chance for a better world—all that was not in vain. But neither has our effort been fully compensated.

Only when we have secured the freedom and order and peace for which we fought will we have been paid in full for the pain, the sweat, the long labors of our people—only then will our task be done.

Hawaii, Training Ground for Democracy, Inspiration to Chinese

EXTENSION OF REMARKS

OF

HON. JOSEPH R. FARRINGTON

DELEGATE FROM HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. FARRINGTON. Mr. Speaker, under leave to extend my remarks in the Appendix of the RECORD, I include therein an article from the Shanghai Post and Mercury of November 21, 1947, by J. K.

Choy, an American of Chinese ancestry, who was born and received his education in Hawaii. The article follows:

HAWAII'S CHINESE—THEY HAVE CONTRIBUTED TO DEMOCRACY

(By J. K. Choy)

The granting of statehood to Hawaii represents the fulfillment of a normal and natural process in the best tradition of the United States as a melting pot of the world. It is the official recognition by a great nation of the political maturity long ago reached by the Hawaiian Islands. Hawaii's new status has been won through the efforts and contributions of people of diverse national, racial, and cultural backgrounds. Hawaii today is beyond the stage of a sociological experiment; it is an actuality that is demonstrating, day after day, the interdependence of diverse ethnic groups of one another and the practicability of those groups living and working together in harmony and peace. This is living democracy.

To take one ethnic group and briefly survey its role in the history of the Hawaiian Islands, we may consider the Chinese.

Numbering 29,000, the Chinese people in Hawaii make up about one-tenth of the population. They represent one of the smaller Chinese communities overseas. The history of their immigration is similar to that of other peoples in the islands and also to that of their brethren in the United States.

However, we must note one significant fact in their immigration which differs from that of the Chinese immigrants to the mainland of this country, and which may well be the explanation to the comparatively more favorable position they now hold in Hawaii. The fact is that Hawaii was an undeveloped land when the Chinese first came, and so although they had to start from scratch as did other immigrant groups, they enjoyed equality of economic opportunity. Contrasted with Chinese immigrants on the mainland, they had a freer and more equitable chance to develop themselves and to compete for the resources of the land. With their sense of economic security thus established, they set up permanent homes in Hawaii, whereas the contrary is still true with most Chinese communities on the mainland. The Hawaiian Chinese felt at home in Hawaii, and as a result, they have the incentive to devote their full energies to the development of the community and its people.

This feeling of belonging, together with its psychological ramifications are prime factors in the success of Chinese settlement in Hawaii and the large contribution they have made to the development of the islands. These are factors which only true democracy can offer and which must be extended upward and downward for the well-being of any immigrant group.

Nor is this democratic spirit confined to the islands, for its influence is felt far and wide and is responsible for much of the democratic changes that have come about in recent Chinese history. The Hawaiian Chinese have directly or indirectly done much in the spreading of this spirit to China. The Chinese Revolution of 1911 led by Dr. Sun Yat-sen, which overthrew the Manchu dynasty and established the Chinese Republic of today, was intimately associated with Hawaii. Dr. Sun's first contact with western civilization took place in Hawaii where he attended the Iolani High School at the age of 12. The contrast between the despotic Manchu reign and the easy-going democracy of the west made a deep impression on the young man. Later in his career as a revolutionist, he many times sought the political protection of Hawaii from the Manchus. The Chinese people there still love him as their own, so many times had he gone to them for help and so many times had they contributed to his efforts and the cause of the Chinese revolution.

During the same period Chinese reformists like the great scholars, Liang Chi-Chiao and Kang Yu-Wei, who worked for constitutional government in China, more than once took refuge in the islands from the Manchus. They were the founders of the first political party of China, the Democratic Constitutional Party, which to this day works against despotism and dictatorship. Their present leader overseas is Lee Dai-Ming, a Hawaiian Chinese, who is active in the present "reform movement" in China. Thus Hawaii has played an important role as a school of democracy for the Chinese people.

Countless other young Chinese Hawaiians have contributed their service to China, bringing with them their experiences of democracy across the ocean. For there have been six members of the Chinese Cabinet since the establishment of the Chinese Republic in 1911 who have lived, or taken political refuge at one time or another in the islands. It is significant that in comparison with the South Seas and other parts of the world where millions of Chinese reside, Hawaii has been the only training ground for Chinese cabinet ministers.

In profession and in commerce the Chinese also hold many leading positions in the society of Hawaii. A few of the prominent citizens are Dr. Fred K. Lam, physician, who has done much to fight for the immigration rights of the Chinese people in Hawaii; Mrs. H. C. Chan, the Chinese lady lawyer who is in charge of small estates for the court in the Territory of Hawaii; and Dr. W. K. Chang, the well-known surgeon, who brought more babies into the world than any other of his colleagues in the medical profession. There is Nick Char, the fighting lawyer, whose courage in the fight for the rights of the underprivileged deserves mention.

In the commercial field we have Mr. C. S. Wing, founder and president of the Wing Coffee Co., who has helped to establish a place under the sun for the famous coffee produced in Kona; Mr. C. K. Ai, the grand old man in business, who has been furnishing lumber from the mainland for the building trade in the islands for the last 40 years.

C. Q. Yee Hop is another old-timer who for the last 40 years has supplied in large scale the best meat and vegetables for the population. There are bankers like K. M. Ching, of the Chinese American Bank, who is also an expert in agriculture.

Democracy comes through practice and participation. Hawaii offered its immigrants equal opportunities, and the immigrants demonstrated their ability to make use of those opportunities and put democracy to work, both in the island and wherever they go.

Statehood of Hawaii, for the Hawaiian Chinese people, is an expression of democracy. Their forefathers left their homeland because they believed in democracy; subsequent generations have been participating in its processes. Now that Hawaii will become a full member in the United States of America, we can look forward to further contributions from the Hawaiian Chinese toward the advancement of the democratic ideals on which this Nation is built.

Interim Aid Bill, 1947

SPEECH
OF

HON. JOHN BELL WILLIAMS

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 9, 1947

The House in Committee of the Whole House on the State of the Union had under

consideration the bill (H. R. 4604) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

Mr. WILLIAMS. Mr. Chairman, the amendment of the gentleman from Mississippi [Mr. ABERNETHY], now under consideration by the House, is merely a modification of the amendment which I offered yesterday and which was voted down by a very slim majority. I shall certainly support the amendment of the gentleman from Mississippi [Mr. ABERNETHY].

It was my purpose yesterday, as it is the purpose now of the gentleman from Mississippi [Mr. ABERNETHY], to give some protection to the American farmer and the American consumer against having to undergo more critical shortages than already exist in such commodities as fertilizer, farm machinery, petroleum products, and so forth.

If this foreign-aid bill is genuinely in the interest of America's welfare, then, I believe, Mr. Chairman, that it can stand the test of this amendment, because this amendment sees to it that our domestic needs are first taken care of before foreign needs are considered. I can certainly see no objection to according such protection to our American consumers, and I am surprised that the committee did not originally provide such safeguards.

The efforts and accomplishments of the American farmer in producing food and clothing materials during the recent war are unparalleled in history. But at the same time that he was producing far and above normal capacities in order to meet the insatiable wartime demand, he was also draining his soil of its precious fertility. In the years following the war he was called on further to produce food—not only for his people—but also for practically all the rest of the world. Because of this, he has been unable to follow normal and necessary fertility conserving practices on his land for more than 7 years. It should be obvious that he cannot continue to produce in such quantities without returning some of these ingredients back to his soil.

The American farmer needs fertilizer for his soil now more than at any time in history. There is today a definite acute shortage of fertilizer in the United States, and I cannot subscribe to the policy of continuing to export this commodity while our own people are unable to procure it for their own needs.

Furthermore, this measure has been presented to the people as a stop-gap relief bill, designed to furnish immediate relief to the peoples of Europe in order to prevent starvation through the winter. It is further argued that this is not part of the Marshall plan for the rehabilitation of Europe. If this is true, then why the sending of fertilizer and farm machinery? The people of Europe cannot eat or wear fertilizer or farm machinery during this winter. Now, I think we should be frank about this bill and let the American people know that actually it is an integral part of the Marshall plan, and its purpose is as much to rehabilitate as it is to furnish immediate relief.

No nation or people in the history of civilization have been so free in sharing the fruits of their labors as our people. Since the war, we have shipped more than \$17,000,000,000 worth of American resources and goods to our less fortunate brethren, most of whom 3 years ago were trying to exterminate every American soldier they could line up in their sights. This represents an outlay of almost \$5,000,000 for every county in the United States. I do not believe that any American could or would object to feeding the hungry and starving of Europe, but I think that every American wants to first take care of his home people, and that, Mr. Chairman, is why I shall support the Abernethy amendment which would allow only surplus fertilizer to be sent under this program, and would provide protection for the American farmer against further shortages. The amendment merely puts first things first, Mr. Chairman, and should certainly be adopted.

Ten Billion More for Britain, Says Peter Edson

EXTENSION OF REMARKS
OF

HON. LAWRENCE H. SMITH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. SMITH of Wisconsin. Mr. Speaker, under leave to extend my remarks, I am including an article which appeared in the Washington Daily News as of December 9. It seems quite obvious that the Democratic administration is determined to furnish relief in dollars or goods to all the world in spite of serious shortages and a continued rise in the cost of living. Mr. Truman must take the responsibility for stoking the boilers of inflation.

The article follows:

TEN BILLION MORE FOR BRITAIN

(By Peter Edson)

The state secret of how much Marshall-plan aid is scheduled for Britain will be let out of the bag soon. The British will want nearly \$10,000,000,000 over the next 4 years.

Requirements from the United States will be around \$5,800,000,000. From Canada and the rest of North and South America, \$4,200,000,000. The United States probably will be asked to furnish dollars for a large part of this latter amount.

Senate and House leaders who opposed the original \$3,750,000,000 loan to Britain are laying for exact figures on new British requirements. They have charged that much of this first loan was wasted and allowed to go down the drain. If cuts are made in the Marshall plan for economy's sake or for political reasons, the critics of European aid believe that reductions can be made in the British lion's share.

Exact amounts for British requirements will be revealed when the President's message and State Department documents supporting the long-range European Recovery Program go to Congress. They will give country-by-country estimates for the 16 cooperating European nations and western Germany.

In the initial Paris report of the 16 nations a country-by-country break-down was given

political responsibilities before it is too late to alter the dangerous course our country is being steered into by the Truman doctrine" is a familiar echo of the Moscow refrain heard the world over in recent months.

High-sounding indeed was the name of the organization to which the Paris conference of November 1945 had so mysteriously given birth. The Women's International Democratic Federation (WIDF) was a label designed to stir legitimate hopes and to lure innocents. Few realized that the American women who attended the Paris conclave and later set up its affiliate here were, almost without exception, consistent followers of the Communist Party line. Nor did many Americans associate the "Mrs. Elizabeth G. Flynn" of the United States delegation with Elizabeth Gurley Flynn, a member of the national committee of the Communist Party, United States of America, and columnist on the Daily Worker, who later became a vice president of the Congress of American Women (CAW).

Now, through a special membership drive, the CAW is launching a country-wide effort to draw idealistic—but credulous—women into its fold. It will try especially to reach workingwomen, Negro women, and women veterans. Dr. Weltfish stated that the organization already has a "membership representative of over a quarter of a million women in the United States." That this figure comes from the same mathematical primer as the official 81,000,000 membership of the parent organization goes without saying. According to that primer, of the world's 1,000,000,000 females of all ages, 1 out of every 13 is represented by this Communist "front." Perhaps all the women in Soviet government-controlled trade-unions are automatically included in the statistics. Of course, no Russian woman has anything to say about it—except possibly the bemedalled and uniformed women commissars whom Stalin sent to Paris to officiate at the christening of the Comintern's feminine offspring.

The "happy lot" of the Soviet woman has proved the main inspiration for the work of both the WIDF and the CAW. Elizabeth Gurley Flynn, describing the Paris meeting of the WIDF in the United States Communist magazine, Political Affairs, applauded "the tremendous progress" of women in "the only Socialist state as yet in existence." She urged that "we should use this example of the country of socialism to demonstrate to American women that Communists actively champion the rights of women * * * which bourgeois democracies grant them only piecemeal after tremendous struggles."

The well-known fact that Soviet women have won a new status under the Communist dictatorship—a status which permits them to toil as miners and bricklayers, as street-cleaners and hodcarriers; to stand in queues for hours before and after work in quest of bread for their children; to vote for only one party and one list of candidates; and to enjoy the privilege of raising children in slave-labor colonies—all this has been passed over in silence by the Flynn-Weltfish propaganda mill.

The creation of a powerful international women's movement has been a Soviet aim since the beginning of the Bolshevik regime. As far back as 1920, Lenin told Clara Zetkin, the grandmother of German communism, that "real freedom for women is possible only through communism. * * * We need appropriate bodies to carry on work amongst them; special means of agitation, and forms of organization. That is not feminism; that is practical, revolutionary expediency."

The organization that is working to turn Lenin's design into reality has close connections with Moscow's other international fronts, the World Federation of Trade Unions and the World Federation for Democratic Youth. Like them, it originated in Paris,

where Jacques Duclos, secretary of the Communist Party of France and recognized mouthpiece of the Comintern, laid down the new aggressive postwar Soviet line. The Union des Femmes Françaises, which initiated the WIDF, is Communist-dominated. Eugénie Cotton, who was refused an American visa because of her pro-Communist activity, became president of the WIDF.

Members of the WIDF executive committee include Ana Pauker, of the Central Committee of the Communist Party of Rumania, who directed the brutal purges of liberals in her country; Dolores Ibarruri, known as "La Pasionaria," Spain's leading woman Communist; and Tsola Dragoicheva, who has been called "Bulgarian Lady Executioner" for her activities as general secretary of the Communist Party of Bulgaria. A number of Tito's women guerrilla fighters were delegates to the Paris conference. The U. S. S. R. delegation of 40 women was the largest from any country and included two official Soviet deputies.

There were some delegates who took the announced program of the federation at its face value. They even dared to oppose the Communist steam roller. Thus Madame Sedoux, a representative of France, sought to align the newly organized women's movement not only against fascism, but against totalitarianism of every color. She and two delegates who supported her were expelled from the conference. Also squelched was the suggestion of an Australian delegate that the slate of candidates for permanent executive office be submitted to the members of affiliated organizations in the various countries.

In the fall of 1945, when few Americans could get passage overseas, Elizabeth Gurley Flynn and her covey of United States women delegates flew to Paris. Now holding prominent positions in the CAW, these women have all been supporters of Communist-front movements. Dr. Weltfish signed the statement in defense of the Communist International agent, Gerhart Eisler, and has condemned American policy in China, Greece, and Spain in orthodox Soviet fashion. She is coauthor of a pamphlet, Races of Mankind, which glorifies the Soviet Union, and has also sponsored various "fronts." Mrs. Muriel Draper, executive vice president, has been acting as executive secretary of the women's committee of the National Council for Soviet-American Friendship, and spoke on a Daily Worker radio program. She is a confirmed party liner.

It was Mrs. Draper and Dr. Weltfish who, at a meeting in Moscow of the executive committee of the WIDF in October 1946, presented resolutions demanding disarmament of the United States and denouncing the "reactionary forces" in their country, which they said were aided "by the tyranny of the press and the syndicates." Again on Soviet territory, though in the United States of America, Mrs. Draper was chairman of a meeting held in the Soviet Consulate, New York City, on March 7, 1946, to celebrate International Women's Day, a Communist holiday. Incidentally, the group has not so honored any other foreign consulate.

Chairman of the WIDF's Committee on Child Welfare and a vice president of the CAW is Mrs. Elinor S. Gimbel, who has supported numerous Communist fronts. At the June meeting of the CAW, she stated that the children of Europe, Asia, and Africa "need food, clothing, school supplies, medicine, toys, and a feeling of democracy." True as this statement is, one wonders whether the brand of democracy advocated would be Soviet-style, which is admired by the CAW just as invariably as American democracy comes under their critical fire.

Others prominent in the organization are Ruth Young, who was a Communist Party convention delegate in 1945; Thyra Edwards, formerly a member of the Young Communist

League, who conducted tours to the Soviet Union; Dr. Bella V. Dodd, a member of the National Committee of the Communist Party, U. S. A.; and such well-known fellow-travelers as Henrietta Buckmaster, Mary Van Kleeck, and Florence Eldridge (Mrs. Fredric March).

The CAW has recently moved its headquarters to 144 Bleecker Street, New York, the address of the United States Committee for the World Youth Festival, which is being conducted in Prague by the revived Young Comintern. The June conference of the CAW met in Holy Trinity Church, Brooklyn, of which the rector is the "Red Reverend" William Howard Melish, vice chairman of the National Council for American-Soviet Friendship. Mrs. Melish is president of the CAW's Brooklyn chapter.

The cooperation of the CAW with other organizations is limited to well-known Communist fronts. It has had no dealings with the established non-Communist women's groups in the United States. In fact, it effectively scuttled an attempt to organize a bona fide International Assembly of Women. At the preliminary meetings held in New York last October American party liners and Communist delegates from overseas formed a tight bloc which insisted that the group work through the WIDF rather than set up its own central bureau for the exchange of international information among women. The meeting adjourned without having formed a continuing committee.

With fanatical persistence the disciplined pro-Communist women make sure not only that possible rivals fail to get a finger in the international pie but that the plums will be dished out to themselves. It is an ominous fact that they have secured consultant status for the WIDF with the Economic and Social Council of the United Nations.

The emblem of the WIDF and its American affiliate is a dove of peace holding an olive branch. Much has been said by the CAW about the menace to peace of America's "Fascist-minded monopolies," "imperialist aggression," and failure to share with Russia the secret of the atom bomb. But the group has a sizable blind spot when it comes to the encroachment of Soviet totalitarianism upon the freedom-loving peoples of Europe and Asia.

The slogan of "peace" exploited by the Congress of American Women is befuddling many sincere feminists. Our leading newspapers have given the WIDF much free publicity, and have characteristically taken little trouble to expose its real nature. Yet even a cursory examination of the facts is sufficient to unmask the organization as the Kremlin's "ladies aid," designed to perform a vital function in the secretly restored Comintern.

Handicapped Citizens

EXTENSION OF REMARKS OF

HON. HOMER D. ANGELL

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. ANGELL. Mr. Speaker, one of the outstanding citizens of my district is Mrs. R. E. Bondurant who throughout her lifetime has performed a great service for the handicapped citizens of the Nation. Mrs. Bondurant has been most diligent in sponsoring legislation, programs, and community service for the blind and other handicapped people who are at a disadvantage in meeting the problems of life. No one in my State of Oregon has done more for these under-

privileged persons in need of assistance in fitting them to meet the responsibilities of life and relieving them of some of the burdens resting upon them.

Mrs. Bondurant has now as one of her projects the education of underprivileged persons and particularly affording them the opportunity to perfect themselves in skills and crafts so that they may not only provide for their own care and upkeep but give worthwhile contributions to the economy of our Nation. Mrs. Bondurant has recently opened in the city of Portland, in my congressional district, a craft shop where the products made by the handicapped are offered for sale, by means of which these handicapped citizens are enabled to earn a livelihood. This project is a worthy one and is under the sponsorship of the Oregon State department for vocational rehabilitation and the Oregon chapter of the National Society for Crippled Children and Adults.

I include as a part of these remarks an article by Mrs. Bondurant in the Portland (Oreg.) Journal of Friday, December 5, 1947, explaining this outstanding service in which she plays such an important part and to which she gives her time without monetary recompense. The article is as follows:

SHOP FOR HANDICAPPED

(By Mrs. R. E. Bondurant)

Oregon's thousands of home-bound persons, having lost some of their faculties but none of their courage, are building better "mousetraps"—and a myriad other types of hand-made, high-grade articles as a means of continuing as useful citizens, supplementing family income and otherwise demonstrating to themselves and friends that they've still got what it takes to help make the American system of a free enterprise work.

So successful are the men and women who make such a wide array of useful items, toys and handicrafts in their own homes that Oregon would be crisscrossed many times with paths to their doors by persons seeking the figurative "better mousetraps" were it not that efforts are being made to establish a full-time, year-round store in Portland as a State-wide outlet for the results of their imagination, industry, and skills.

The first step in the major project was taken about a month ago during the third annual observance of National Employ the Physically Handicapped Week, when one of Portland's large, downtown department stores donated easily accessible space for an exhibit and sale of hand-tooled leather purses and billfolds, slippers, toys, aprons, jewelry, lamps, plastic vases, and many other items—embroidery, lace, and sundry equally high-grade and compelling products. Long before the week ended, it appeared that the next step—the establishment of a permanent store—should be taken at once in order that this fine merchandise be made available to Christmas shoppers who pride themselves on the personal touch in their gifts.

Search was made for downtown space suitable for a craftshop for Oregon's handicapped and home-bound producers. The problem of availability of any space was bad enough, but suitability proved insurmountable, at least for the time being. Rather than be completely stymied, high-priced quarters were rented even though well out of the main shopping stream, in the hope that newspaper and radio publicity, together with enthusiastic word-of-mouth reports would reach enough potential supporters of the craftshop to raise it to a self-sustaining, nonprofit basis. It is the writer's hope that between now and the first of the year this sales outlet for

products made by home-bound persons can be moved from its present location at 1326 Southwest Washington Street to more suitable space convenient to shoppers.

Under the sponsorship of the State department for vocational rehabilitation and the Oregon chapter of the National Society for Crippled Children and Adults, the craftshop for the handicapped is a basically sound idea.

I purposely have made no mention of disabled American veterans in connection with the new craftshop, mostly because their needs, when home-bound, are identified with the thousands of handicapped persons so urgently demanding an outlet for the products of their ingenuity and industry. Won't you help them, veterans and civilians alike, by visiting the craftshop between now and Christmas? By so doing, you not only will find better "mousetraps" but you also will help beat a new path to the collective door of Oregon's handicapped workers.

This Aid Continues America's Mighty Effort Toward a Satisfactory and Enduring Peace

EXTENSION OF REMARKS
OF

HON. JOHN R. MURDOCK

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 11, 1947

Mr. MURDOCK. Mr. Speaker, I voted in support of the interim aid bill, H. R. 4604, which the House passed today by a voice vote, but I have had so little to say during the many hours of debate that I take advantage of this leave to extend my remarks in order to express myself briefly on the bill. While there may be some features I could object to, I am satisfied with the amount of money which the House committee wrote in the authorization, and of course I am entirely in sympathy with and favorable to the intent and purpose of this bill as I understand its purpose.

I have heard the prophets of gloom predicting dire consequences to our own economy if this bill should become law. I am less inclined to heed these dismal prophets as I have heard them make similar dire predictions many times before, even while we were trying to prepare our country on the eve of a terrible war. I recognize that there is some danger to our basic economy inherent in this move, but I feel that we must take certain fairly definitely known hazards rather than risk a greater hazard in any conceivable alternative.

Many of my colleagues have enumerated the tremendous sacrifices in blood and treasure which America has paid in recent years to win this war of survival. I do have some conception of that price, and that fact makes me willing to pay a relative high price to win the peace. Therefore, I think the vast investment in peace which we have already made and which we are making in this bill and which we are contemplating in additional measures are worth the price if together they give us a fair chance to win the peace. All life is a hazard, and that is true of the life of a nation. We did not hesitate to take long chances

when it was a question of physical survival. We should not hesitate now when the decision is equally critical.

I was very much interested in the proposals made today in the two amendments offered by the gentleman from Texas, Mr. GOSSETT and Mr. POAGE. I thought on first hearing those proposals that they sounded sensible, for I do want the peoples of the Old World, for whom we have done so much and sacrificed so greatly, to know of America's part in bearing the burdens of this great conflict. I have all along supported the Voice of America. I think it is very foolish of us if America's efforts are not fully made known throughout the world.

I have heard so many political opponents of the administration declare that the real America and her generous spirit have not been made known to the peoples of the Old World. Well, now, certainly America ought to have a great reservoir of good will abroad because of our humane intentions and sacrificial efforts, if the truth about us is known. However, these two proposals were turned down today on the ground that the agencies administering this relief are given authority to tell the world about our efforts. Surely the majority, even of this Republican Committee, cannot have such utter lack of faith in all of the administrative branch of our Government to deal with such matters effectively when they pass over an opportunity to direct how information concerning America shall be dispensed along with our aid. If there has been any failure in this respect in the past, it must be remedied in this program.

Opposed to Bypassing Antitrust Laws

EXTENSION OF REMARKS
OF

HON. ESTES KEFAUVER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 1947

Mr. KEFAUVER. Mr. Speaker, under leave to extend my remarks, I include the following telegram from George J. Burger, director in charge of the Washington office of the National Federation of Small Business, Inc.:

WASHINGTON, D. C., December 11, 1947.
Hon. ESTES KEFAUVER,
House Office Building,
Washington, D. C.:

This is to call to your attention the joint resolution to check inflation as reported in Nation's press today, and particularly that part of the resolution, "Parties to any agreement approved under the section are hereby relieved from the operation of the antitrust laws, etc." The federation, having the largest individual membership of any business organization in this Nation, and speaking for that membership, strenuously opposes any bypassing of antitrust laws. The federation's position in this respect was made known in its opposition to the Reed-Bulwinkle bill, which provided for the same exemption. The federation's position was made definitely known in its testimony before the Joint Committee on Economic Report, July 14, requesting and urging all-out

80TH CONGRESS
1ST SESSION

S. 1774

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 1947

Ordered to be printed with the amendments of the House of Representatives

AN ACT

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "European Interim Aid
4 Act of 1947".

5 SEC. 2. It is the purpose of this Act to provide
6 immediate assistance in the form of food, fuel, and other
7 commodities urgently needed by the peoples of Austria,
8 France, and Italy, hereinafter referred to as the recipient
9 countries, to alleviate conditions of intolerable hunger and
10 cold and prevent serious economic retrogression.

1 SEC. 3. The President, acting through such depart-
2 ments, agencies, or independent establishments of the Gov-
3 ernment as he shall direct, may, by allocation of funds to
4 any such departments, agencies, or independent establish-
5 ments, or by making funds available to the government of a
6 recipient country, whenever he finds it in furtherance of the
7 purposes of this Act and upon the terms and conditions set
8 forth in this Act and upon such other terms and conditions
9 as he may determine—

10 (a) procure, or provide funds for the procurement
11 from any source of, food, seed, and fertilizer; coal,
12 petroleum, and petroleum products; other fuel; fibers;
13 pesticides; medical supplies; and such commodities as
14 the President finds are necessary for the accomplish-
15 ment of the purposes of this Act as set forth in section
16 2: *Provided, however,* That no funds appropriated under
17 this Act shall be used for the purchase of arms, arma-
18 ments, or munitions of war;

19 (b) transport and store, or provide funds for trans-
20 portation and storage of, such commodities;

21 (c) transfer such commodities to any recipient
22 country;

23 (d) incur and defray expenses, including accessorial
24 and administrative expenses and expenses for compensa-

tion and travel of personnel, for carrying out the purposes of this Act.

SEC. 4. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities.

(b) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

SEC. 5. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act. It is further provided that no more than 25 per centum of the amount herein authorized shall be used for the procurement of supplies outside the United States and its Territories and possessions. The procurement of petroleum and petroleum products shall, to the maximum extent prac-

1 ticable, be made from petroleum sources outside of the United
2 States. Buying policies and methods which will exert the
3 least possible upward pressure on prices in the United States
4 shall, to the maximum extent practicable, be followed in the
5 procurement of commodities provided for under this Act.

6 SEC. 6. Before any commodities or funds are made
7 available to any recipient country under the authority of
8 section 3 of this Act, an agreement shall be entered into,
9 pursuant to the limitations and provisions of section 4 of this
10 Act, between such country and the United States containing,
11 in such detail as practicable, an undertaking by such
12 country—

13 (a) to make efficient use of any commodities made
14 available under the authority of this Act and to take
15 insofar as possible the economic measures necessary to
16 increase its ability to achieve a self-sustaining economy;

17 (b) to make, when any commodity which is not
18 furnished on terms of repayment in dollars is made
19 available under this Act, a commensurate deposit in the
20 currency of such country in a special account under
21 such general terms and conditions as may, in said agree-
22 ment, be agreed to between such country and the Gov-
23 ernment of the United States, and to hold or use such
24 special account for, and only for, such purposes as may
25 be agreed to between such country and the Government

1 of the United States, and under agreement by the
2 government of the receiving country that any unen-
3 cumbered balance remaining in such account on June
4 30, 1948, will be disposed of within such country for
5 such purposes as may, subject to approval by Act or
6 joint resolution of the Congress, be agreed between
7 such country and the Government of the United States;

8 (c) to give full and continuous publicity within
9 such country, so as to inform the ultimate consumers,
10 as to the purpose, source, character, and amounts of
11 commodities made available by the United States under
12 this Act;

13 (d) to furnish promptly upon request of the Presi-
14 dent information concerning the method of distribution
15 and use of commodities made available under this Act,
16 and to furnish on March 31, 1948, or as soon as prac-
17 ticable thereafter, information showing—

18 (1) an itemized list of commodities made avail-
19 able with funds provided under this Act;

20 (2) the total number of persons who have
21 received commodities or benefits made available
22 under this Act;

23 (3) the total amount of money received by
24 such country from the sale of commodities made

1 available under this Act and the average price
2 charged per unit for each commodity;

3 (4) a detailed statement of the disposition of
4 all money and other things of value received from
5 the sale or transfer of any commodities made avail-
6 able under this Act; and

7 (5) such other information concerning the dis-
8 tribution and use of commodities made available
9 under this Act as may be requested by the President;
10 (e) to make available to its people at reasonable
11 prices, consistent with economic conditions in the re-
12 cipient country, such commodities as it may sell under
13 the terms of this Act;

14 (f) to make all possible efforts to secure the maxi-
15 mum production and distribution of locally produced
16 supplies, and not to permit any measures to be taken
17 involving sale, distribution, or use of any articles of
18 the character covered in this Act which would reduce the
19 locally produced supply of such articles or the utilization
20 of foreign sources of supply other than the United States;

21 (g) not to export or permit removal from such
22 country, while need therefor continues, of commodities
23 made available to such country under this Act or such
24 commodities produced locally or imported from outside
25 sources;

1 ~~(h)~~ to permit representatives of the Government
2 of the United States ~~(including Members of the Foreign~~
3 ~~Relations Committee of the Senate, the Foreign Affairs~~
4 ~~Committee of the House, the Senate Appropriations~~
5 ~~Committee, and the House Appropriations Committee,~~
6 ~~or their authorized representatives)~~ and representatives
7 of the press and radio of the United States, upon their
8 request, to enter and freely and fully observe and report
9 regarding the distribution and utilization of the com-
10 modities and funds transferred or otherwise made avail-
11 able under this Act, including the special account pro-
12 vided for in subsection ~~(b)~~ of this section.

13 SEC. 7. The President shall promptly terminate the
14 provision of assistance under this Act for any country
15 whenever he determines ~~(a)~~ that such country is not
16 adhering to the terms of its agreement entered into in accord-
17 ance with section 6 of this Act; or ~~(b)~~ whenever he finds,
18 by reason of changed conditions, that the provision of assist-
19 ance authorized by this Act is no longer necessary or
20 desirable.

21 SEC. 8. All commodities, when such commodities are not
22 furnished on terms of repayment in dollars, made available
23 pursuant to this Act or the containers of such commodities
24 shall, to the extent practicable, be marked, stamped, branded,
25 or labeled in a conspicuous place as legibly, indelibly, and

1 permanently as the nature of such commodities or containers
2 will permit, in such manner as to indicate to the people of
3 the country of destination that such commodities have been
4 furnished or made available without charge by the United
5 States in an effort to prevent suffering because of hunger,
6 starvation, and cold, and prevent serious economic retro-
7 gression.

8 SEC. 9. The President shall take appropriate steps to
9 encourage other countries to make available to recipient
10 countries such assistance as they may be able to furnish.

11 SEC. 10. The President may, from time to time, pro-
12 mulgate such rules and regulations as he may find necessary
13 and proper to carry out any of the provisions of this Act;
14 and he may delegate to the Secretary of State any of
15 the powers or authority conferred on him under this Act:
16 *Provided, however,* That nothing in this Act shall be
17 deemed to authorize the issuance of any proclamations,
18 orders, or regulations in any way controlling production
19 or prices or allocating deliveries of any commodity within
20 the United States. In accordance with the direction of
21 the President, the responsibility for administering in
22 Europe the program of assistance provided for in this Act
23 shall be vested in the field administrator of the United States
24 foreign relief program appointed pursuant to section 4 of
25 the Act of May 31, 1947, providing for relief assistance

1 to the devastated areas. The provisions of subsection h of
 2 section 6 of this Act shall not apply to distribution of
 3 supplies in Austria: *Provided*, That the President shall
 4 have determined, upon recommendation of the United States
 5 High Commissioner for Austria, that supplies furnished
 6 to Austria hereunder will be distributed under control
 7 systems embodied in agreements between the High Com-
 8 missioner and the other occupying authorities or the Austrian
 9 Government which assure compliance with the objectives of
 10 the occupation and with the purposes of this Act.

11 SEC. 11. Personnel employed to carry out the pur-
 12 poses of this Act shall not be included in computing limita-
 13 tions on personnel established pursuant to the Federal
 14 Employees Pay Act of 1945 (59 Stat. 298), as amended by
 15 section 14 of the Federal Employees Pay Act of 1946 (60
 16 Stat. 219).

17 SEC. 12. The President, from time to time, but not
 18 less frequently than once every calendar quarter, and until
 19 the end of the quarterly period after all operations under the
 20 authority of this Act have been completed, shall transmit to
 21 the Congress a report of operations under this Act. All
 22 information received pursuant to undertakings provided for
 23 by section 6 (d) of this Act shall, as soon as may be prac-
 24 ticable after the receipt thereof, be reported to the Congress.

1 Reports provided for under this section shall be transmitted
2 to the Secretary of the Senate or the Clerk of the House of
3 Representatives, if the Senate or the House of Representa-
4 tives, as the case may be, is not in session.

5 SEC. 13. If any provisions of this Act or the appli-
6 cation of such provision to any circumstance shall be held
7 invalid, the validity of the remainder of the Act and the
8 applicability of such provision to other circumstances shall
9 not be affected thereby.

10 SEC. 14. Notwithstanding any other provision of law,
11 any commodity heretofore or hereafter acquired by the Com-
12 modity Credit Corporation under any price support program
13 may be disposed of by the Corporation, for use in carrying
14 out this or any other Act providing for assistance and
15 relief to foreign countries, at such price as may be deter-
16 mined by the Corporation, which price may be the equivalent
17 of the domestic market price of a quantity of wheat having
18 a calorie value equal to that of the quantity of the commodity
19 so disposed of.

20 *That this Act may be cited as the "Foreign Aid Act of*
21 *1947".*

22 SEC. 2. *It is the purpose of this Act to provide im-*
23 *mediate aid urgently needed by the peoples of Austria,*
24 *China, France, and Italy, hereinafter referred to as the*
25 *recipient countries, to alleviate conditions of hunger and*

1 cold and prevent serious economic retrogression which would
2 jeopardize any general economic recovery program based on
3 self-help and cooperation.

4 SEC. 3. The President, acting through such existing
5 departments, agencies, or independent establishments of the
6 Government as he shall direct, may, by allocation of funds
7 herein authorized to any such existing departments, agencies,
8 or independent establishments, whenever he finds it in fur-
9 therance of the purposes of this Act and upon the terms and
10 conditions set forth in this Act—

11 (a) procure, or allocate funds or establish credits
12 for the procurement of, from any source—

13 (1) food, medical supplies, processed and un-
14 processed materials for clothing, fuel, fertilizer, pes-
15 ticides, and seed required in a recipient country on
16 or after December 1, 1947; and

17 (2) incentive goods, required in a recipient
18 country on or after December 1, 1947, consisting of
19 commodities not in short supply in the United States,
20 including Government-owned stocks, to be used,
21 distributed, or sold in a recipient country, under a
22 specific agreement previously entered into pursuant
23 to section 5 (g), to increase the production or dis-
24 tribution of locally produced commodities referred
25 to in paragraph (1) of this subsection (a);

1 (b) transport and store, or allocate funds or estab-
2 lish credits for transportation and storage of, such
3 commodities;

4 (c) transfer such commodities to any recipient
5 country;

6 (d) incur and defray expenses, including admin-
7 istrative expenses and expenses for compensation and
8 travel of personnel, for carrying out the purposes of
9 this Act.

10 SEC. 4. The President shall promulgate regulations con-
11 trolling the purchase or procurement of supplies under this
12 Act designed to minimize (a) the drain upon the natural
13 resources of the United States and (b) the impact of such
14 purchase or procurement upon the domestic price level:
15 Provided—

16 (1) that procurement may be from foreign sources
17 whenever the cost delivered to the recipient country will
18 be less than the cost delivered from the United States;

19 (2) that not more than 25 percent of the funds
20 made available under the authority of this Act may be
21 used to procure commodities abroad at delivered cost not
22 more than 10 percent higher than from the United States,
23 its Territories and possessions, provided that the Presi-
24 dent shall find that such commodities are in short supply
25 or not readily available in the United States: Provided,

1 *That no funds appropriated under authorization of this*
2 *Act shall be used by any procurement agency of the*
3 *United States Government for the purchase within the*
4 *United States and its Territories and possessions of any*
5 *supplies (other than supplies procured by or in the*
6 *possession of the Commodity Credit Corporation pur-*
7 *suant to Act of July 1, 1941, 55 Stat. 498, as amended)*
8 *at prices higher than the market price prevailing at the*
9 *time of the purchase in the area wherein the purchase*
10 *is made;*

11 *(3) that the President shall, in making a finding of*
12 *short supply in the United States, consider (a) the drain*
13 *upon natural resources or (b) the effect of the necessary*
14 *procurement upon domestic prices; and*

15 *(4) that the procurement of petroleum shall, to the*
16 *maximum extent practicable, be made from petroleum*
17 *sources outside of the United States and its Territories*
18 *and possessions; and wherever practicable such petroleum*
19 *and petroleum products shall be delivered to the recipient*
20 *country by the most economical route from the source of*
21 *supply.*

22 *SEC. 5. Before any commodities or credits are made*
23 *available to any recipient country under the authority of*
24 *this Act, an agreement shall be entered into, subject to the*

1 limitations and provisions of this Act, between such country
2 and the United States containing an undertaking by such
3 country—

4 (a) to make efficient use of any commodities
5 made available under the authority of this Act and
6 to take insofar as possible the economic measures
7 necessary to increase its ability to achieve a self-sustain-
8 ing economy;

9 (b) that when commodities made available under
10 the authority of this Act are not made available on terms
11 of repayment in dollars, they shall be made available only
12 upon condition that the government of the recipient coun-
13 try agrees that when it sells such commodities for local
14 currency (1) the amounts of such local currency will be
15 deposited by it in a special account (2) such account
16 will be used within such country until June 30, 1948, for
17 the purpose of paying local currency expenses of the
18 United States incident to the furnishing of aid to
19 such country under this Act, and for such other pur-
20 poses as may be mutually agreed to between such recip-
21 ient country and the Government of the United States;
22 (3) any unencumbered balance remaining in such ac-
23 count on June 30, 1948, will be disposed of within such
24 country for such purposes as the Government of the

1 *United States, pursuant to Act or joint resolution of the*
2 *Congress, may determine;*

3 *(c) to give full and continuous publicity by all*
4 *available media (including government press and radio)*
5 *within such country, so as to inform the ultimate con-*
6 *sumers, as to the purpose, source, character, and amounts*
7 *of commodities made available under the authority of*
8 *this Act;*

9 *(d) to furnish promptly, upon request of the Presi-*
10 *dent, information concerning the production, use, distri-*
11 *bution, importation, and exportation of any commodities*
12 *of the character covered in this Act;*

13 *(e) to make available to its people at reasonable*
14 *prices, consistent with economic conditions in the re-*
15 *cipient country, such commodities as it may sell under*
16 *the terms of this Act; and where necessary, to distribute*
17 *to indigent and needy persons their fair share of all*
18 *available food supplies;*

19 *(f) to make all possible efforts to secure the maxi-*
20 *mum production and distribution of locally produced*
21 *commodities, and not to permit any measures to be*
22 *taken involving sale, distribution, or use of any com-*
23 *modities of the character covered in this Act which*
24 *would reduce the locally produced supply of such com-*

1 *modities or the utilization of foreign sources of supply*
2 *other than the United States;*

3 *(g) to enter into specific agreements providing for*
4 *such use, distribution, and sale of each classification of*
5 *incentive goods, made available to it under the authority*
6 *of this Act, as will increase the production or distribution*
7 *of locally produced commodities referred to in para-*
8 *graph (1) of section 3 (a);*

9 *(h) not to export or permit removal from such*
10 *country, while need therefor continues, of commodities*
11 *made available under the authority of this Act or com-*
12 *modities of the same character produced locally or*
13 *imported from outside sources;*

14 *(i) to permit representatives of the Government*
15 *of the United States to observe, advise, and report on*
16 *the distribution among the people of such country of*
17 *commodities made available under the authority of this*
18 *Act;*

19 *(j) to permit representatives of the press and radio*
20 *of the United States to observe and report on the dis-*
21 *tribution among the people of such country of commodi-*
22 *ties made available under the authority of this Act; and*

23 *(k) that as a condition precedent to the applica-*
24 *tion for or acceptance of the assistance provided in this*
25 *Act, the recipient governments enumerated herein must*

1 *first certify that no part or portion of the aid so received*
2 *will be allocated or distributed by persons or organiza-*
3 *tions embracing or formerly embracing communism.*

4 *SEC. 6. The President pro tempore of the Senate and the*
5 *Speaker of the House of Representatives, acting jointly, are*
6 *authorized, in their discretion, to create such special joint*
7 *committees of the two Houses as they may deem appropriate*
8 *for the purpose of observing and advising, in recipient coun-*
9 *tries, as to the distribution among the people of such countries,*
10 *of commodities made available under the authority of this Act,*
11 *each such committee to consist of three Members of the Senate*
12 *appointed by the President pro tempore of the Senate and*
13 *three Members of the House of Representatives appointed*
14 *by the Speaker of the House of Representatives. Committees*
15 *so appointed shall observe and advise on such distribution in*
16 *recipient countries at such times as may be necessary to keep*
17 *fully informed, and shall report to the Senate and the House*
18 *of Representatives, not less frequently than quarterly, on their*
19 *activities pursuant to this section.*

20 *SEC. 7. The President shall promptly terminate the*
21 *provision of aid under this Act for any country whenever*
22 *he determines (a) that such country is not adhering to the*
23 *terms of its agreement entered into in accordance with sec-*
24 *tion 5 of this Act; or (b) whenever he finds, by reason of*
25 *changed conditions, that the provision of aid under this Act*

1 is no longer necessary or desirable; or (c) whenever he finds
2 that the government of such country is dominated by the
3 Communist Party or by the Union of Soviet Socialist
4 Republics.

5 *SEC. 8. All commodities made available under the au-*
6 *thority of this Act or the containers of such commodities shall,*
7 *to the extent practicable, be marked, stamped, branded, or*
8 *labeled in a conspicuous place as legibly, indelibly, and per-*
9 *manently as the nature of such commodities or containers will*
10 *permit, in such manner as to indicate to the people of the*
11 *country of destination that such commodities have been fur-*
12 *nished or made available by the United States of America.*

13 *SEC. 9. Wherever reference is made, in this Act, to com-*
14 *modities made available under the authority of this Act, such*
15 *reference shall be deemed to include commodities procured*
16 *with credits made available to a recipient country under the*
17 *authority of this Act.*

18 *SEC. 10. The President shall take appropriate steps to*
19 *encourage other countries to make available to recipient*
20 *countries such aid as they may be able to furnish.*

21 *SEC. 11. The President may, from time to time, promul-*
22 *gate such rules and regulations as he may find necessary and*
23 *proper to carry out any of the provisions of this Act: Pro-*
24 *vided, That nothing in this Act shall be deemed to authorize*
25 *the issuance of any proclamations, orders, rules, or regulations*

1 in any way controlling production or prices or allocating de-
2 liveries of any commodities within the United States. He may
3 delegate to the Secretary of State or any other head of a
4 department or agency of the Government any of the powers
5 or authority conferred on him under this Act. In accord-
6 ance with the direction of the President, the responsibility
7 for administering in the recipient countries the program of
8 assistance provided for in this Act shall be vested in the field
9 administrator of the United States foreign relief program
10 appointed pursuant to section 4 of the joint resolution of May
11 31, 1947 (Public Law 84, Eightieth Congress). No citizen
12 or resident of the United States shall serve under this Act as
13 a United States representative, observer, or adviser until such
14 person has been investigated as to loyalty and security by the
15 Federal Bureau of Investigation. The field administrator,
16 may, when he finds it essential to the purposes of this Act,
17 utilize for observation the services of a limited number of other
18 persons, who shall be investigated and approved by the field
19 administrator.

20 SEC. 12. There shall be established and maintained
21 out of the funds authorized under this Act, a National Food
22 Conservation Committee, composed of representatives of
23 business, labor, agriculture, and consumers, appointed by the
24 President to serve on a voluntary basis, for the purpose of
25 advising on ways and means to conserve foods and foodstuffs,

1 to avoid inflationary pressures on domestic food prices and
2 food supplies, and generally to facilitate the purposes and
3 objectives of this Act.

4 SEC. 13. (a) There is hereby authorized to be ap-
5 propriated not to exceed \$590,000,000, out of any money
6 in the Treasury not otherwise appropriated, to carry out
7 the provisions and accomplish the purposes of this Act:
8 Provided, That notwithstanding any other provision of this
9 Act, none of the funds authorized or made available under
10 this Act shall be used or made available for use for the
11 acquisition of wheat, wheat flour, or cereal grain in the
12 United States or the shipment thereof from the United States
13 unless the President shall first—

14 (1) survey the requirements of other countries
15 which are dependent upon the United States for a por-
16 tion of their supplies of such commodities;

17 (2) estimate the quantities of such commodities
18 which will probably be made available to such countries
19 from the United States; and

20 (3) determine the total amount of such commodities
21 available for export from the United States, after giving
22 due consideration to the quantity thereof required in this
23 country for food, feed, seed, and industrial uses, and for
24 the needs of other countries dependent upon the United
25 States for supplies of such commodities. In determining

1 *the amount of such commodities available for export from*
2 *the United States the President shall allow for a carry-*
3 *over of wheat in the United States as of July 1, 1948,*
4 *of not less than one hundred and fifty million bushels to*
5 *protect the economy of the United States from inflationary*
6 *prices and to insure against a scarcity of bread for*
7 *domestic consumption during the twelve-month period*
8 *beginning July 1, 1948.*

9 *The funds authorized herein shall not be made available or*
10 *used to acquire a quantity of wheat, wheat flour, and cereal*
11 *grain in the United States which, after taking into considera-*
12 *tion the amount estimated for export to other countries, and*
13 *the amount needed for domestic consumption in the United*
14 *States, will leave a carry-over of less than one hundred and*
15 *fifty million bushels of wheat on July 1, 1948, unless the*
16 *official crop report of the United States Department of Agri-*
17 *culture as of May 1, 1948, shows an estimated production*
18 *of winter wheat in the United States of more than seven hun-*
19 *dred million bushels, and a normal planted acreage of*
20 *spring wheat. This Act, however, shall not imply any present*
21 *or future obligation to give aid to any foreign country, nor*
22 *shall it imply or guarantee the availability of any specific*
23 *commodities.*

24 *(b) Funds authorized under this Act, when allocated*
25 *to any department, agency, or independent establishment*

1 of the Government, shall be available for obligation and ex-
2 penditure in accordance with the laws governing obligations
3 and expenditures of such department, agency, or independent
4 establishment or organizational unit thereof concerned, and
5 without regard to sections 3709 and 3648 of the Revised
6 Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

7 (c) Notwithstanding the provisions of any other law,
8 the Reconstruction Finance Corporation is authorized and
9 directed, until such time as an appropriation shall be made
10 pursuant to this section, to make advances, not to exceed in
11 the aggregate of \$150,000,000, to carry out the provisions of
12 this Act, in such manner and in such amounts as the Presi-
13 dent shall determine. From appropriations authorized under
14 this section, there shall be repaid to the Reconstruction
15 Finance Corporation the advances made by it under the
16 authority contained herein.

17 (d) Notwithstanding any other provision of law, any
18 commodity heretofore or hereafter acquired by any agency
19 of the Government under any price support program shall,
20 to the extent that such commodity is determined to be appro-
21 priate for such purpose and in excess of domestic require-
22 ments, be utilized in providing aid to recipient countries under
23 this Act, and shall be disposed of by such agency for such
24 purpose at such price as may be determined by such agency,

1 *which price may be the equivalent of the domestic market*
2 *price of a quantity of wheat having a caloric value equal*
3 *to that of the quantity of the commodity so disposed of.*
4 *Any such agency shall report annually to the Congress the*
5 *amount of losses incurred by it as a result of disposition*
6 *of commodities hereunder, and the Secretary of the Treasury*
7 *is authorized and directed to cancel notes of such agency held*
8 *by him in an amount equal to the amount of such losses.*

9 *SEC. 14. Personnel employed to carry out the purposes*
10 *of this Act shall not be included in computing limitations*
11 *on personnel established pursuant to the Federal Employees*
12 *Pay Act of 1945 (59 Stat. 298), as amended by section 14*
13 *of the Federal Employees Pay Act of 1946 (60 Stat. 219).*

14 *SEC. 15. The President, from time to time, but not less*
15 *frequently than once every calendar quarter, and until the*
16 *end of the quarterly period after all operations under the*
17 *authority of this Act have been completed, shall transmit to*
18 *the Congress a report of operations under this Act. Reports*
19 *provided for under this section shall be transmitted to the*
20 *Secretary of the Senate or the Clerk of the House of Repre-*
21 *sentatives, if the Senate or the House of Representatives, as*
22 *the case may be, is not in session.*

23 *SEC. 16. The functions, records, and funds provided*
24 *for the purposes of carrying out this Act shall be transferred*

1 to the administration of any organization for general foreign
2 aid which Congress may provide:

3 *SEC. 17. (a) Clause (1) in the proviso in the first*
4 *paragraph of the first section of the joint resolution of May*
5 *31, 1947 (Public Law 84, Eightieth Congress), is amended*
6 *to read as follows: “(1) to constitute more than 57 per*
7 *centum of the aggregate amount contributed to said fund*
8 *by all governments, including the United States;”.*

9 *(b) The amendment made by subsection (a) of this*
10 *section shall take effect as of May 31, 1947.*

11 *SEC. 18. This Act shall expire not later than June*
12 *30, 1948.*

13 *SEC. 19. If any provisions of this Act or the application*
14 *of such provision to any circumstance shall be held invalid,*
15 *the validity of the remainder of the Act and the applicability*
16 *of such provision to other circumstances shall not be affected*
17 *thereby.*

18 *SEC. 20. Nothing in this Act shall be construed to make*
19 *inapplicable, in the case of commodities procured under the*
20 *authority of this Act, the authority to prohibit or curtail*
21 *exports granted by section 6 of the Act of July 2, 1940*
22 *(Public Law 703, Seventy-sixth Congress), as now in force*
23 *or as may be hereafter amended.*

Amend the title so as to read: “An Act to promote

world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.”

Passed the Senate December 1 (legislative day, November 24), 1947.

Attest:

CARL A. LOEFFLER,

Secretary.

Passed the House of Representatives with amendments
December 11, 1947.

Attest:

JOHN ANDREWS,

Clerk.

AN ACT

To promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 1947

Ordered to be printed with the amendments of the
House of Representatives

THE FOREIGN AID ACT OF 1947

DECEMBER 13, 1947.—Ordered to be printed

Mr. EATON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1774]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Foreign Aid Act of 1947"*.

SEC. 2. It is the purpose of this Act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of hunger and cold and prevent serious economic retrogression.

SEC. 3. The President, acting through such existing departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds herein authorized to any such existing departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, whenever he finds it in furtherance of the purposes of this Act and upon the terms and conditions set forth in this Act—

(a) *procure, or provide for the procurement of, from any source—*

(1) *food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed, delivered in a recipient country on or after the date of the enactment of this Act; and*

(2) incentive goods, consisting of commodities not in short supply in the United States, including Government-owned stocks, to be used, distributed, or sold in a recipient country, under a specific agreement previously entered into pursuant to section 5 (g) to increase the production or distribution of locally produced commodities referred to in paragraph (1) of this subsection (a): Provided, That not more than 5 per centum of the funds made available under the authority of this Act may be used to procure such incentive goods;

(b) transport and store, or provide for transportation and storage of, such commodities;

(c) transfer such commodities to any recipient country;

(d) incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

SEC. 4. The President shall promulgate regulations controlling the purchase or procurement of commodities under this Act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchase or procurement upon the domestic price level: Provided—

(1) That procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

(2) That, except in the case of commodities not produced in commercial quantities in the United States, not more than 10 per centum of the funds made available under the authority of this Act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States: Provided further, That no funds made available under the authority of this Act shall be used by any procurement agency of the United States Government for the purchase, within the United States and its Territories and possessions, of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to Act of July 1, 1941, 55 Stat. 498, as amended) at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made;

(3) That the President shall, in making a finding of short supply in the United States, consider (a) the drain upon natural resources, and (b) the effect of the necessary procurement upon domestic prices;

(4) That the procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

SEC. 5. Before any commodities are made available to any recipient country under the authority of this Act, an agreement shall be entered into, subject to the limitations and provisions of this Act, between such country and the United States containing an undertaking by such country—

(a) to make efficient use of any commodities made available under the authority of this Act and to take insofar as possible the

economic measures necessary to increase its ability to achieve a self-sustaining economy;

(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this Act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States, and under agreement by the government of the receiving country that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed between such country and the Government of the United States;

(c) to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this Act;

(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this Act, and to furnish on March 31, 1948, or as soon as practicable thereafter, information showing—

(1) an itemized list of commodities made available with funds provided under this Act;

(2) the total amount of money received by such country from the sale of commodities made available under this Act and the average price charged per unit for each commodity;

(3) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this Act; and

(4) such other information concerning the distribution and use of commodities made available under this Act as may be requested by the President;

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this Act; and, where necessary, to distribute to indigent and needy persons their fair share of all available food supplies;

(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this Act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of incentive goods, made available to it under the authority of this Act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a);

(h) not to export or permit removal from such country, while need therefor continues, of commodities made available under the authority of this Act or commodities of the same character produced locally or

imported from outside sources, except to the extent agreed upon by the Government of the United States;

(i) to permit representatives of the Government of the United States, including such committees of the Congress as may be authorized by their respective Houses, to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this Act;

(j) to permit representatives of the press and radio of the United States to observe and report on the distribution and utilization of the commodities made available under this Act and the special account provided for in subsection (b) of this section.

SEC. 6. The President shall promptly terminate the provision of aid under this Act for any country, (a) whenever he determines that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this Act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this Act is no longer necessary or desirable; or (c) whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States.

SEC. 7. All commodities made available under the authority of this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States of America.

SEC. 8. Wherever reference is made, in this Act, to commodities made available under the authority of this Act, such reference shall be deemed to include commodities procured with credits made available to a recipient country under the authority of this Act.

SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such aid as they may be able to furnish.

SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this Act: Provided, That nothing in this Act shall be deemed to authorize the issuance of any proclamations, orders, rules, or regulations in any way controlling production or prices or allocating deliveries of any commodity within the United States. He may delegate to the Secretary of State any of the powers or authority conferred on him under this Act. In accordance with the direction of the President, the responsibility for administering in the recipient countries the program of assistance provided for in this Act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress). The provisions of subsections (i) and (j) of section 5 of this Act shall not apply to distribution of commodities in Austria: Provided, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that commodities furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the purposes of this Act. No citizen or resident of the United States shall serve under this Act as a

United States representative, observer, or adviser until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation. The field administrator may, when he finds it essential to the purposes of this Act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

SEC. 11. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

(b) Notwithstanding any other provision of this Act, none of the funds authorized or made available under this Act shall be used or made available for use for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

(1) survey the requirements of other countries which are dependent upon the United States for a portion of their supplies of such commodities;

(2) estimate the quantities of such commodities which will probably be made available to such countries from the United States; and

(3) estimate the total amount of such commodities available for export from the United States to the recipient countries, after giving due consideration to the quantity thereof required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such commodities. In estimating the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than one hundred and fifty million bushels to protect the economy of the United States from inflationary prices and to insure against a scarcity of bread for domestic consumption during the twelve-month period beginning July 1, 1948.

The funds authorized herein shall not be made available or used to acquire a quantity of wheat, wheat flour and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the United States, will leave a carry-over of less than one hundred and fifty million bushels of wheat on July 1, 1948, unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

(c) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

(d) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$150,000,000, to carry out the pro-

visions of this Act, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection.

(e) Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid under this Act or any other Act providing for assistance and relief to foreign countries, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. Any such agency shall report to the Congress on March 31, 1948, or as soon as practicable thereafter, the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses.

SEC. 12. Personnel employed to carry out the purposes of this Act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

SEC. 13. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this Act have been completed, shall transmit to the Congress a report of operations under this Act. All information received pursuant to undertakings provided for by section 5 (d) of this Act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 14. The functions, applicable records, and funds provided for the purposes of carrying out this Act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act.

SEC. 15. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act.

SEC. 16. (a) Clause (1) in the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), is amended to read as follows: "(1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments, including the United States;"

(b) The amendment made by subsection (a) of this section shall take effect as of May 31, 1947.

SEC. 17. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

SEC. 18. Nothing in this Act shall be construed to make inapplicable, in the case of commodities procured under the authority of this Act, the authority to prohibit or curtail exports granted by section 6 of the Act of July 2, 1940 (Public Law 703, Seventy-sixth Congress), as now in force or as hereafter amended.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill.

CHARLES A. EATON,
JOHN M. VORYS,
KARL E. MUNDT,
SOL BLOOM,
JOHN KEE,

Managers on the Part of the House.

A. H. VANDENBERG,
ARTHUR CAPPER,
WALLACE H. WHITE, Jr.,
TOM CONNALLY,
WALTER F. GEORGE,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause. The Senate recedes from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment. The differences between the House amendment and the substitute agreed to in conference are noted below, except for incidental changes made necessary by reason of agreements reached by the conferees and minor and clarifying changes.

DECLARATION OF PURPOSES

The declaration of purposes contained in section 2 of the conference substitute is the same as that contained in section 2 of the House amendment, except that the words "which would jeopardize any general economic recovery program based on self-help and cooperation", which appeared at the end of the section in the House amendment, have been omitted.

AUTHORIZATION FOR APPROPRIATION

The Senate bill authorized an appropriation of not to exceed \$597,000,000 for carrying out the provisions of the act. The House amendment changed this figure to \$590,000,000. In the conference substitute the amount is fixed at \$597,000,000.

COUNTRIES INCLUDED IN THE PROGRAM

The Senate bill provided for furnishing aid to Austria, France, and Italy. The House amendment provided for aid to Austria, China, France, and Italy. The conference substitute follows the House bill by including China as one of the recipient countries. As in the House amendment, no particular amount is earmarked for China or any other recipient country in the conference substitute; furthermore, the substitute provides—

This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

A new sentence has been inserted in section 14 of the conference substitute as follows:

To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act.

PERIOD COVERED BY THE PROGRAM

The Senate bill provided that after March 31, 1948, no funds may be obligated for the procurement of commodities provided for under the act. The House amendment provided that the act should expire not later than June 30, 1948. The conference substitute in section 15 retains the Senate provision.

COMMODITIES AUTHORIZED TO BE MADE AVAILABLE

The Senate bill listed as the commodities which could be procured under the aid program food, seed, and fertilizer; coal, petroleum and petroleum products; other fuels; fibers; pesticides; medical supplies; and such commodities as the President finds are necessary for the accomplishment of the purposes of the act, with a provision that no funds should be used for purchase of arms, armaments, or munitions of war. The House amendment included food, medical supplies, processed and unprocessed materials and clothing, fuel, fertilizer, pesticides, and seed required in a recipient country on or after December 1, 1947; and incentive goods, required in a recipient country on or after December 1, 1947, to be used, distributed, or sold in a recipient country to increase the production or distribution of locally produced commodities referred to above. The conference substitute includes food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed delivered in a recipient country on or after the date of enactment of this act but omits the provision in the Senate bill for such commodities as the President finds necessary for the accomplishment of the purposes of the act. The provision in the Senate bill that no funds should be used for the purchase of arms, armaments, or munitions of war was omitted since the specifications of the commodities to be procured eliminates the possibility of their inclusion. The provision for incentive goods in the House bill was retained with modifications omitting the language "required in a recipient country on or after December 1, 1947," and adding a proviso that not more than 5 percent of the funds made available under the authority of the act may be used to purchase such incentive goods.

The Senate bill in granting authority to make commodities available to recipient countries authorized the President, in addition to allocating funds to Government departments and agencies to make funds available to the government of any recipient country. The House amendment in various provisions made references to credits made available to recipient countries, but by an amendment made on the floor of the House the reported bill was amended by eliminating from section 3 the words—

or by establishing in this country credits subject to the control of the President, available to the government of a recipient country.

In section 3 of the conference substitute the conference committee used the formula now in operation under Public Law 84, Eightieth Congress, limiting the President to allocating funds to existing departments, agencies, or independent establishments of the Government, and establishing "in this country credits subject to the control of the President", and does not include any provision for allocation of funds to recipient countries. The words "available to the government of a recipient country" are not included.

It should be noted that the authority to incur and defray expenses, including administrative expenses, contained in section 3 (b), is intended to include expenses incident to inland transportation in the United States and other similar expenses. These would include expenses for boxcar loading, insurance, packing and repacking, port charges, and the like. The House amendment had deleted the word "accessorial" as being superfluous and not clear in its meaning and in the conference substitute this word is omitted.

LIMITATIONS UPON PURCHASES ABROAD

The Senate bill provided that no more than 25 percent of the amount authorized by the act should be used for the procurement of supplies outside the United States and its Territories and possessions. The House amendment placed no limitation on the amount of procurement from foreign sources whenever the cost delivered to the recipient country was less than the cost delivered from the United States. The House amendment provided, however, that not more than 25 percent of the funds made available under authority of the act could be used to procure commodities abroad at delivered cost not more than 10 percent higher than from the United States, its Territories and possessions, provided that the President found that such commodities were in short supply or not readily available in the United States. The provision on this subject in the conference substitute, in section 4 (2) provides that except in the case of commodities not produced in commercial quantities in the United States, not more than 10 percent of the funds made available under the authority of the act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States.

The phrase "except in the case of commodities not produced in commercial quantities in the United States" was inserted in order to permit purchases of commodities abroad where these commodities are not produced in commercial quantities in the United States and therefore comparison prices is practically impossible. Without this amendment, the language, if technically construed, would require either a comparison between a foreign and an artificial United States cost, or a comparison of the cost of similar but not the same commodities before such commodities could be purchased abroad. The inserted language permits the purchase of such commodities without requiring the price comparisons provided in paragraphs (1) and (2) of section 4.

UNDERTAKINGS BY RECIPIENT COUNTRIES

Both the Senate bill and the House amendment contain a section requiring that certain undertakings should be entered into by recipient countries before aid could be made available under the act.

The Senate bill contained a requirement that a recipient country should undertake to make, when repayment in dollars is not required, a commensurate deposit in the currency of such country in a special account under general terms and conditions agreed to between such country and the Government of the United States, and use such account only for purposes agreed to between such country and the Government of the United States, and that any unencumbered balance remaining in such account on June 30, 1948, would be disposed of within such country for such purposes as might, subject to approval by act or joint resolution of the Congress, be agreed to between such country and the Government of the United States. The House amendment contained a somewhat similar provision but would have required the making of deposits in the special account only in the amount of local currency realized from the sale of commodities made available to it under the act. The House amendment provided for payment of local currency expenses of the United States incident to the furnishing of aid to such country, in addition to the use of the special account for purposes agreed upon by the recipient country and the United States; and the House amendment also provided that any unencumbered balance remaining in the account on June 30, 1948, should be disposed of within the recipient country for such purposes as the Government of the United States, pursuant to act or joint resolution of the Congress, might determine. The provision which has been included in the conference substitute, as section 5 (b), is the same as the provision in the Senate bill.

The requirement that the recipient country shall undertake to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers as to the purpose, source, character, and amounts of commodities made available is retained in the conference substitute but it is not the intention that use of government press and radio be required if such facilities are not available.

This section of the Senate bill contained a subsection requiring that a recipient country undertake to furnish, upon request of the press, information concerning the method of distribution and use of commodities, and to furnish on March 1, 1948, or as soon as practicable thereafter, information showing (1) an itemized list of commodities made available, (2) the total number of persons who have received commodities or benefits made available under the act, (3) the total amount of money received by such country from the sale of commodities and the average price charged per unit for each commodity, (4) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of commodities, and (5) such other information concerning the distribution and use of commodities as may be requested by the press. The House amendment contained in lieu of the above provision a paragraph requiring that a recipient country undertake to furnish promptly upon request of the press, information concerning the production, use, distribution, importation, and exportation of any commodities of the character covered in the act. The provision contained in the conference substitute, section 5 (d), is the same as the Senate provision, except that there has been omitted the requirement that the recipient country furnish information as to the total number of persons who have received commodities or benefits made available under the act.

This section in the Senate bill contained a provision requiring a recipient country to undertake not to export or permit removal from such country, while need therefor continues, of commodities made available under the act or such commodities produced locally or imported outside sources. The House amendment changed this provision by substituting for the words "such commodities" the words "commodities of the same character". The conference substitute follows the House amendment but adds at the end of the paragraph the words "except to the extent agreed upon by the Government of the United States".

This section of the Senate bill required a recipient country to permit representatives of the Government of the United States (including members of the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House of Representatives, the Senate Appropriations Committee and the House Appropriations Committee, or their authorized representatives) and representatives of the press and radio of the United States, upon their request, to enter and fully observe and report regarding the distribution and utilization of the commodities made available, including the special account provided for in subsection (b) of this section. This Senate provision was eliminated by the House amendment and in lieu thereof paragraphs (i) and (j) were included in this section of the House amendment. Paragraph (i) required that a recipient country undertake to permit representatives of the Government of the United States to observe, advise, and report on the distribution among the people of such country of commodities made available. Paragraph (j) required that a recipient country undertake to permit representatives of the press and radio of the United States to observe and report on the distribution among the people of such country of commodities made available. In the conference substitute the Senate provision has been omitted, and paragraphs (i) and (j) from the House amendment have been included, but paragraph (i) has been amended so that such committees of Congress as may be authorized by their respective houses are specifically included as representatives of the Government of the United States having the privilege of observing, advising, and reporting; and paragraph (j) is amended so that representatives of the press and radio of the United States are to be permitted to observe and report on the distribution and utilization of the commodities made available and the special account provided for by subsection (b).

This section of the House amendment included a provision, paragraph (k), requiring that a recipient country undertake that as a condition precedent to the application for or acceptance of assistance it must certify that no part or portion of the aid so received will be allocated or distributed by persons or organizations embracing or formerly embracing communism. This paragraph has been omitted from the conference substitute.

WHEAT CARRY-OVER

The Andresen amendment adopted on the floor of the House was designed in general to place limitations upon wheat exports and protect a wheat carry-over. The amendment provided that none of the funds authorized or made available should be used for the acquisition of wheat, wheat flour, or cereal grain in the United States or the ship-

ment thereof from the United States unless the President should (1) survey the requirements of other countries dependent upon the United States for a portion of their supply of such commodities, (2) estimate the quantity of such commodities which will probably be made available to such countries from the United States, and (3) determine the total amount of such commodities available for export from the United States after giving due consideration to the quantity required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for their supplies of such commodities. In determining the amount available for export, the President was to allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than 150,000,000 bushels. It was then provided that the funds authorized should not be made available to acquire a quantity of wheat, wheat flour, and cereal grain in the United States which after taking into consideration the amount estimated for export to other countries and the amount needed for domestic consumption in the United States would leave a carry-over of less than 150,000,000 bushels of wheat on July 1, 1948, unless the official crop report of the United States Department of Agriculture as of May 1, 1948, shows an estimated production of winter wheat in the United States of more than 700,000,000 bushels, and a normal planted acreage of spring wheat. There was no corresponding provision in the Senate bill.

The conference substitute retains the House provision with the following amendments:

(a) In clause (3), referred to above, the requirement for a determination of the total amount of wheat, wheat flour, or cereal available for export from the United States was changed to a requirement for an estimate of the total amount of such commodities available for export to the recipient countries from the United States. The provision for the 150,000,000 bushel carry-over was retained.

(b) In lieu of the provision using the official crop report of the United States Department of Agriculture as of May 1, 1948 for revision of the estimate, there was inserted the following language:

Unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

This change was made necessary by the March 31, 1948, limitation on obligation of funds for procurement which the conferees adopted.

It was recognized by the conferees that protection against the over-shipment of wheat from this country should be provided in the act. It was further recognized, however, that the procurement and shipment of supplies under the act would take place prior to the May 1, 1948, date mentioned in the House bill. In place of this date the revised wording permits the President to review the wheat situation after March 1, 1948, while the program is still in effect, and, under certain prescribed conditions, to change the export program at that time.

UTILIZATION OF COMMODITIES ACQUIRED UNDER PRICE SUPPORT PROGRAMS

The Senate bill contained a provision to the effect that commodities acquired by the Commodity Credit Corporation under any price support program could be disposed of by the Corporation for use in

carrying out this or any other act providing for assistance and relief to foreign countries, at such price as might be determined by the Corporation, which price could be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. The House amendment (sec. 11 (d)) contained a similar provision but required any agency of the Government under any price support program to take such action to the extent that the commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, and limited the operations to providing aid to recipient countries under this act. The House provision also provided for an annual report to the Congress on the amount of losses incurred and directed the Secretary of the Treasury to cancel notes of the agency held by him in an amount equal to the amount of such losses.

The conference substitute retains the provisions of the House amendment but extends its application to any other act providing for assistance and relief to foreign countries, as provided in the Senate bill, and in lieu of annual reports provided for a report on March 31, 1948, or as soon thereafter as may be practicable.

DISTRIBUTION OF COMMODITIES IN AUSTRIA

The Senate bill contained a provision that the provisions of the act relating to observing and reporting by representatives of the Government of the United States and of the press and radio of the United States should not apply to distribution in Austria with a proviso that the President shall have determined upon recommendation of the United States High Commissioner for Austria that supplies furnished to Austria would be distributed under a control system embodied in agreement between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objective of the occupation and with the purposes of this act. The House amendment omits this provision. The provision is included in the conference substitute, applicable to the modified provisions for observing, advising, and reporting.

TERMINATION OF AID BY THE PRESIDENT

In the Senate section providing for termination of aid by the President under certain circumstances, the House amendment added a clause providing that the President should terminate aid to a recipient country when he found that—

the government of such country is dominated by the Communist Party or by the Union of Soviet Socialist Republics.

In the conference substitute, in section 6, the above-quoted language has been replaced by a provision that the President shall terminate aid to a recipient country—

whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States.

DELEGATION OF AUTHORITY BY THE PRESIDENT

In the section of the House amendment relating to the authority of the President to delegate his authority under the act, he would have

been authorized to delegate such authority to the Secretary of State or any other head of a department or agency of the Government. In the conference substitute, section 10, the words "or any other head of a department or agency of the Government" have been omitted.

PROPOSED NATIONAL FOOD CONSERVATION COMMITTEE

Section 12 of the House amendment, which provided for the establishment of a National Food Conservation Committee, has not been included in the conference substitute.

REPORT TO CONGRESS ON DISTRIBUTION AND USE OF COMMODITIES

The Senate bill contained a provision requiring a report to Congress of all information received by the President pursuant to undertakings concerning the method of distribution and use of commodities made available under the act and information showing itemized lists of commodities made available, the total amount of money received from the sale, and the average price charged per unit, and a detailed statement of disposition of proceeds, and other information requested by the President. There was no corresponding provision in the House amendment. The conference substitute includes this Senate provision.

TRANSFER OF FUNCTIONS, RECORDS, AND FUNDS

Section 16 of the House amendment provided that the functions, records, and funds provided for the purposes of carrying out the act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. In the conference substitute this section, section 14, is retained except that the word "applicable" has been inserted before the word "records".

The word "applicable" was inserted to qualify the word "records" to avoid the contingency that certain records dealing in part with operations of the aid program but also in part with other functions of the Department of State and other agencies, would otherwise have to be transferred as provided in this section.

ADVANCES BY RECONSTRUCTION FINANCE CORPORATION

The provision authorizing the making of advances by the Reconstruction Finance Corporation, contained in the House amendment, is included in the conference substitute, but this provision has been amended to make it clear that no interest need be paid on such advances or on advances made by the Treasury to the Reconstruction Finance Corporation in connection with the carrying out of the section.

CHILDREN'S FUND

Section 16 contains without change the provisions of section 17 of the House amendment amending Public Law 84, Eightieth Congress, with respect to the International Children's Emergency Fund.

Under the present provisions of Public Law 84, no part of government contributions from countries receiving aid from the International Children's Emergency Fund are recognized in the determination of matching contributions from the United States.

The proposed change in Public Law 84 would recognize these contributions except contributions of indigenous supplies for consumption within the country, and the cost of services supplied by such countries in carrying out the program.

TITLE OF THE BILL

The title of the bill as agreed to in conference is the same as the title as amended by the House amendment.

CHARLES A. EATON,
JOHN M. VORYS,
KARL E. MUNDT,
SOL BLOOM,
JOHN KEE,
Managers on the Part of the House.



DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

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Inflation.....2,8,15,16,25	Plant industry.....7	Veterans' benefits.....21,22

HIGHLIGHTS: Congressional action completed on foreign-aid bill. House rejected Wolcott anti-inflation bill. Rep. Patman inserted administration's price-control proposals. Sen. O'Mahoney criticized Republican record re inflation.

HOUSE AND SENATE

1. **FOREIGN AID.** Both Houses agreed to the conference report on S. 1774, the interim foreign-aid bill (pp. 11466-75, 11526-34). Senate approval was on a voice vote, and the House vote was 313-82. This bill will now be sent to the President.

The conferees had taken the following actions regarding the bill:

- Agreed to the Andresen-Hope amendment on wheat carryover, modified so that it would not apply if the estimates of the President after Mar. 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.
- Agreed to the Anderson-Crawford amendment on sale of surplus commodities at wheat-equivalent prices, but extended its application to any other foreign aid law and provided for a report on Mar. 31, 1948, or as soon thereafter as practicable.
- Agreed to the provision for advances of \$150,000,000 from RFC but amended it to make clear that no interest need be paid on such advances.
- Fixed the amount at \$597,000,000 (as provided by the Senate; House figure was \$590,000,000) but included a provision for aid to China.
- Specified food, medical supplies, fibers, fuel, petroleum and its products, fertilizer, pesticides, and seed, but omitted the Senate provision for such commodities as the President finds necessary; retained a House provision for "incentive goods" but limited purchases of such items to 5% of the total.
- Eliminated the House provision for establishment of a National Food Conservation Committee.
- Modified the provisions limiting purchases abroad, so that, except in the case of commodities not produced in commercial quantities in the U.S., not over 10% of the funds may be used to procure commodities abroad at

delivered cost higher than from the U.S., provided that the President finds that such commodities are in short supply in the U.S.
Eliminated the authorization for the President to delegate authority to department heads other than the Secretary of State.

SENATE

2. INFLATION CONTROL. Sen. O'Mahoney, Wyo., spoke in support of the President's economic program and criticized the Republican record (pp. 11482-93).
A report prepared by the staff of the Joint Committee on the Economic Report, "Food Prices, Production, and Consumption," was ordered printed as a S. Doc. (p. 11465).
Sen. Reed, Kans., inserted a letter from M. J. Wheeler recommending gradual lowering of prices (pp. 11463-4).
3. FOREIGN AID. A report of the Joint Committee on Nonessential Federal Expenditures, "Postwar Foreign Assistance," was ordered printed as S. Doc. 112 (p. 11464).
Sen. Butler, Nebr., spoke in favor of "keeping as large a proportion as possible of our export trade in the hands of private export firms and other private business enterprises" (pp. 11493-4).
4. EXPORT CONTROL. S. 1842, to continue export-control authority, was re-referred to the Banking and Currency Committee (p. 11465).
5. INDIAN RELIEF. Passed with amendment H. R. 4627, to authorize appropriation of \$2,000,000 for relief of the Navajo and Hopi Indians (pp. 11477-80). (See also item 12.)
6. NOMINATIONS. Confirmed the nominations of J. M. Donaldson as Postmaster General and C. R. Gray, Jr., as Veterans' Administrator (p. 11495).
7. HORTICULTURE. Received resolutions from the Fla. Horticultural Society favoring additional controls over citrus canker and blackfly (p. 11463).

HOUSE

8. INFLATION. Rejected, 202 yeas to 188 nays, (a two-thirds majority is required), a motion by Rep. Wolcott, Mich., to suspend the rules and pass H.J.Res. 273, the Wolcott inflation-control bill (pp. 11508-18). The measure had been reported by the Banking and Currency Committee earlier in the day (H.Rept. 1160) (pp. 11550-1). As reported this resolution contained the same provisions as listed in Digest 162, except that it is made clear that the provision permitting the President to use "price criteria" in licensing exports is not price-control authority.
Rep. Patman, Tex., inserted a letter to Rep. Wolcott, Mich., from Secretaries Krug, Anderson, Harriman, and Schwellenbach, together with a proposed bill to carry out the President's inflation-control program, "The Temporary Price Re-control Act of 1947" (pp. 11518-20).
9. FOREIGN AID; APPROPRIATIONS. Majority Leader Hallock announced that it is planned to consider today, Dec. 16, a deficiency appropriation bill which will include funds for the interim foreign-aid program (p. 11534).
10. HOUSING. Passed, 392-4, with amendments S. 1770, to increase the Federal Housing Administration insurance authorization by \$750,000,000 for residential housing, with \$250,000,000 available immediately and \$500,000,000 only with approval of the President (pp. 11520-6). Sens. Tobey, Buck, Canehart, Maybank, and Taylor were appointed conferees for the Senate (p. 11494).

Rep. Murray, Wis., spoke in favor of loans for rural housing and said "The Farm Home Administration has great difficulty in securing \$50,000,000 for insured farm and farm-home loans" (p. 11524).

11. EXECUTIVE ORGANIZATION. Agreed to the conference report on H.R. 4469, to authorize the Commission on Organization of the Executive Branch to procure the temporary or intermittent services of experts or consultants or organizations thereof (pp. 11535-6). The Senate has not yet acted on the report.
12. INDIAN RELIEF. Concurred in the Senate amendment to H.R. 4627, to authorize an appropriation for immediate relief of the Navajo and Hopi Indians (pp. 11534-5). This bill will now be sent to the President.
13. FOREIGN AID. Rep. Rich, Pa., spoke in favor of limiting U.S. exports of food, claiming the commodities are needed in the U.S. and that such exports are a cause of high prices (pp. 11537-8).
Rep. Jackson, Calif., reported on conditions in Greece, and the progress of rehabilitation there (pp. 11543-6).
14. RECLAMATION; APPROPRIATIONS. Received from the President a supplemental appropriation estimate of \$29,375,000 for the Bureau of Reclamation (H.Doc. 477) (p. 11550).

BILLS INTRODUCED

15. INFLATION CONTROL. S. 1873, by Sen. Canehart, Ind., to maintain prosperity, promote full employment, and kill inflation. To Banking and Currency Committee. (p. 11464.) Remarks of author (pp. 11476-7).
H.R. 4743, by Rep. Landis, Ind., to maintain prosperity, promote full employment, and kill inflation. To Banking and Currency Committee. (p. 11551.)
16. COMMODITY PRICE STABILIZATION. S.J.Res. 167, by Sen. Taft, Ohio, to aid in the stabilization of commodity prices, to aid in further stabilizing the economy of the U.S. To Banking and Currency Committee. (p. 11464.)
17. GRAZING LANDS. S. 1874, by Sen. Hatch, N.Mex., authorizing the head of the department or agency using the public domain for national-defense purposes to compensate holders of grazing permits and licenses for losses sustained by reason of such of public lands for national-defense purposes. To Public Lands Committee. (p. 11464.)
18. RECLAMATION. S. 1870, by Sen. Ecton, Mont., to provide for the adjustment of repayment contracts with respect to lands within the Flathead irrigation project, Mont. To Public Lands Committee. (p. 11464.)
H.R. 4736, by Rep. D'Ewart, Mont., to provide for the adjustment of repayment contracts with respect to lands within the Flathead irrigation project, Mont. To Public Lands Committee. (p. 11551.)
19. FURS; FARM LOANS. H.J.Res. 275, by Rep. Hope, Kans., to authorize the Regional Agricultural Credit Corporation of D.C., to make loans to fur farmers. To Agriculture Committee. (p. 11551.)
20. FOREIGN AID; POSTAGE RATES. H.R. 4740, by Rep. Blatnik, Minn., to reduce postage rates on parcels containing food, clothing, or medicines mailed to certain foreign countries. To Post Office and Civil Service Committee. (p. 11551.) Remarks of author (p. A5091).
21. PERSONNEL. H.R. 4727, by Rep. Jones, Wash., H.R. 4734, by Rep. Almond, Va.,

H.R. 4735, by Rep. Beall, Md., and H.R. 4738, by Rep. Pfeifer, N.Y., to provide additional compensation for employees of the Federal Government and of the government of the District of Columbia. To Post Office and Civil Service Committee. (p. 11551.)

H.R. 4744, by Rep. Rees, Kans., to amend the Veterans' Preference Act to include administrative reorganizations within the provisions of the act relating to reduction in personnel. To Post Office and Civil Service Committee. (p. 11551.)

H.R. 4745, by Rep. Rees, Kans., to amend the Veterans' Preference Act to provide compensation for preference eligibles illegally separated from the Federal service. To Post Office and Civil Service Committee. (p. 11551.)

22. VETERANS' BENEFITS. H.R. 4720, by Rep. Albert, Okla., H.R. 4724, by Rep. Colner, Miss., H.R. 4731, by Rep. Peterson, Fla., and H.R. 4737, by Rep. Hone, Kans., to amend the Servicemen's Readjustment Act to provide homes for veterans through veterans' homestead associations, and the public facilities essential therefor. To Veterans' Affairs Committee. (p. 11551.)

ITEMS IN APPENDIX

23. PRICE SUPPORTS. Rep. Murray, Wis., criticized Secretary Anderson's frequent absences from D.C. and USDA's administration of poultry price supports, including a tabulation of Midwest and Northwest prices (pp. A5055-6); questioned USDA's authority for poultry and meat price supports less than 90% of parity and inserting his correspondence with W.E. Dodd on the subject (pp. A5098-9); and blaming USDA for "distressingly low prices for chickens" (p. A5100).
24. RECLAMATION. Sen. McFarland, Ariz., inserted Secretary Anderson's recent speech, "How Far Is It to Water," and Secretary of Interior Krug's and Sen. Wherry's (Nebr.) speeches before the National Reclamation Assn. meeting at Phoenix, Ariz. (pp. A5078-80, A5057-61, A5053-5).
25. INFLATION CONTROLS. Extension of remarks of Reps. Madden and Ludlow (Ind.) criticizing the Wolcott inflation-control measure, H.J.Res. 273 (pp. A5055, A5061).
Sen. Taft, Ohio, inserted a Republican Policy Committee statement of the Committee's program for inflation-control (pp. A5080-1).
Rep. Tollefson, Wash., inserted a Tacoma (Wash.) Times editorial on inflation control (pp. A5097-8).
Rep. Scott, Pa., inserted a Philadelphia Inquirer editorial, "Truman Plays Politics With Inflation" (p. A5105).
Rep. Ellis, W.Va., inserted a Parkersburg (W.Va.) News editorial, "Helping Inflation" (pp. A5117-8).
26. FOREIGN AID. Various and sundry remarks and insertions on the foreign-aid program (pp. A5056, A5062, A5062-4, A5065-6, A5081-2, A5082, A5082-5, A5085-8, A5088-90, A5113, A5116-7).
27. WHEAT SALES. Sen. Butler, Nebr., inserted a Nebraska Farmer editorial, "Incentives to Sell Wheat" (p. A5064).
28. GRAZING LANDS. Rep. Horan, Wash., inserted a report of the work being done on the Nation's grazing lands and a tabulation of revenues from such lands (pp. A5070-1).
29. FOOD CONSERVATION. Extension of remarks of Rep. Poulson, Calif., suggesting a voluntary food-conservation plan for the people to carry out in their homes (p. A5090).



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Senate

(Legislative day of Thursday, December 4, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Our Father, as our heads are bowed in prayer, may our hearts be open to Thy Spirit, lest we say words with our hearts not in them; and make Thee yawn at the emptiness of our petition, or make Thee angry at the insincerity of what we do.

Give us faith to believe in prayer, and in Thy willingness to work in us that Thy will may be done among the nations and in our own land.

We ask this in Jesus' name. Amen.

THE JOURNAL

On request of Mr. HICKENLOOPER, and by unanimous consent, the reading of the Journal of the proceedings of Friday, December 12, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

SETTLEMENT OF FEDERAL TORT CLAIMS BY ATTORNEY GENERAL

The PRESIDENT pro tempore laid before the Senate a letter from the Attorney General of the United States, reporting, pursuant to law, on the settlement of Federal tort claims made by the Department of Justice, which was referred to the Committee on the Judiciary.

PETITIONS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

Resolutions adopted by the City Commissioners of the City of West Palm Beach and the Palm Beach County branch of the American Association of University Women, both in the State of Florida, favoring an appropriation in an amount sufficient to give proper water control of the Everglades from the Kissimmee Swamp to the southern end of the mainland of Florida; to the Committee on Appropriations.

By Mr. PEPPER:

A resolution adopted by members of the Florida State Horticultural Society at St. Petersburg, Fla., favoring reestablishment of the State-Federal citrus canker eradication project in Louisiana and Texas; to the Committee on Agriculture and Forestry.

A resolution adopted by members of the Florida State Horticultural Society at St. Petersburg, Fla., requesting that the Secretary of Agriculture enter into cooperative agreements with the Government of Mexico to the end that blackfly be eradicated or brought under control in Mexico at an early date; to the Committee on Agriculture and Forestry.

A resolution adopted by members of the Florida State Horticultural Society at St. Petersburg, Fla., relating to the inspection of baggage at ports of entry in Florida; to the Committee on Finance.

FOREIGN LEGION IN THE UNITED STATES ARMY

Mr. LODGE. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution adopted by the United American Veterans, Washington, D. C., which relates to the proposition of forming a Foreign Legion in the United States Army.

There being no objection, the resolution was received, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows: Resolution favoring a Foreign Legion of the United States of America

Whereas at this very moment our Government is spending millions of dollars for the purpose of helping destitute Christian nations, and also to acquaint all foreign countries with our form of democracy; and

Whereas a Foreign Legion of the United States of America would be a very fine way to introduce American democracy to all foreign nationals and it would also help to alleviate a lot of suffering with the families of the Legionnaires: Therefore be it

Resolved, That the United American Veterans go on record as giving wholehearted support to Senator LODGE's idea of creating an army to be known as the Foreign Legion of the United States of America; be it further

Resolved, That this said army shall be composed of enlisted soldiers, all of foreign nationalities and officers and noncommissioned officers who are American citizens; be it further

Resolved, That a copy of this resolution be sent to the President of the United States, to the Secretary of National Defense, to the chairmen of the Committee on Armed Services of the Senate and the House, and the press.

THOMAS DIXON,
National Commander.
FRANCIS F. LEBRUN,
National Adjutant.

PROGRAM FOR CONTROL OF PRICES

Mr. REED. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a program for the control of prices, written by Melvin J. Wheeler, of Lawrence, Kans. Mr. Wheeler is a former member of the Kansas Legislature.

There being no objection, the program was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

LAWRENCE, KANS.,
November 29, 1947.

Members in Congress, Washington, D. C.:

An important issue is under discussion among you. Some claim that no restrictions should be used during the reconstruction period. Others claim there should be. The writer would like to give his view on the subject.

Prices during the war advanced extremely high because proper means were not used to prevent it. Then after the war all price restrictions were removed. This was an implied suggestion to this effect: "Now you are free. Go to it and get all you can in a hurry." This admonition has been heeded, as evidenced by higher prices on some articles now than during the war.

In the face of this situation, we should ask ourselves a question: What effect will the shipment of millions of pounds of commodities to Europe have on prices in our country? Without control, they will surely go higher. According to the law of supply and demand, products shipped out means the same as though less has been produced for home consumption. Therefore, if we are going to give relief to Europe, let us decide at the same time that it shall not affect the price on goods consumed at home. The only way to do this is to set the top price on goods consumed at home at what prevails when shipment to Europe starts. This restriction should be left in force until prewar conditions have returned. This plan is meant to produce an immediate effect. A more far-reaching plan follows:

Excessively high prices came step by step during the war because of lack of control. Now let us return to normal step by step under the influence of lawful control. Here is a plan which we believe would produce the desired result:

Commencing on date mentioned in this act, prices shall be lowered a certain percent each month until prewar level has been reached. Give sufficient time after passage of the act for dealers to dispose of stock on hand before cut in price goes into effect. Then dealers can restock in anticipation of

future cut in price. In this way we can merge gradually back to normal, instead of waiting for a panic to send us back in one bold plunge.

Listen to this warning: The business structure of this country has become top-heavy because of inflation and high prices. This condition must be corrected, or a financial crash is bound to come. Are we going to read the writing on the wall, or are we going to drift blindly along waiting for the worst to come?

Gentlemen, it is left for you to decide this question. What will your answer be?

Respectfully,

MELVIN J. WHEELER,

Former Member,

Kansas House of Representatives.

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—REPORT ON UNITED STATES POSTWAR FOREIGN ASSISTANCE (S. DOC. NO. 112)

The PRESIDENT pro tempore laid before the Senate a letter from Mr. BYRD, chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, transmitting, pursuant to law, an additional report of the joint committee on the subject of United States postwar foreign assistance, which was referred to the Committee on Appropriations.

Mr. BYRD. Mr. President, I ask unanimous consent that the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on the subject of United States postwar foreign assistance, just laid before the Senate, be printed as a Senate document.

The PRESIDENT pro tempore. Without objection, it is so ordered.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

S. 1869. A bill for the relief of William Jackson Bishop; to the Committee on the Judiciary.

By Mr. ECTON:

S. 1870. A bill to provide for the adjustment of repayment contracts with respect to lands within the Flathead irrigation project, Montana, and for other purposes; to the Committee on Public Lands.

By Mr. McCARRAN:

S. 1871. A bill to restore certain lands to the townsite of Wadsworth, Nev.; to the Committee on Public Lands.

S. 1872. A bill for the relief of Jose Babace; to the Committee on the Judiciary.

(Mr. CAPEHART introduced Senate bill 1873, to maintain prosperity, promote full employment, and kill inflation, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. HATCH:

S. 1874. A bill authorizing the head of the department or agency using the public domain for national-defense purposes to compensate holders of grazing permits and licenses for losses sustained by reason of such use of public lands for national-defense purposes; to the Committee on Public Lands.

By Mr. BYRD:

S. 1875. A bill for the relief of the estate of Francis D. Shoemaker; to the Committee on the Judiciary.

By Mr. MAGNUSON:

S. 1876. A bill for the purpose of erecting a Federal building in Kirkland, Wash.;

S. 1877. A bill for the purpose of erecting in Seattle, Wash., a post-office building to be known as the Broadway Station;

S. 1878. A bill for the purpose of erecting a post-office terminal annex in Seattle, Wash.;

S. 1879. A bill for the purpose of erecting in Seattle, Wash., a post-office building to be known as the West Seattle Station; and

S. 1880. A bill for the purpose of erecting in Tacoma, Wash., a post office building; to the Committee on Public Works.

(Mr. BRIDGES (for himself and Mr. EASTLAND) introduced Senate Joint Resolution 165, providing for the discontinuance of further plant dismantling in the American war zone in Germany, and for other purposes, which was referred to the Committee on Armed Services, and appears under a separate heading.)

(Mr. SMITH (for himself, Mr. FULBRIGHT, Mr. SALTONSTALL, Mr. BRICKER, Mr. KNOWLAND, Mr. HATCH, Mr. LODGE, Mr. THOMAS of Utah, Mr. BALL, Mr. O'MAHONEY, and Mr. HILL) introduced Senate Joint Resolution 166, to provide that any future payments by the Republic of Finland on the principal or interest of its debt of the First World War to the United States shall be used to provide educational and technical instruction and training in the United States for citizens of Finland, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. TAFT:

S. J. Res. 167. Joint resolution to aid in the stabilization of commodity prices, to aid in further stabilizing the economy of the United States, and for other purposes; to the Committee on Banking and Currency.

PLANT DISMANTLING IN AMERICAN WAR ZONE IN GERMANY

Mr. BRIDGES. Mr. President, on behalf of myself and the Senator from Mississippi [Mr. EASTLAND], I ask unanimous consent to introduce for appropriate reference a joint resolution providing for the discontinuance of further plant dismantling in the American war zone in Germany, and I request that it be printed in the RECORD.

There being no objection, the joint resolution (S. J. Res. 165) providing for the discontinuance of further plant dismantling in the American war zone in Germany, and for other purposes, introduced by Mr. BRIDGES (for himself and Mr. EASTLAND), was received, read twice by its title, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

Whereas the American zone of occupied Germany constitutes today a deficit economy calling for large appropriations by the United States; and

Whereas there are proposals on foot for having the United States assume similar expenditures in the British zone of occupied Germany, which has been economically merged with the American zone into the so-called bizone; and

Whereas it is imperative that these expenditures be no larger than necessary so as not to further burden the American taxpayer; and

Whereas a new level of industry has been agreed upon for the bizone since the Potsdam policy for Germany has not proved workable; and

Whereas occupied Germany and more especially the bizone are an integral part of the program for Europe's economic reconstruction now being considered by the Congress; and

Whereas the potential industrial productive capacity of the bizone would be seriously

reduced by the dismantling of 682 plants declared surplus and available for reparations; and

Whereas it is doubtful that the plants, if removed, could be successfully integrated into the productive facilities of the recipient countries, without great loss of time and efficiency; and

Whereas the net productive capacity of all western Europe would be thereby reduced, at the expense of the American taxpayer: Therefore be it

Resolved, etc., That the Secretary of Defense is directed to issue orders to the military and civilian personnel of the United States engaged in the occupation of Germany to discontinue immediately all plant dismantlings and prevent the commencement of any new dismantling, in the United States zone of Germany, until the Congress shall have had an opportunity to investigate and determine which plants are clearly non-convertible war plants and to study the economic effects of any such dismantling upon the proposed expenditures to be incurred in connection with the economic reconstruction of western Europe, including Germany. No such dismantlings shall thereafter be resumed except as specifically approved by law, and pending the enactment of such legislation, the plants now in existence shall be utilized to their fullest possible capacity for peacetime production in the interest of building up a self-supporting Europe, independent of American aid: *Provided*, That in no event shall dismantlings be commenced or carried on with a view to shipment to Russia or any of her satellite countries unless specifically approved by law in each case.

SEC. 2. The President is requested, in view of proposed American aid to the British zone of Germany, to suggest to the British Government that it adopt similar policies with respect to plant dismantling in the British zone, and to further suggest that adequate machinery be set up for American participation with respect to investigation and review as to the character of individual plants in the British zone.

SEC. 3. (a) There is hereby established a joint congressional committee to be composed of five Members of the Senate, to be appointed by the President pro tempore of the Senate, and five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. A vacancy in the membership of the committee shall not affect the powers of the remaining members to execute the functions of the committee, and shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members.

(b) The committee, acting as a whole or by subcommittee, shall carry on a continuing review and study as contemplated by this joint resolution, with a view to advising the Congress on matters for which congressional approval is required under this joint resolution. The committee shall from time to time report to the Senate and the House of Representatives the results of its studies and investigation, together with such recommendations as it may deem advisable with respect to the dismantling of the plants under consideration.

(c) The committee shall have the power, with regard to the civil-service laws and the Classification Act of 1923, as amended, to employ and fix the compensation of such officers, experts, and employees as it deems necessary for the performance of its duties, including consultants who shall receive compensation at a rate not to exceed \$35 for each day actually spent by them in the work of the committee, together with their necessary travel and subsistence expenses. The committee is further authorized, with the consent of the head of the department or agency concerned, to utilize the services, in-

formation, facilities, and personnel of all agencies in the executive branch of the Government, and may obtain the advice of independent experts, regardless of nationality, and the information, advice, and recommendation of representatives of business, industry, finance, and labor in the United States.

(d) The committee, or any subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Eightieth Congress; to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer oaths; to take such testimony; to have such printing and binding done; and to make such expenditures as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per 100 words. Subpenas shall be issued under the signature of the chairman or vice chairman of the committee and shall be served by any person designated by them.

(e) The members of the committee shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the committee, other than expenses in connection with meetings of the committee held in the District of Columbia during such times as the Congress is in session.

(f) The expenses of the joint committee, which shall not exceed \$50,000, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman.

AMENDMENT OF RULE RELATING TO COMMITTEE SERVICE—AMENDMENT

Mr. LODGE (for himself and Mr. BALDWIN) submitted an amendment in the nature of a substitute intended to be proposed by them, jointly, to the resolution (S. Res. 149) prohibiting chairmen of certain committees from serving as members of other committees, which was referred to the Committee on Rules and Administration, and ordered to be printed.

SECOND DECONTROL ACT OF 1947—REFERENCE OF A BILL

Mr. WHITE. Mr. President, at the last session of the Senate, December 12, 1947, there was a discussion with reference to the bill (S. 1842) to amend the Second Decontrol Act of 1947. After somewhat prolonged debate it was agreed that the Committee on the Judiciary should be discharged from further consideration of that bill. I now ask unanimous consent that the bill be referred to the Committee on Banking and Currency.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PRINTING OF ECONOMIC REPORT ON FOOD PRICES, PRODUCTION, AND CONSUMPTION

Mr. TAFT. Mr. President, I ask unanimous consent to have printed as a Senate document a report prepared by the staff of the Joint Committee on the Economic Report on Food Prices, Production, and Consumption, with such additions, to bring it up to date, as the staff is now preparing.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MAJORITY MEMBERS OF COMMITTEE ON AGRICULTURE AND FORESTRY

On motion of Mr. ROBERTSON of Wyoming, and by unanimous consent, it was

Ordered, that the majority members of the Committee on Agriculture and Forestry shall be the following: ARTHUR CAPPER, of Kansas, chairman; GEORGE D. AIKEN, of Vermont; HARLAN J. BUSHFIELD, of South Dakota; GEORGE A. WILSON, of Iowa; MILTON R. YOUNG, of North Dakota; EDWARD J. THYE, of Minnesota; JAMES P. KEM, of Missouri.

ADDRESS BY SENATOR TAFT AT TWO HUNDREDTH ANNIVERSARY DINNER OF THE ST. ANDREW'S SOCIETY OF PHILADELPHIA

[Mr. TAFT asked and obtained leave to have printed in the RECORD an address delivered by him at the two-hundredth anniversary dinner of the St. Andrew's Society at Philadelphia, December 1, 1947, which appears in the Appendix.]

CAN AMERICAN DOLLARS SAVE EUROPE FROM COMMUNISM?—ADDRESS BY SENATOR BALL

[Mr. BALL asked and obtained leave to have printed in the RECORD an address entitled "Can American Dollars Save Europe From Communism?" delivered by him on December 13, 1947, at Philadelphia, Pa., before the Philadelphia Foreign Policy Association, which appears in the Appendix.]

JUSTICE FOR POLAND—ADDRESS BY SENATOR LODGE

[Mr. LODGE asked and obtained leave to have printed in the RECORD a radio address on the subject Justice for Poland, delivered by him on November 30, 1947, which appears in the Appendix.]

RECLAMATION—ADDRESS BY SENATOR WHERRY

[Mr. MCFARLAND asked and obtained leave to have printed in the RECORD an address on the subject of reclamation, delivered by Senator WHERRY at a meeting of the National Reclamation Association, in Phoenix, Ariz., October 30, 1947, which appears in the Appendix.]

WESTERN DEVELOPMENT: THE NATION'S KEY TO PROSPERITY—ADDRESS BY THE SECRETARY OF THE INTERIOR

[Mr. MCFARLAND asked and obtained leave to have printed in the RECORD an address entitled "Western Development: The Nation's Key to Prosperity," delivered by Hon. J. A. KRUG, Secretary of the Interior, at the 1947 annual convention of the National Reclamation Association in Phoenix, Ariz., which appears in the Appendix.]

HOW FAR IS IT TO WATER?—ADDRESS BY THE SECRETARY OF AGRICULTURE

[Mr. MCFARLAND asked and obtained leave to have printed in the RECORD an address entitled "How Far Is It to Water?" delivered by Hon. Clinton P. Anderson, the Secretary of Agriculture, at a meeting of the National Reclamation Association at Phoenix, Ariz., on October 30, 1947, which appears in the Appendix.]

INFLATION—STATEMENT OF REPUBLICAN POLICY COMMITTEE

[Mr. TAFT asked and obtained leave to have printed in the RECORD a statement of the Republican policy committee on the subject of inflation, which appears in the Appendix.]

INCENTIVES TO SELL WHEAT—EDITORIAL FROM NEBRASKA FARMER

[Mr. BUTLER asked and obtained leave to have printed in the RECORD an editorial entitled "Incentives To Sell Wheat," published in the Nebraska Farmer for December 6, 1947, which appears in the Appendix.]

PLIGHT OF WIDOWS OF WORLD WAR I—ARTICLE FROM THE ST. PETERSBURG LEGIONNAIRE

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "Plight of Most Widows of World War I," from the St. Petersburg Legionnaire for October 1947, which appears in the Appendix.]

LEAVE OF ABSENCE

Mr. WHITE asked and obtained consent that Mr. MALONE be excused from attendance on the session today because of official business.

HEARING ON OIL BY SUBCOMMITTEE OF SMALL BUSINESS COMMITTEE

Mr. IVES. Mr. President, I ask unanimous consent that the Subcommittee on Oil of the Small Business Committee of the Senate be permitted to hold a hearing this afternoon.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. HICKENLOOPER. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	O'Connor
Ball	Hawkes	O'Daniel
Barkley	Hayden	O'Mahoney
Bricker	Hickenlooper	Overton
Bridges	Hoe	Pepper
Brooks	Holland	Reed
Buck	Ives	Revercomb
Bushfield	Jenner	Robertson, Va.
Butler	Johnson, Colo.	Robertson, Wyo.
Byrd	Johnston, S. C.	Russell
Cain	Kem	Saltonstall
Capehart	Knowland	Smith
Capper	Langer	Stennis
Chavez	Lodge	Stewart
Connally	Lucas	Taft
Cooper	McCarran	Taylor
Cordon	McCarthy	Thomas, Okla.
Donnell	McClellan	Thomas, Utah
Downey	McFarland	Thye
Dworshak	McGrath	Tydings
Eastland	McKellar	Umstead
Eaton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Ferguson	Maybank	White
Flanders	Millikin	Wiley
Fulbright	Moore	Williams
George	Morse	Wilson
Green	Murray	Young
Gurney	Myers	

Mr. WHITE. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent on official business.

The Senator from Maine [Mr. BREWSTER] is necessarily absent.

The Senator from Nevada [Mr. MALONE] is absent by leave of the Senate because of official business.

The Senator from Pennsylvania [Mr. MARTIN] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from Nebraska [Mr. WHERRY] is absent by leave of the Senate because of a death in his family.

Mr. LUCAS. I announce that the Senators from Alabama [Mr. HILL and Mr. SPARKMAN] and the Senator from West Virginia [Mr. KILGORE] are absent on public business.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDING OFFICER (Mr. DONNELL in the chair). Eighty-six Senators having answered to their names, a quorum is present.

INTERIM EUROPEAN AID PROGRAM— CONFERENCE REPORT

Mr. VANDENBERG. Mr. President, I have asked Senators to permit the conference report on the interim aid program to be considered first today, because it must go to the House and be acted on in the House this afternoon. I submit the conference report, and ask for its present consideration.

The PRESIDING OFFICER. The conference report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Foreign Aid Act of 1947.'"

"SEC. 2. It is the purpose of this Act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of hunger and cold and prevent serious economic retrogression.

"SEC. 3. The President, acting through such existing departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds herein authorized to any such existing departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, whenever he finds it in furtherance of the purposes of this Act and upon the terms and conditions set forth in this Act—

"(a) procure, or provide for the procurement of, from any source—

"(1) food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed, delivered in a recipient country on or after the date of the enactment of this Act; and

"(2) incentive goods, consisting of commodities not in short supply in the United States, including Government-owned stocks, to be used, distributed, or sold in a recipient country, under a specific agreement previously entered into pursuant to section 5 (g) to increase the production or distribution of locally produced commodities referred to in paragraph (1) of this subsection (a): *Provided*, That not more than 5 per centum of the funds made available under the authority of this Act may be used to procure such incentive goods;

"(b) transport and store, or provide for transportation and storage of, such commodities;

"(c) transfer such commodities to any recipient country;

"(d) incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

"SEC. 4. The President shall promulgate regulations controlling the purchase or procurement of commodities under this Act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchase or procurement upon the domestic price level: *Provided*—

"(1) That procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

"(2) That, except in the case of commodities not produced in commercial quantities in the United States, not more than 10 per centum of the funds made available under the authority of this Act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States: *Provided further*, That no funds made available under the authority of this Act shall be used by any procurement agency of the United States Government for the purchase, within the United States and its Territories and possessions, of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to Act of July 1, 1941, 55 Stat. 498, as amended) at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made;

"(3) That the President shall, in making a finding of short supply in the United States, consider (a) the drain upon natural resources, and (b) the effect of the necessary procurement upon domestic prices;

"(4) That the procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

"SEC. 5. Before any commodities are made available to any recipient country under the authority of this Act, an agreement shall be entered into, subject to the limitations and provisions of this Act, between such country and the United States containing an undertaking by such country—

"(a) to make efficient use of any commodities made available under the authority of this Act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

"(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this Act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States, and under agreement by the government of the receiving country that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed between such country and the Government of the United States;

"(c) to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this Act;

"(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this Act, and to furnish on March 31, 1948, or as soon as practicable thereafter, information showing—

"(1) an itemized list of commodities made available with funds provided under this Act;

"(2) the total amount of money received by such country from the sale of commodities made available under this Act and the average price charged per unit for each commodity;

"(3) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this Act; and

"(4) such other information concerning the distribution and use of commodities made available under this Act as may be requested by the President;

"(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this Act; and, where necessary, to distribute to indigent and needy persons their fair share of all available food supplies;

"(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this Act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

"(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of incentive goods, made available to it under the authority of this Act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a);

"(h) not to export or permit removal from such country, while need therefor continues, of commodities made available under the authority of this Act or commodities of the same character produced locally or imported from outside sources, except to the extent agreed upon by the Government of the United States;

"(i) to permit representatives of the Government of the United States, including such committees of the Congress as may be authorized by their respective Houses, to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this Act;

"(j) to permit representatives of the press and radio of the United States to observe and report on the distribution and utilization of the commodities made available under this Act and the special account provided for in subsection (b) of this section.

"SEC. 6. The President shall promptly terminate the provision of aid under this Act for any country (a) whenever he determines that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this Act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this Act is no longer necessary or desirable; or (c) whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States.

"SEC. 7. All commodities made available under the authority of this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or

made available by the United States of America.

"SEC. 8. Wherever reference is made, in this Act, to commodities made available under the authority of this Act, such reference shall be deemed to include commodities procured with credits made available to a recipient country under the authority of this Act.

"SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such aid as they may be able to furnish.

"SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this Act: *Provided*, That nothing in this Act shall be deemed to authorize the issuance of any proclamations, orders, rules, or regulations in any way controlling production or prices or allocating deliveries of any commodity within the United States. He may delegate to the Secretary of State any of the powers or authority conferred on him under this Act. In accordance with the direction of the President, the responsibility for administering in the recipient countries the program of assistance provided for in this Act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress). The provisions of subsections (i) and (j) of section 5 of this Act shall not apply to distribution of commodities in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that commodities furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the purposes of this Act. No citizen or resident of the United States shall serve under this Act as a United States representative, observer, or adviser until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation. The field administrator may, when he finds it essential to the purposes of this Act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

"SEC. 11. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

"(b) Notwithstanding any other provision of this Act, none of the funds authorized or made available under this Act shall be used or made available for use for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

"(1) survey the requirements of other countries which are dependent upon the United States for a portion of their supplies of such commodities;

"(2) estimate the quantities of such commodities which will probably be made available to such countries from the United States; and

"(3) estimate the total amount of such commodities available for export from the United States to the recipient countries, after giving due consideration to the quantity thereof required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such

commodities. In estimating the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than one hundred and fifty million bushels to protect the economy of the United States from inflationary prices and to insure against a scarcity of bread for domestic consumption during the twelve-month period beginning July 1, 1948.

"The funds authorized herein shall not be made available or used to acquire a quantity of wheat, wheat flour and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the United States, will leave a carry-over of less than one hundred and fifty million bushels of wheat on July 1, 1948, unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

"(c) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

"(d) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$150,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection.

"(e) Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid under this Act or any other Act providing for assistance and relief to foreign countries, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. Any such agency shall report to the Congress on March 31, 1948, or as soon as practicable thereafter, the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses.

"SEC. 12. Personnel employed to carry out the purposes of this Act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

"SEC. 13. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this Act have been completed, shall transmit to the Congress a report of operations under this Act. All information received pursuant to undertakings

provided for by section 5 (d) of this Act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

"SEC. 14. The functions, applicable records, and funds provided for the purposes of carrying out this Act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act.

"SEC. 15. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act.

"SEC. 16. (a) Clause (1) in the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), is amended to read as follows: "(1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments, including the United States;"

"(b) The amendment made by subsection (a) of this section shall take effect as of May 31, 1947.

"SEC. 17. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

"SEC. 18. Nothing in this Act shall be construed to make inapplicable, in the case of commodities procured under the authority of this Act, the authority to prohibit or curtail exports granted by section 6 of the Act of July 2, 1940 (Public Law 703, Seventy-sixth Congress), as now in force or as hereafter amended."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill.

A. H. VANDENBERG,
ARTHUR CAPPER,
WALLACE H. WHITE, Jr.,
TOM CONNALLY,
WALTER F. GEORGE,

Managers on the Part of the Senate.

CHARLES A. EATON,
JOHN M. VORYS,
KARL E. MUNDT,
SOL BLOOM,
JOHN KEE,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. VANDENBERG. Mr. President, I think I can dispose of this matter with a very brief statement, inasmuch as the conference report, which is unanimously signed by all the conferees of both the House and Senate, substantially preserves everything that was in the Senate bill, and the chief differences in the proposed legislation are the result of additions to the bill after the Senate had acted.

The first and perhaps most important change is the addition of China to the list of recipient countries. The Senate will recall that China was not included in the Senate bill; it was put into the bill by the House of Representatives. The Senate conferees shared all the feelings of the House of Representatives that China, in connection with her difficulties,

richly deserves consideration and attention, which she has not received; though it was the Senate view that this particular bill was not the preferable place in which to meet that unliquidated obligation. But the attitude of the House on the subject was obviously important, and it was the view of the Senate conferees that since China had been added to the bill by the House, it would be distinctly misunderstood and would be almost an act of negation in respect to China, if it were not also recognized by the Senate conferees in the ultimate conference report. Therefore, China is included among the recipient countries. It is included, however, with a clause which indicates:

To the extent that any funds may be made available under provisions of any other act heretofore or hereafter passed relating to China, any funds reserved under this act for China may be used for aid to the other countries named in section 2 of this act.

In other words, the reservation contemplates the fact that under Public Law 84, which was the post-UNRRA aid bill there is still available \$18,000,000 of authorized relief, which can be appropriated for China under that act. It is recognized also that the \$30,000,000 of aid which was made available to China under Public Law 84 is only now in process of delivery and will be available during the first 3 months of next year.

It was further recognized that the State Department has promised to submit a complete program for aid to China the first of the year, and if any appropriations are made under that plan, the proviso permits equivalent deductions to be made from allocations out of this fund. Senators will remember that in the bill we are now considering there are no specific allocations to any country. On the contrary, it is specifically provided:

This act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

Therefore, the inclusion of China simply means that China is within the jurisdiction of the appropriating committees, along with the other three countries, for such action as, in terms of dollars and cents, the Congress ultimately decides to take. The total figure remains at \$597,000,000, which was the figure established in the Senate bill.

The next most important addition to the bill is the addition of the House provision respecting preliminary and temporary advances from the Reconstruction Finance Corporation, pending the time when actual appropriations can implement the pending authorization. It is precisely the same provision which was put into Public Law 84 by both the Senate and the House, in order to cover time lapse and permit prompt implementation of the legislation.

I may interrupt my narrative by saying that Senators will find upon their desks the printed report of the House managers and a complete text of the amended bill, to which they may refer in this connection.

In addition to the China and RFC amendments, the next amendment which the Senate conferees accepted relates to

so-called incentive goods. There was no provision in the Senate bill for incentive goods. The House bill contained a provision to permit the use of incentive goods, with the thought of increasing production in recipient countries. A purely permissive amendment has been written into the conference report, which provides that not more than 5 per cent of the proceeds of the legislation can be used for incentive purposes.

In connection with offshore procurement, the net result is as follows: Under the Senate bill not more than 25 per cent of the commodities involved in the procurement program could be secured offshore, regardless of price. In some respects the provisions of the House bill were more restricted than this; in other respects they were more liberal. In any event the compromise is as follows:

The conference has agreed to the House provision so that offshore procurement is permitted whenever goods can be bought abroad cheaper than in the United States.

I underscore the phrase "cheaper than in the United States."

The amendment of the House version also includes a provision that not more than 10 percent of the funds available, instead of 25 percent as provided in the original Senate language, may be used to procure commodities abroad when the delivered cost from foreign sources is higher than from the United States. Such items must be in short supply or not readily available in the United States before they can be procured on such terms.

The petroleum provisions remain the same as in the Senate bill.

A very interesting amendment was added by the House which I think the Senate will heartily approve, and the Senate conferees were very glad to agree to the change that was made in the so-called use of price-supported commodities. Senators will recall that this amendment was submitted by the Senator from California [Mr. KNOWLAND] and was supported by numerous Senators who rose to express their keen interest in the particular amendment. In fact, I think it was an amendment in which Members of the Senate displayed more interest than in any others. The Senate amendment not only stands, but stands with an increased authority, because in the Senate original language the word "may" was used, and in the conference report the word "shall" is used in respect to the application of this provision, limited only by finding of appropriateness on the part of the President.

Furthermore, the bill as passed by the Senate did not apply to anything except relief under the act, whereas it has now been broadened to include relief under any act, so that the Commodity Credit clause now applies to relief under the Army's occupation responsibilities in Germany, and so forth.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BRIDGES. The conference report, I assume, contains this language as found in the House bill:

Any such agency shall report to the Congress on March 31, 1948, or as soon as practicable thereafter, the amount of losses in-

curred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses.

Of course that is a wide-open authorization, and it is really a blank check. It is conceivable that such action could run into a very substantial amount of money. I wonder if the Senator feels that insertion of that provision, without any limitation whatsoever, is a sound procedure.

Mr. VANDENBERG. It is the opinion of the Senator from Michigan that this provision is limited by the language defining the operations of the Commodity Credit clause, and that obviously even the Senate version of the amendment had to be implemented in some fashion. In my mind the only question raised by the able Senator from New Hampshire is that the language has been broadened to include the application of the Commodity Credit device to other relief goods. On the other hand, it is entirely confined, as the Senator will probably recall, to price-supported commodities which, at the moment, I believe, include potatoes, a few dried fruits and dried eggs. The list is exceedingly limited. Therefore, I would say to the Senator that, as I see it, there is a very definite limitation upon this provision.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. Certainly.

Mr. KNOWLAND. I might also say to the Senator from New Hampshire that the expense involved under the provision grows out, I think, not from the amendment adopted by the House of Representatives, but rather from the price support program itself. The Commodity Credit Corporation has these commodities in hand, and if no method is provided by which they can dispose of them, then we may find that the same thing will happen that happened in the case of potatoes—they will have to be destroyed, and instead of securing the caloric value of wheat from these commodities they will constitute a total loss, which eventually will have to be made up by someone. So, in addition to the saving of approximately 100,000,000 bushels of wheat, as the Secretary of Agriculture testified, by the use of these substitute foods, which is one factor that should hold down the price of wheat, it is a conservation measure in that it will prevent the wastage of this food, plus the third factor, that until there is a hard currency in these countries, it will result in opening up the normal markets which American agriculture has had for its products.

Mr. BRIDGES. Mr. President, will the Senator again yield?

Mr. VANDENBERG. I yield.

Mr. BRIDGES. I may say that I raised the question because of the open features of the provision, upon which the Senator from Michigan has explained his position and the Senator from California has explained his.

Mr. PEPPER. Mr. President, will the able Senator from New Hampshire speak a little louder so we on this side of the chamber may hear him?

Mr. BRIDGES. The Senator from Michigan has explained his view of the limitation, and the Senator from California has explained in general about the possibilities under this provision of the bill. My point is that the cost of interim aid might advance by a very substantial amount as the result of the procedure outlined, and particularly the canceling features. I rose to point that out rather than to protest too much, for the estimates as to the ultimate cost which have been given to me are that they might run \$100,000,000 or even \$200,000,000 more than the actual figure contained in the bill.

Mr. VANDENBERG. If I may, I should like to interrupt the Senator to say that we gave consideration to figures of that character in the meeting of the conference. Concededly, no one knows what is involved because no one knows to what extent surplus commodities which are under price control will or can be used, inasmuch as it is necessary that their use should be appropriate, and inasmuch as it is necessary that they must meet comparable caloric need. But whatever the amount of surplus commodities involved may be, I submit to the able Senator from New Hampshire, it is not calculated to be a charge upon the Treasury at all. What it represents is the salvage and some valuable use of commodities which otherwise are calculated simply to be destroyed in a manner which I know the Senator agrees the American people cannot understand. Therefore I do not believe it is possible to attach a loss figure to this particular paragraph.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Allow me to suggest to the Senator from New Hampshire that there would not be any actual increased obligation on the Treasury. The Treasury has already paid for these commodities, probably at an inflated price, in order to encourage their production, but the Treasury has the commodities. The Treasury is out the purchase money. The transfer to the agency in question would not increase the obligation at all, as I see it, because if we do not take this action ultimately the Treasury would either be out the whole cost, if the commodities were burned or otherwise destroyed, or the Treasury would be out the difference between what it paid for them and the depreciated price at the present moment. So, as I see it, the proposed action does not increase the obligation on the Treasury, nor does it in any sense increase the outlay in cash proposed by the bill.

Mr. VANDENBERG. I think the Senator from Texas is completely correct. The only question involved, as the Senator from Michigan sees it, is whether or not a helpful use can be found for commodities which otherwise probably would be destroyed.

Mr. CONNALLY. The agency will not use them unless they find that they are helpful. The Commodity Credit Corporation will still have its arms around them, so there may be a loss of the entire amount.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. SALTONSTALL. Following up what the Senator from New Hampshire has said, I should like to ask a question of the Senator from Michigan. I shall ask him whether a certain matter was considered in the conference. I was one of those who approved of the theory of the amendment, and I hope the problem can be worked out. I call the Senator's attention to a speech made by the Honorable JACK Z. ANDERSON, Representative from the State of California, which appears on page A-4851 of the Appendix, and which gives a list of the commodities expected to be available, based upon their caloric equivalents in wheat, through June 30, 1948.

I agree with what the Senator from California said, that if these articles are to be destroyed, we want to save what we can. Take frozen eggs as an example. Frozen eggs, processed, cost the CCC 32.34 cents, and yet they are to be sold for 2.50 cents, or about one-sixteenth, under this caloric estimate. These figures are difficult to understand, and I wish to be corrected if I am in error. The cost of all these commodities to the Commodity Credit Corporation is approximately \$142,988,000. They are equivalent in calories to 9,884,000 bushels of wheat, of 90-percent extraction. The cost of 10,000,000 bushels of wheat, in round figures, at \$3 a bushel, is \$30,000,000. The cost of these articles is \$142,000,000. That would mean a loss to the Government somewhere, if all these articles were to be used for this purpose, of \$112,000,000. Assume that the Commodity Credit Corporation takes some of that loss. We are authorizing expenditures of \$597,000,000. If we are to pay, from these authorized sums, for articles which have a much less caloric content than wheat, will not the ultimate result be that we shall be able to buy less food for people abroad, because there will be less money with which to buy it?

Mr. VANDENBERG. I submit to the Senator from Massachusetts that that is a question which would have been pertinent and competent when the clause originally went into the bill. This clause went into the bill by the enthusiastic vote of the Senate, and it was the duty of the Senate conferences to preserve it and bring it back. Here it is.

Mr. SALTONSTALL. As I understand, this amendment is a "shall" if it is appropriate.

Mr. VANDENBERG. Yes. The last phrase which the Senator has used is a very important limitation.

Mr. SALTONSTALL. What we really have to rely on to get the full value out of this money abroad, with as little loss as possible to the Government through the CCC, is the discretion of the Secretary of Agriculture.

Mr. VANDENBERG. The Senator is correct. Let me ask the Senator from California, who was the author of this amendment—although I understand that numerous other Senators joined in it, particularly members of the Appropriations Committee—whether the form

in which the conferees have brought the section back is satisfactory.

Mr. KNOWLAND. It is satisfactory so far as I am concerned. I think there was no doubt about it. I am sure that members of the Appropriations Committee understood that if this policy were put into effect, somewhere along the line the Commodity Credit Corporation would have to be reimbursed. In the letter which I placed in the RECORD on the day when the amendment originally came up for consideration, the Secretary of Agriculture makes that plain. The only point is that under the original language of the Senate bill the Commodity Credit Corporation would have been required to come back to the Congress, through the Appropriations Committee, and ask for a specific appropriation. This provision gives authority to the Secretary of the Treasury to cancel notes of the equivalent amount. I believe that with the restrictions we have in the language, namely, the approval of the President plus the discretion of the Secretary of Agriculture and the Secretary of War, there are sufficient restraints to prevent the operation from getting out of hand.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. PEPPER. I regret very much that we could not hear all the remarks of the able Senator from Massachusetts in his colloquy with the distinguished chairman of the committee. Will the Senator be good enough to say what the last statement of the Senator from Massachusetts was, which the Senator from Michigan regarded as a sufficient statement?

Mr. VANDENBERG. The Senator from Massachusetts was raising a fundamental question regarding the philosophy of the entire amendment. The chairman of the committee suggested to him that that question would have been a little more pertinent at the time the Senate so enthusiastically voted the language into the bill and bound the conferees to protect it, which they are happy to report they have done. The limitation to which the chairman of the committee drew the attention of the Senator from Massachusetts is, "to the extent that such commodity is determined by the President to be appropriate for such purpose."

Mr. PEPPER. I wanted to keep the record straight. I was afraid I might have misunderstood the Senator from Michigan. I thought I heard him use the word "must"—that the price at which the agency may sell must be the equivalent of the domestic market value of the quantity of wheat having a caloric value equal to that of the commodity so disposed of. We are all aware of the fact that Government agencies often scrutinize very carefully the words used in debate, especially if they fall from the lips of the Senator from Michigan. If I correctly understood the Senator from Michigan to use the word "must," I invite his attention to the word "may" in the language, making it clear that the agency still has discretion as to the price

at which it sells a commodity. The criterion might be in the word "may."

Mr. VANDENBERG. I think the Senator is correct.

Mr. PEPPER. I warmly commend the Senate conferees for having improved the Senate provision. It has been expanded so as to include the relief program as well as the program contemplated under this bill. Also, I believe that some other salutary changes have been made. This amendment will go far toward meeting the criticism of some of our people that surpluses of some of our essential agricultural commodities bought up by the Commodity Credit Corporation are wasted because of nonuse. The committee has afforded an opportunity not only to help our own surplus situation, but to help the producers obtain a fair price. Today, the producers of citrus fruits are not receiving the cost of production. When they see an important nutritional element going to waste because we cannot find any way to put it into our program, it represents an anomaly. I am very glad that that criticism is to a very large degree being met. I commend the Senator.

Mr. VANDENBERG. I thank the Senator from Florida. He referred to the fact that the American people cannot understand what goes on in the congressional mind when it permits these commodities to be wasted. The word "wasted" can be expanded. When they are actually destroyed, the American people simply find the situation utterly imponderable.

Mr. REED. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. REED. I was one of the Senators who favored the insertion of this clause. The Commodity Credit Corporation has on hand a number of commodities which it has purchased in support of the market. Some of them are so-called Steagall commodities, and some are not. They were purchased under the discretion of the Secretary of Agriculture. It was desirable to get rid of them. There is no reason for the Commodity Credit Corporation to get them and perhaps have to destroy them, as it has destroyed other commodities. Such of these commodities as are useful ought to be sent to Europe. The Commodity Credit Corporation is willing. It was not my intention that this appropriation for relief should be penalized by reason of a higher price for caloric value in these commodities than would be required in the case of wheat. On the other hand, the Commodity Credit Corporation ought not to be asked to stand the loss. The clause as it was brought back from the conference is entirely satisfactory to me.

Mr. VANDENBERG. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. AIKEN. Mr. President, I should like to point out for the record that the shipping of dried fruits for specific uses will not be so burdensome to the American taxpayer as some people may believe, for the simple reason that the Government did not purchase these com-

modities at 90 percent of parity, or anywhere near that point. The Government has been buying raisins at \$130 a ton, or approximately 6½ cents a pound. The wholesale price last year, as I recall, was 15 cents a pound. The Government has been purchasing dried peaches and dried prunes at correspondingly low prices, at not more than half the present parity prices of those commodities. In the case of peanuts, which come under the Steagall amendment and under the laws of the Congress, they have had to pay, I assume, 90 percent of parity, or approximately 10 cents a pound. But in the case of dried fruits and fruit juices they have purchased at a ridiculously low figure. For instance, for apples to be used for canning and drying, the Government has been paying 38 cents a hundred pounds. I think I am correct in saying that the price has been 38 cents. That is approximately a third of a cent a pound. If those apples are dried and shipped abroad I am inclined to think that the caloric value at the price which the Government is paying will not be much more than would be that of some scarcer commodities which have an actually higher caloric value and which might be shipped.

Mr. BRIDGES. If the Senator from Massachusetts does not want to follow up this subject, I should like to ask some further questions.

Mr. SALTONSTALL. I should like to suggest to the Senator from Florida and the Senator from Michigan that if these foods are likely to be lost, because of the likelihood of decay, certainly they should be made use of abroad. My only question is whether they should go abroad at these very much reduced prices if and when the Commodity Credit Corporation has an opportunity perhaps to sell them at higher prices. I call to the Senate's attention the case of orange concentrate and fruit juices, 65 percent soluble. The price of orange concentrates to the Commodity Credit Corporation is 25 cents a pound after processing. That commodity has to be sold for relief purposes at the caloric value of wheat, at 3 cents a pound, making a loss to the Commodity Credit Corporation of 21.4 cents a pound on that one article. If the commodity is likely to be lost or destroyed because of rot, and the Commodity Credit Corporation can get more than those very few cents, then in my humble judgment it should do so, not only so that relief provided for people abroad may have, perhaps, an increased caloric value, but also in order that the Commodity Credit Corporation may take as little loss as possible on the commodities it has purchased.

Mr. PEPPER. Mr. President, if the Senator will allow me to say so, there are two answers to that suggestion.

Mr. VANDENBERG. One answer is sufficient.

Mr. PEPPER. One is the assumption that the Senator from Massachusetts is correct, that this fruit would really be destroyed. If this fruit is really being destroyed, the whole purpose of the Commodity Credit Corporation in taking up the surplus is to take it off the market. If it is to go out into the market and compete with other fruit being sold in

the market in a normal way, it tends to deplete the opportunity for a fair market. I am sure that in this case, it is a question of a useful assignment of the commodity being achieved, rather than its purposeful destruction or wilful waste.

The second point is that it is a protection policy which has been forced upon the Army by the limited appropriations made available which have limited the recipients of these foods to less than a balanced diet. In other words, we give them only a wheat diet. That is, of course, essential, but it is not adequate; it is not a balanced diet. So by allowing some of these other foods to go into the general diet we now make available, we give them a more nutritious diet and a food value which they do not otherwise get. We give them vitamins which they need and do not otherwise get. So we are saving an American commodity, which is important to our agricultural economy, and at the same time we are balancing the diet of the recipients.

Mr. VANDENBERG. This question was fundamentally settled by the Senate itself before the bill went to conference. If the conferees were here trying to explain why they had deserted the Senate's position I could understand the debate on the subject, but when we are here explaining our success in protecting it, I feel a little differently about it.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Is there anything in the bill which prevents the purchase of margarine under this program?

Mr. VANDENBERG. Not that I know of.

Mr. FULBRIGHT. I do not see it in this bill, but it used to be a very common restriction in most bills of this character.

Mr. VANDENBERG. It was in neither the bill passed by the Senate or the one passed by the House.

The next important addition to the bill is the so-called wheat carry-over provision. I am sure this will appeal to Senators, because, although the Senate took no action relating to that subject in its own bill, there was constant reference to an apprehension lest we were not providing sufficient protection for our own domestic needs.

The conferees have agreed to a House provision which places a limit on wheat exports and protects the wheat carry-over on a basis of 150,000,000 bushels as of July 1, 1948.

Wheat flour and cereal grain are not to be acquired or shipped from the United States unless the President shall (1) survey the requirements of other countries dependent upon the United States for a portion of their supply of such commodities, (2) estimate the quantity of such commodities which will probably be made available to such countries from the United States, and (3) estimate the total amount of such commodities available for export from the United States after giving due consideration to the quantity required in this country for food, feed, seed, and industrial uses, and for the needs of other countries depend-

ent upon the United States for their supplies of such commodities. In estimating available exports the President must allow for a wheat carry-over of not less than 150,000,000 bushels. The only latitude which he is allowed in that connection is the latitude that if a carry-over of less than 150,000,000 bushels is found after March 1, 1948, by the President, as a result of increased information, the nearer we approach the actual crop, the exports may be increased in view of crop prospects after 1948, with full protection of domestic needs.

In other words, there is a floor of 150,000,000 bushels of wheat by way of a domestic carry-over, which cannot be lowered except after March 1, 1948, as the crop figures indicate that the carry-over can safely be used with full protection of domestic needs, in the language indicated in the previous quotation which I have read.

I am sure the Senate will be glad that its conferees agreed to that provision.

Mr. KEM. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. KEM. I think this is an excellent provision. I regret, however, that the conferees thought it advisable to include the weasel words at the end of the paragraph, which, as I interpret them, give the President the right, in his discretion, to disregard this provision. The words to which I refer are as follows:

Unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

As I understand the situation, the estimate is merely a guess or a figure which is arrived at from the best information available. As I interpret that provision, it gives the President unbridled discretion to estimate and then to disregard the ceiling provision.

Mr. VANDENBERG. Mr. President, my comment in reply to my able friend from Missouri is, first, that there is no unbridled discretion given to the President by this amendment, because I respectfully submit that he is definitely and specifically bound by the congressional expression of intent which runs all the way through this provision. Furthermore, I call the Senator's attention to the date from which the President can change the figure, if it be deemed appropriate to do so—which is on and after March 1, 1948, which is 30 days after the termination of this act. I hesitate to enter into the field of agricultural discussion, because what I know about the subject is not too profound; but it is my understanding that after March 1, a national figure is made public by way of an estimate of intention to plant, and that somewhere in the period shortly following March 1 it is possible officially and with considerable reliance to reassess the prospects of a wheat crop. If that prospect on the basis of official information indicates that the carry-over does not need to be 150,000,000 bushels, the President is justified in reducing the figure. But I am unable to believe, under the entire

intent of the paragraph as it is written, that any President would find it possible to use unbridled discretion in connection with the administration of the section.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CORDON. I also am interested in the provision for retaining a reasonable carry-over of wheat in the United States. I say to the Senator from Michigan most frankly that in my humble opinion the provision written into this part of the measure, in so far as it is a limitation upon the amount of grain which may be available under the Act, is of little effect, if any. The provision of limitation goes to March 1, 1948; that is the absolute limitation.

Mr. VANDENBERG. The Senator from Oregon means, does he not, that on March 1, 1948, it could be revised in the face of official figures?

Mr. CORDON. Exactly. That means that the limitation is absolute until March 1, 1948.

Mr. VANDENBERG. That is correct.

Mr. CORDON. Mr. President, I have seen no figures from any source indicative of any intent to ship any grain out of this country or to purchase grain for shipment up to March 1, 1948, that would approach a figure which would impair the 150,000,000 bushel carry-over.

Mr. VANDENBERG. That is also the opinion of the conferees.

Mr. CORDON. So March 1, 1948, is meaningless insofar as this section is concerned, and therefore the section, so far as its legal effect is concerned, reads that the 150,000,000 bushel carry-over shall be maintained unless the President, under the limitations previously provided, finds that it can be decreased.

Mr. VANDENBERG. With full protection of domestic needs.

Mr. CORDON. Of course that, again, is the matter to which I referred in connection with subparagraphs (1), (2), and (3).

Mr. President, there would have been purpose in putting in a date, had the date been set far enough into 1948 so as to give the President the official information to which the distinguished Senator from Michigan adverted a few moments ago; but that information is not available until the 1st and the 10th of May. These two dates are the dates when the official information is made available by the Department of Agriculture, with reference to the prospects of the grain crop in the United States. I cannot believe that the amount of grain to be made available in this country is going to be varied to any great extent by the prospects in other portions of the world. The only grain that can be made available before our crops come in would be the grain from the lower Mediterranean countries, and that would come in during May and June of the current year.

Frankly, I do not know how the limitation which I should like to see placed in the act can be placed in it. I am hopeful that a clearer statement of the views of Congress may be included in committee reports in connection with the appropria-

tion itself. I should like to see specific language in the bill; but, Mr. President, after having done the best I could with it, and after having sought advice from those who are experts in the grain business, I say frankly that I have not been able to see how we can write into this measure the specific prohibition which is needed, in view of the several contingencies which may develop and the indefiniteness of any provision which might be written in regard to them, so far as setting forth information as a condition precedent is concerned.

I am not going to object to the provision. However, I felt that we should understand that it is more or less of a reiteration of the provisions of subparagraphs (1), (2), and (3) of paragraph (b) of section 11, insofar as the prohibition following those subparagraphs is concerned.

Mr. VANDENBERG. Mr. President, I thank the Senator from Oregon for his comments. Of course, I remind him that the conference was not in a position to legislate originally on this subject. The Senate did not legislate upon it at all, and all the conferees could do was to act within the circumference of the House action. I am sure the Senator from Oregon will agree that at least this is better than nothing.

Mr. CORDON. Yes; and, of course, it indicates, at least, that the greatest possible care should be given to the carry-over. As to that, I agree with the Senator from Michigan.

Mr. KEM. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. KEM. I should like to ask whether this provision contemplates that the President will make an estimate of the wheat available by March 1, 1948.

Mr. VANDENBERG. This contemplates that the President will obtain, through the Secretary of Agriculture, all the information, set out in detail, regarding the wheat prospects and the wheat carry-over.

Mr. KEM. Will that information be made public?

Mr. VANDENBERG. I assume that the President will act on the basis of public information.

Mr. KEM. As the Senator from Michigan has said, the usual report is available in May.

Mr. VANDENBERG. Yes. Of course, May figures would be of no use to an act which expires in March.

Mr. KEM. Naturally. But a March figure might be of great use to those who were inclined, in advance of May, to make a personal profit upon the basis of the information.

Mr. VANDENBERG. I cannot disagree with the Senator from Missouri as to that. But I agree that an indictment is to be placed against all persons who, whether they act on information or otherwise, act at all in the speculative grain markets. Such action is unconscionable.

Mr. KEM. Let me express the hope that whenever such information is available it will be made public.

Mr. VANDENBERG. Mr. President, I think I have now about concluded my

statement. Two other additions have been made to the protections in the bill, both of which I am sure the Senate will approve.

In connection with the optional termination of the act, in the event of certain untoward circumstances, the Senate will note that the conference report makes this contingency even clearer than did the Senate text, when it says that the President shall terminate aid to any country "whenever he finds, by reason of changed conditions, that the provision of aid under this act is no longer necessary or desirable; or (c) whenever he finds that because of changed conditions aid under this act is no longer consistent with the national interests of the United States."

Then an additional provision is taken from the House text which reads:

No citizen or resident of the United States shall serve under this act as a United States representative, observer, or adviser until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation.

There are a few other changes which are minor. For instance, the junior Senator from Michigan [Mr. FERGUSON], my colleague, I think on behalf of the Committee on Appropriations, submitted a rather long amendment seeking to make sure that certain Congressional committees would be allowed authority to have access to all official information regarding the administration of the act at home and abroad. The precise language used in the original Senate amendment has been changed to read as follows:

To permit representatives of the Government of the United States, including such committees of the Congress as may be authorized by their respective Houses, to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this act.

Mr. President, I think I have covered practically every substantive issue involved in the report.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from New Hampshire.

Mr. BRIDGES. I should like to ask the distinguished chairman of the Committee on Foreign Relations a little about China. China has been included in the conference report, as it was in the bill which passed the House.

Mr. VANDENBERG. Was the Senator present when I spoke of that?

Mr. BRIDGES. Yes. The matter is apparently left to the Committee on Appropriations for action. Inasmuch as the Committee on Foreign Relations acted on this matter, I should like a little guidance. For background, let me say to the distinguished Senator that the Committee on Appropriations, for the first time in the history of Congress, so far as I know, has "jumped the gun" as far as hearings are concerned. We have held our hearings before even a bill is before us. We concluded our formal hearings Friday night. It would seem to me that if the decision is to be left to the Committee on Appropriations, then we must reopen our hearings and go into the subject of China. If that

is the course of procedure we should follow, can the Senator give us any indication of the feelings of his committee as to the desirability of doing that, or what the general program should be from the policy-making position?

Mr. VANDENBERG. Mr. President, I recognize the Senator's dilemma, and I am sure the situation described by him is one of the reasons why Senators who are deeply interested in China as one of the critical spots in our world problem did not originally press for the inclusion of China in the interim-aid bill.

Money without a plan is "rat hole" money; there is no doubt about that. Under the proposed act there is no available plan for the use of money for China, except as one goes back to Public Law 84 and supplements the relief which is provided for China under that act.

I say to the Senator now that when that point was brought to the attention of the House conferees, they produced the record of a colloquy which occurred on the floor of the House between the Representative who was the sponsor in the House for the amendment regarding China and the Representative who is chairman of the House Committee on Appropriations. My understanding of that colloquy was that the Committee on Appropriations of the House will not be asked to make a specific allocation of funds to China under the interim-aid act, but that this authorization will hold over until the China plan shall arrive as promised by the State Department in January; in other words, that there would simply be a set aside to China under this particular act.

The Senator will then note that it is provided that when subsequent legislation provides a definite and specific China plan, any appropriations made under it can be charged against whatever reserve is made in the bill we are considering, and those funds will be released to the original recipient country.

Mr. BRIDGES. It is rather tragic that, inasmuch as the story of China is well known and present conditions having existed for years, the State Department has no known plan for China.

Mr. VANDENBERG. The Senator knows the viewpoint of the Senator from Michigan on that subject. The Senator from Michigan has for some time been out of harmony with our official attitude toward China. He has repeatedly urged a different attitude. He welcomed the fact that the Secretary of State, in presenting his plan for interim relief, added a prospectus in behalf of China. A prospectus is at least something more encouraging than what we have had up to date.

On the basis of that prospectus, there is sound reason, in my opinion, for postponing all congressional action in behalf of China until the State Department plan arrives, because the chairman of the committee believes in plans ahead of appropriations. But the chairman of the committee also believes—and I submit this to the opinion of the Senator from New Hampshire—that since the House had opened the door to the extent, for the first time in quite a while, of identifying China as one of the essential beneficiaries of American atten-

tion in its effort to defend the right of free people to live in a free world, it would be highly liable to misunderstanding if, the door having been opened by the House, the Senate slammed it shut with no action whatsoever. In my opinion, that would represent a double prejudice which none of us, whether we agree to the particular method of procedure suggested or not, would want to be any part of. I am sure the Senator from New Hampshire would agree with that analysis.

Mr. CONNALLY. Mr. President—

Mr. VANDENBERG. Just a moment. It is for the reason I have stated that China was included, at the behest of the House, because the Senate conferees were unwilling to slam the door shut, lest they be misunderstood in respect to their fundamental attitude toward China, and the great contest which has been waged in China against common enemies for a decade.

I yield to the Senator from Texas.

Mr. CONNALLY. Let me say to the Senator from New Hampshire, Mr. President, that I think it is due the State Department, and those who have been handling this matter, to have their attitude accurately set forth. There is no disposition on the part of the State Department, and it so appeared in the hearings, to close the door on China, and the bill does not close the door. The attitude of the State Department is that it wants a concrete plan for China, and it is now working on one, and will have it ready for submission in a very short time, possibly in 2 or 3 weeks, probably before the 1st of January.

It must occur to the Senator from New Hampshire, as I am sure it has occurred to him, that the situations in China and those that are contemplated by the pending bill, while they may be similar, are not exactly comparable. For instance, we are considering a relief measure, pure and simple, whereas China's problems are involved with military operations. Three-fourths of China's budget consists of military appropriations. China is now receiving, under the general relief act, \$30,000,000, and there is another \$18,000,000 which will be available, so that with the \$48,000,000 we are granting China now, there will be sufficient money certainly to tide her over, insofar as anything that may be in mind at the present time is concerned.

The State Department, in hearings conducted sometime ago, revealed that one of its plans in which I think Secretary Marshall particularly concurs, is to provide an allowance of \$20,000,000 per month, beginning April 1. There was no disposition on the part of any member of the committee, from either the House or the Senate, to exclude China. I have been in Congress a good many years, and I have been voting periodically, ever since I have been here, on bills for the relief of China—a \$500,000,000 loan, a loan for this, a loan for that, and a loan for some other thing. China and the United States have been friends from time immemorial. There is no disposition whatever to shut her off, but it must be realized that as the situation has developed in China, her problems and conditions

are not on all fours with the conditions treated in the pending bill.

The State Department specifically stated before the Foreign Relations Committee that it is already at work, and it has been for some time, on details of the proposed plan for aid to China. That plan will be here for consideration within a very short time. We feel sure that the plan will envisage all the critical situations which we must face.

All Senators know that General Marshall, the present Secretary of State, spent more than a year in China. He knows China's problems better than do most of us. He is now absent, but, according to reports appearing in the press, he may be expected back shortly. I am sure General Marshall would want to be here to assist in this particular matter. I merely thought it was due the State Department to say that there has been no lack of interest and no lack of purpose to provide a plan for submission to the Congress in a very short time.

Mr. BRIDGES. Mr. President, let me say to the Senator from Texas and to the Senator from Michigan that my rising here today was not in any way to be construed as in criticism of the action of the committee.

Mr. VANDENBERG. I understand.

Mr. BRIDGES. The thought I endeavored to express was that if there is any policy which our Government has bungled for years it is the China policy. In connection with that policy there has been continual bungling.

Mr. CONNALLY. China is fragile.

Mr. BRIDGES. It is tragic. I am glad we are getting ready to do something for China in a consistent, organized way. I wanted to get from the Senator from Michigan, and from the Senator from Texas, as the ranking minority member of the committee, an expression as to the procedure expected to be followed once the authorization is granted, their advice and counsel as to how the Appropriations Committee should proceed. I am very happy that this step to include China has been taken. I was merely seeking advice and counsel, in the wisdom of Senators who have had the matter under consideration and who have heard the testimony, and who have had long experience in such matters, as to how we should follow up the authorization.

Mr. VANDENBERG. I thank the Senator.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Florida.

Mr. PEPPER. I agree with the Senator from New Hampshire in one thing, that there has been an element of error in our policy toward China. But if there has been an error in considering that the Government of China at the present time was worthy of our unqualified support, I think there has been some effort in recent months to retreat from it. When an authority of the character of General Marshall after spending a year in China returns home and says that that Government is not entitled to support, that it is in many respects corrupt, that it is not democratic in its origin or in its senti-

ment, and when he counsels us against embracing the extremists of the left or the present government, which is the extremist of the right, then it seems to me that we should with hesitation adopt any policy that goes contrary to that very competent observation and recommendation of our present Secretary of State.

Mr. President, I am glad that the chairman of the committee made it clear that in voting for the conference report we should not be voting for an appropriation for China, without at least some knowledge beforehand as to how the money was to be used and the circumstances attending its disbursement.

Some of us wish an opportunity to protest against our Government always in every aid that we disburse being aligned with the corrupt and the rightist elements of the countries we help. Surely at some time or other we are trying to stand up for what the able chairman so eloquently and so often calls free people in a free world, or words to that effect; certainly sometimes we should find it possible to aid freedom and a free world by doing other than supporting the rightist elements of the countries we are serving. In China, so far as my limited information goes, there is a civil war in progress. What we are expected to do is to take the rightist side in the civil war. I do not want our country to take either the rightist side or the leftist side. Long years ago we had, unfortunately, a civil war, but other nations did not take either side. We have a greater America today because they did not. I am not one of those who want to take sides in the present civil war on the side of the rightists. If we want to do what General Marshall proposed in his recommendation, to try to find a liberal government—I mean a democratic government—that represents something of what we stand for in our sentiment in this country, then, if it is desired to try to support such a government, so far as my individual vote is concerned, I am disposed to help. But at least I want the right to make a reservation on always giving assistance to the people who are on the rightist side and already condemned before the world as corrupt, as futile in their attitude, belonging to a period before the nineteenth century in the evils they are trying to impose upon their people. When a plan is prepared and presented, I understand from the able chairman we shall have an opportunity to scrutinize it before we are called upon to vote the appropriation of funds.

Mr. VANDENBERG. Mr. President, I do not think this is the time to extend the debate regarding the character of the Chinese Government or the character of our intelligent American self-interest in what goes on in China. But I could not let the record stand quite where the Senator from Florida leaves it, without this observation on my own account: I quite agree that General Marshall was fully justified in urging, upon his return from China, that the Nationalist Government should be, shall we say, "scrubbed up," to the extent that it might represent a higher democratic morality. On the other hand, I fully recognize the

difficulties confronting a great leader like Chiang Kai-shek in connection with traditions that are a thousand years old in his country. I am not quite willing to allow, without protest, the stamp of corruption to be put upon the government of Chiang Kai-shek, without at least the reservation that this man has been the sole hope of whatever organized democracy there was in that area for a long, long time, and that he has led a very courageous fight in behalf of the Nationalist Government, which is the only government that we recognize, and therefore is the only government in China toward which we hold any sort of obligation.

I quite agree that it is highly desirable that there should be progress in the liberalization of the type of government which is in central control, but I totally disagree, I must say, with the original directive under which General Marshall was sent to China to operate, because in my opinion, when we were undertaking to force a coalition upon the Nationalist Government and the Communist government, we were undertaking to enforce an impossibility, for I have never known organized communism to enter a coalition for any purpose except to destroy it, and that continues to be my point of view. But I think the liquidation of the disagreement has nothing to do with the adoption of the conference report, because I believe the Senator from Florida is correct in saying that the whole subject will come back for complete and adequate attention when the State Department's plans are unveiled.

Mr. PEPPER. Mr. President, the thing I am so solicitous about is that nothing be done which would turn China into another Spain. I do not want to see certain of the powers of the world get behind one government and the other powers of the world, or many of them, get behind the other government, which may prove to be the breeding ground of another war, as Spain was of World War II. I should merely want to avoid our taking steps which would commit us, Mr. President, by such a policy, to bring about that sort of a tragedy.

Mr. BRIDGES. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. BRIDGES. By way of comment on what the Senator from Florida has said, that he does not want to see China turned into another Spain, and that he wonders why we always take the side of the rightists, I will say that I do not want China turned into a satellite of Russia. I do not want China to become another Yugoslavia. I do not want China to become another Hungary. I want China to have a chance to become a sound democratic nation. The reason why our country many times has ended up by supporting the right is because the right has opposed the Communists, and any one who is fair-minded knows that that issue is clearly before us all over the world. When we get down to the basic facts in the matter, of course if the issue were that of supporting or opposing the side which is fighting communism, and which is the sole hope for establishment of a government in China we can deal with,

we should support that side. If we have to choose in the case of China, certainly I am not going to choose a China forced by the Communists into an existence like Yugoslavia's or any other of the extreme Russian satellites in the world today.

Mr. PEPPER. Mr. President, will the Senator again yield?

Mr. VANDENBERG. I yield.

Mr. PEPPER. I do not want to be understood as being in favor of China becoming the satellite of any other country. I do not want us to make China a satellite of the United States or of any other country. I think probably we all agree that there would be a greater possibility of peace in China if we would let China be the protégé of the United Nations organization rather than the protégé of one of the great powers directly.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. VANDENBERG. On that question I should like to have a vote.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CORDON. I do not want to take much time, but I notice that the provision which was placed in the bill by the Senate, requiring that packages of relief goods going to distressed people carry a statement that the goods were furnished by the United States without charge, has been eliminated from the bill.

Mr. VANDENBERG. That is, the phrase, "without charge," has been eliminated from it.

Mr. CORDON. That is correct. The requirement of a statement to the effect that the goods were furnished by the United States remains. There is no requirement that any information to the effect that the food comes without charge from the United States shall go to the recipients of the food.

Mr. President, so far as I am concerned, I am not too much worried by the absence of that language in the bill. Personally, there is a very grave doubt in my mind as to whether or not the measure will serve what has been set out to be one of its two main purposes; namely, that of having an effective part in the determination of the political actions of the people who will receive the food. However, if it is to be of any value whatever in that regard, the people who receive the food, who need the food, also should know that it is coming without charge from a nation which seeks at least to help those who at the moment are incapable of helping themselves.

As the language of the bill now stands, the officials of the government of the country receiving the food will know what the facts are, and a handful of others will have the knowledge, but the common people, those who need the food, who will receive the food, will not have that knowledge. The only information they will ever have is that they have had to pay the same price for the bread they now secure that they have paid for the bread that was made from the wheat grown in their own country.

Mr. President, I recognize that we have written the bill with one philosophy, and that we have passed it with another.

The justification of the relief in the first instance was the fact that the countries in question had run out of dollars; that they could not buy food in this country because they did not have any money with which to buy it. The philosophy of the bill is that they may be able to pay for some part of it in dollars. There has been nowhere, so far as I know, any indication that they have any dollars, but to the extent that they have dollars to purchase the food, the food should not be furnished to them on any other basis.

So long as the bill is written, however, with the philosophy that they may pay for some portion of the food in dollars, I recognize that we cannot divide the loaf of bread and say that we furnish one-half of the loaf for money and the other half free. But I do want to call the Senate's attention to the fact that we are deluding ourselves if we believe that the bill as drawn will have any real effect, so far as the people of the several countries are concerned, except that it will feed them. They will not feel any differently toward the United States of America because, so far as they are concerned, even though the United States of America actually furnishes the food, they know they have to pay for it in their currency when they get it for consumption by their families and for such other purposes as they may secure it.

Mr. VANDENBERG. Mr. President, the subject to which the Senator refers was canvassed in the conference. The difficulty with the phrase "without charge" was that it simply did not fit the facts as they might exist under certain circumstances. For instance, it has always been the theory of the bill that all these commodities should be paid for in local currency. If we could have found a phrase which indicated that the commodities reached the beneficiary without revenue to the Government of the United States, that would have been one thing. The phrase "without charge" was an equivocal phrase under a system in which local currency is to be paid for everything that is shipped.

I totally disagree with the Senator that there is any danger whatever of a continuing lapse in the adequate publicity emphasis which will be put upon the complete nature and extent of the aid, because I can think of no greater progress in anything which has happened than that which has been made in overtaking the publicity errors which were made under UNRRA. I am very sure that every possible effort will be made to indicate the full character, type, and scope of the assistance. I do not believe that the objective totally falls and fails merely because two words have been taken out of the basic law.

Mr. CORDON. Mr. President, will the Senator further yield?

Mr. VANDENBERG. I yield.

Mr. CORDON. I am one of those who believe that the purpose of law is to make direct and mandatory the purpose of the lawmakers. In my opinion this bill fails to meet that requirement.

I cannot understand how anyone can take the position that there is any payment to the United States in connection with the setting up in a recipient

country of a fund consisting of the currency of that country, to be expended in that country.

Mr. VANDENBERG. I have made no such statement.

Mr. CORDON. Just what does the Senator mean, then, by indicating that there is something in the way of a charge?

Mr. VANDENBERG. I am saying that when bread is distributed in Italy under this act, it is paid for by the recipient in local currency; and so far as the recipient is concerned, he pays for it, in local currency. If he receives a notice that he is supposed to get it without charge, it would require quite a long time for either the Senator from Michigan or the Senator from Oregon to explain to him what the distinction is. There is a distinction. It is without charge so far as revenue to the United States is concerned; but it is not without charge so far as the individual beneficiary is concerned, unless he happens to be an indigent. It is the phrase which is equivocal, under the practical circumstances which are confronted in the distribution.

Mr. CORDON. The Senator is now in entire agreement with the Senator from Oregon.

Mr. VANDENBERG. Very well. Let us leave it there.

Mr. CORDON. In that respect, I suggest to the Senator that the very difficult problem which he envisions, of getting the word to the people, is being met at this moment in Austria, if we are to believe the press. The type of statement which some of us desire to require with reference to food sent under the provisions of this act is being made today in Austria by the Government to all the people. Only recently the newspapers carried headlines indicating that the facts as to the furnishing of the food by the United States and the use of the money paid therefor by the people were being broadcast in Austria, and most effectively so. If it can be done in Austria it can be done in France, Italy, or China.

Mr. VANDENBERG. The chairman of the committee expects that the truth will be made just as plain in Italy and France.

Mr. KEM. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. KEM. I agree with the Senator from Oregon. I expect to vote for the conference report. However, I shall do so with reluctance. Before doing so I should like to state briefly my position with reference to the elimination by the conferees of the provision that full information be given in countries receiving aid, to the effect that the people of the United States expect to receive no repayment.

The language which was embodied in the Senate bill, and which has been eliminated in the conference, reads "without charge by the United States, in an effort to prevent suffering because of hunger, starvation, and cold, and prevent serious economic retrogression."

I invite the attention of the distinguished chairman of the Foreign Relations Committee to the fact that that does not say without charge by anyone.

It does not say that the goods shall be sold without charge by the country to which the goods are given; but it does say that there is no charge by the United States.

As I understand the Senator from Michigan and other sponsors of the bill, the bill has two purposes: First, to prevent suffering from hunger and cold during the coming winter; and second, to combat the spread of communism. I think it should be generally known that the people of the United States are sending a gift of approximately \$600,000,000, not to the people of France, Italy, China, and Austria, but to the governments of those countries, and that those governments will in turn sell to the people of their countries the commodities which are sent to them by the people of the United States from the goodness of their hearts without charge, just as the Senate bill said, and without expecting any repayment.

When the bill was under consideration in the Senate I offered a group of amendments with two purposes in mind. The first purpose was to guarantee that the taxpayers of the United States and the people generally would receive full information as to the manner in which the aid was distributed, and to whom it was distributed. I am glad to see that those amendments were adopted in substance in the conference report. I wish to express my appreciation to the Senator from Michigan for his interest in those amendments.

The second purpose which I had in mind was to guarantee that the taxpayers of the United States would know that the people receiving aid would be informed that it was a gift from us, and that we expected no repayment.

I have read the conference report with some care; and, so far as I can see, that purpose is not met in any respect. The purpose which I had in mind accomplishing by the second amendment was that when the commodities furnished by the Government of the United States were sold to the people of other countries and were paid for by them, the people buying the goods would know that the money did not come back to the United States. The amendment originally offered provided that the commodities be marked, stamped, or branded to show that such was the case. The conference report provides that these goods shall be marked or branded to the effect that they come from the United States, that the United States is the country of origin; but there is absolutely no provision to show that they are a gift, or are furnished without charge by the people of the United States.

I believe that the result will be wholly to defeat the purpose of the people of the United States in sending this relief. The goods will be sold, and the people will pay for them. They may know that the goods originally came from the United States, but they will wholly and entirely fail to get the idea that they are a gift from the people of the United States, to use the language of the Senate bill—

in an effort to prevent suffering because of hunger, starvation, and cold, and prevent serious economical retrogression.

If we can judge from the reports of Members of Congress who have returned from trips to foreign countries this summer, there is hardly any country in the world where Uncle Sam is held in high regard or even grateful respect. It seems to me that the method which we are to use in sending these goods out will contribute still further to misunderstanding. In effect, it plays into the hands of Communists, because they will be given an opportunity to say, "America claims to be generous, claims to send you gifts, but you notice that you pay for whatever you get."

Mr. VANDENBERG. Mr. President, I wish to say this in reply to the Senator: The Senator will understand, in the first place, that the Senate conferees were not free agents to write the bill as they pleased.

Mr. KEM. Certainly.

Mr. VANDENBERG. The Senator will recognize that when the conferees saved about 85 percent of his text, they had a fairly good batting average, even as rated in St. Louis.

Mr. KEM. I have already expressed my appreciation to the Senator.

Mr. VANDENBERG. I will say to the Senator in conclusion that the absence of the particular language to which he refers does not for an instant mean that the information to which the language would have referred is necessarily to be absent from the general information which is given. So far as the Senator from Michigan is concerned, he completely agrees with the basic point of view expressed both by the Senator from Missouri [Mr. KEM] and by the Senator from Oregon [Mr. CORDON]; and he will urge that, under the general injunction of publicity, the exact truth be made plain at all times.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. LANGER subsequently said: Mr. President, I want the RECORD to show that on the voice vote on the adoption of the conference report the Senator from North Dakota voted "No."

DEATH OF FORMER SENATOR ARTHUR WALSH, OF NEW JERSEY

Mr. HAWKES. Mr. President, it is with the deepest sorrow that I announce to the Senate the death of ex-Senator Arthur Walsh, who was called into the Great Beyond early Sunday morning, December 14, 1947.

Senator Arthur Walsh was beloved by all of his colleagues on both sides of the aisle in the United States Senate and while here made a substantial contribution to the deliberations of the Senate.

He was that type of representative of the people who made each of us forget to which political party he belonged, because, in my opinion, he belonged to the United States of America. Even when he differed with any of us, we still had both a deep respect and an affection for him because he was honest, straightforward, and, in my opinion, sought justice and fairness for all. He was a great public servant.

His loss is great not only to his beloved wife, daughter, and the other members of his family, but to all those who knew him and to the citizens of the State of New Jersey.

While it is difficult for us to understand why he should be called home at the early age of 51, we must accept the will of God Almighty as infallible, and our philosophy and spiritual understanding must cause us to believe that even those things which we do not understand are in the final best interest of all.

As one of his former colleagues and as one of the Senators from the State of New Jersey, I extend to his wife, their daughter, and the other members of his family our deepest understanding sympathy, coupled with the prayer that God will give them the strength and guidance which are so vitally essential to carrying on in this life.

Mr. President, I send to the desk a resolution, which I ask to have read.

The PRESIDING OFFICER. The clerk will read the resolution.

The resolution (S. Res. 174) was read by the legislative clerk, as follows:

Resolved, That the Senate has heard with profound sorrow and extreme regret the announcement of the death of Hon. Arthur Walsh, who served in the United States Senate from the State of New Jersey from November 26, 1943, to December 6, 1944.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased, together with a transcript of remarks made in the Senate in praise of his distinguished service to the Nation.

Mr. HAWKES. Mr. President, I ask that the resolution be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution submitted by the Senator from New Jersey.

The resolution was unanimously agreed to.

Mr. BARKLEY subsequently said: Mr. President, I was called from the Chamber a little while ago. During my absence the Senator from New Jersey [Mr. HAWKES] submitted a resolution expressing the sympathy of the Senate because of the death of former Senator Arthur Walsh, of the State of New Jersey. But for my absence at the moment, I would have said then what I have to say now.

I am sure that we all learned today with deep sorrow the news of the death of former Senator Walsh. He came here by appointment of the Governor of New Jersey to serve a portion of an unexpired term. He did not run for reelection after the term for which he had been appointed. I am sure that no Member of this body who knew the late Senator Walsh failed to appreciate his fine qualities. He was a man of very great ability in a business way. He had a very keen understanding of the political situation. He possessed a charming personality and great versatility, which made him a popular associate either in public assemblies or in private associations. It seems a tragedy that a man so young—only 51—should be suddenly called from an active, busy, and useful life. I do not believe any of us here realized that Senator

Walsh was suffering from any ailment of any sort. At least I did not. When I last saw him he was the picture of perfect health. He seemed in good spirits and had a jovial approach and disposition which made him like a breath of fresh air in any community or society in which he circulated.

I wish to join the Senator from New Jersey in the expression of the sympathy of this body to the family and friends of the late Senator Walsh, and to express my own sense of personal loss at his premature death. I do not know when I have seen or known a man of more charming personality in recent years than that which characterized the late Senator from New Jersey. I hope that his life, brief as it was, comparatively speaking, may be a consolation to his family and friends, and that his memory will always remain green in our lives.

Mr. SMITH. Mr. President, I thank the distinguished Senator from Kentucky for the remarks which he has just made. I received notice this morning of former Senator Walsh's death. I regret that I was called out of the Senate earlier today when, I am advised, my colleague [Mr. HAWKES] presented his resolution, and I want to add these words of my own to what my colleague said. I desire to record my deep sense of personal loss of a great friend whom I had known for a number of years and who was my immediate predecessor in the Senate from New Jersey. If in any way I can fulfill the expectations which the late Senator Walsh in his lifetime represented when he was in the Senate, the fine standards he attained, the wonderful citizenship record he had in New Jersey in everything he did; his wonderful appreciation of the arts—he was a great musician—his great business ability, and his devotion to duty, I shall be happy, indeed, to follow in his footsteps. I am glad to join with my colleagues in paying tribute to a man who meant so much to the State of New Jersey.

MAINTENANCE OF PROSPERITY AND CURE OF INFLATION

Mr. CAPEHART. Mr. President, I send to the desk a bill to maintain prosperity, promote full employment, and kill inflation, and ask that it be read.

The bill (S. 1873) to maintain prosperity, promote full employment, and kill inflation, was read the first time by its title and the second time at length, as follows:

Be it enacted, etc.,

SHORT TITLE

SECTION 1. This act be cited as the "Price Moratorium Act of 1947."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be in the national interest that the Congress provide a long-range program to protect and promote a sound national economy; such a program requires careful study and preparation and until such program is fully developed, it is necessary that the present price spiral be stopped. It is the purpose of this act to maintain prosperity, promote full employment, and kill inflation. To carry out the purposes of this act it is essential that there be full cooperation of all the people—the farmer, the wage earner, the businessman, the housewife, and the Government.

GENERAL PROVISION

SEC. 3. The maximum price at which any commodity, new or used, may be sold, bartered or exchanged, shall be the prevailing price of the seller of such commodity at the close of his business day on December 13, 1947. No used motor vehicle may be sold at a price in excess of the sale price of a new item of like make or character, regardless of the date of manufacture. The prevailing price for any commodity listed upon any trading exchange shall be the closing price of such commodity on such exchange on December 13, 1947.

ENFORCEMENT

SEC. 4. Any person, firm, association, or corporation that wilfully violates any provision of this act shall upon conviction, be subject to a fine of not more than \$5,000 or to imprisonment for not more than 2 years, or to both such fine or imprisonment.

It shall be the duty of the Attorney General to prosecute any violators of the provisions of this act and jurisdiction of all proceedings for violation of any of the provisions of this act is hereby conferred upon the district courts of the United States.

TIME LIMIT

SEC. 5. The provisions of this act shall terminate on May 1, 1948, or upon any date prior thereto fixed by Executive order of the President.

APPLICABILITY

SEC. 6. The provisions of this act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

The PRESIDING OFFICER. The bill will be referred to the Committee on Banking and Currency.

Mr. CAPEHART. Mr. President, when we convened in this extraordinary session of the Eightieth Congress, we knew that we were to face domestic and foreign problems which would call for history-making action on our part. Many people in devastated European nations were starving and cold. We were aware of the need for immediate help and we shall consider a long-range program of rehabilitation of those countries. Here in America our people were falling deeper into the whirlpool of inflation and were facing a loss of our cherished free-enterprise system. Again we recognized the need for immediate help and a long-range program which would give our great Nation a sound economy. In each of these emergencies we have found agreement among ourselves as to the need. We have differed only as to the methods of solution.

To meet the need for immediate foreign aid we speedily enacted legislation that will soon start the flow of food and clothing to those countries. We have enacted an interim-aid bill. We have enacted the bill for interim aid for Europe as a stopgap procedure while the more complex problem of long-range rehabilitation measures can be given the careful consideration necessary. During this time we have also moved steadily toward a long-range solution of our domestic troubles. Good legislation has been offered, and more will be offered; and I am certain that it will again permit us to enjoy the sound economy and prosperity to which we are entitled as a free people. But these important steps require time for study. They should not be enacted into law purely through the pressure of demand, for much of what

we do here in the next few days will become milestones in our history.

We have given interim aid to Europe while we study carefully the long-range needs of those countries. Now let us give interim aid to the United States while we carefully consider the long-range needs of our economic system.

I have just introduced a bill which will kill inflation immediately and will serve to maintain employment and prosperity. Its title is the "Price Moratorium Act of 1947." Mr. President, this bill will give the people of our great Nation immediate protection against inflation without the need for arbitrary price controls and rationing which our people hate and which I hate. It will give our people a chance to throw off their fears of inflation, while we here in Congress can give the proper consideration to the permanent program of the future.

Our economy has been like a runaway automobile. Now let us stop the automobile so that we can determine what made it run away.

The bill I have introduced will place an immediate moratorium on prices of commodity transactions as of midnight December 13. It provides an expiration date as of May 1, 1948; but, Mr. President, I have provided that the President of the United States can, at any time prior to that date, remove the moratorium by executive decree. This bill will give the people relief from the rising prices, and at the same time it will give Congress a greater opportunity to study the many plans for permanent corrective legislation. This bill will also permit the long-range program which we adopt to begin functioning without penalty to our people.

I am confident that within the next few months this Congress will enact laws which will have a very quick effect upon the inflationary trend and the soundness of our future economy. Our people are in dire need of relief from the inflationary trend during this period, and this bill will give them that interim aid.

Since this moratorium will be established at the market level, there should be no need to fear black-market operations which made a farce of the wartime price-control and rationing program. The enforcement needs should be reduced to a minimum by the fact that the bill creates no hardship either on the seller or the buyer.

It merely says, "Let us stop right where we are, while a permanent, long-range program can be enacted and given time to operate."

We gave some consideration, Mr. President, to inclusion of a provision for a short-time moratorium on wages and salaries, but we believe that organized labor will recognize the need for a temporary status quo condition in order to bring order out of our chaotic economic situation. All of our people have come to realize that the cycles between price increases and wage increases have gone on and on, until the very foundation of our freedom is being threatened.

If we take this immediate action, Mr. President, to give our worried people relief from their fears of a ruinous inflation and a resultant depression, we shall bolster their confidence in this great

willing to cooperate in the establishment of a pricing plan designed to prevent inflation and the exploitation of consumers.

One thing should be clear now to leaders in Government and in business. It is this: That the Soviet dictators are confident that capitalism is too greedy to save itself, that it is headed straight for another depression, and that when the depression comes communism will take over. This explains Russian policy. The Communists are counting on chaos, but we have it within our own hands to disappoint them. The consuming power of a fully employed America is so great that it will sustain a productive machine far greater than that which we now have, and by constructing such a machine we here in the United States can demonstrate to the peoples of Europe that permanent peace and a rising standard of living is possible or achievement by all peoples.

RETIREMENT OF FLEET ADMIRAL CHESTER W. NIMITZ

Mr. GURNEY. Mr. President, I wish to call the attention of the Senate to the departure today from Washington of a man whose great and courageous contribution to current history has had a significant impact upon the world. Today marks the termination of the duty of Fleet Admiral Chester W. Nimitz as Chief of Naval Operations. With his departure from Washington I feel certain that the Senate will agree that an era in the history of the United States Navy has ended.

It is unnecessary to recall more than briefly that in the darkest days of the war 6 years ago this month, he hoisted his flag aboard the submarine *Grayling* in Pearl Harbor, littered with the wreckage of the United States fleet, and there took upon his shoulders the responsibility of forcing his way island by island to Tokyo Bay; and it was in Tokyo Bay that there was consummated the great task to which the Nation had assigned him when he, among others, signed, aboard his flagship, the *Missouri*, the instrument of surrender by which he, as one his Nation's top representatives accepted the capitulation of the Japanese Empire.

It has often been said that in times of greatest emergency great leaders appear. I think no one will dispute the fact that the leaders who appeared in the dark days of World War II are certain to be so classified. Certainly no one can dispute the place which the name of Chester W. Nimitz will hold, not only in any future naval hall of fame, but in the glorious history of the United States of America.

We all remember that after the Pearl Harbor disaster Admiral Nimitz took command of the Pacific Fleet, and despite tragic shortages of vessels, planes, and supplies, halted the Japanese advance. And then slowly, bitterly, and tenaciously he undertook an offensive which culminated in the decisive defeat of the greatest enemy fleet ever encountered by any nation in the history of naval warfare.

To him, as commander in chief of our fleet, in a great measure goes credit for the successful coordination of the multitude of tasks, many of them of fantastic complexity, which rested finally upon him in accomplishing the most effective utilization of all the forces under his command.

Mr. President, Admiral Nimitz, always true to his code as a naval officer, considers that he did only his duty. Leaving Washington, it is entirely fitting that he should make his home in California overlooking the blue Pacific. We can rest assured that so long as he lives he will there stand, his eyes looking westward, ever watchful of the safety of the country which already owes him so great a debt of gratitude.

Mr. CONNALLY. Mr. President, as a citizen of the State of Texas, I express my grateful thanks for the remarks the Senator from South Dakota has just made respecting Admiral Nimitz. Admiral Nimitz is a native of Texas, and we of that State are inordinately proud of his great achievements. I believe his name will rank along with those of the great naval heroes of the past, John Paul Jones, Admiral Nelson, and other shining names. As he goes into retirement our best wishes go with him for a period of rest, and of useful public service as a citizen, no doubt as a constant adviser of the Navy and the armed services. His achievements entitle him to high rank among the heroes of the Republic. His superb services to his native land and his lofty patriotism will always be remembered.

I join in the eloquent and fitting remarks made by the Senator from South Dakota.

EXPORT PROGRAM UNDER THE INTERIM AID AND OTHER FOREIGN RELIEF MEASURES

Mr. BUTLER. Mr. President, I want to take just a moment to call the attention of the Senate to the importance of keeping as large a proportion as possible of our export trade in the hands of private export firms and other private business enterprises.

This is a subject to which I believe we have given too little attention during recent months. The Foreign Aid Act of 1947 which we have just been considering, for example, gives no clearcut instructions as to whether the relief supplies to be furnished under its terms shall be procured by the Federal Government or shall be handled by private exporters. The same may be said of many of the other bills we have passed dealing with foreign assistance. In fact, in some of the other measures we have specifically provided for or permitted Government procurement rather than procurement through private channels.

Generally speaking, I believe this has been a mistake. It is an article of faith with most of us that private enterprise can handle operations of a business type more efficiently and at less expense than can a Government agency. Our various measures of foreign assistance have, it is true, boomed our export trade, but they have not had a correspondingly beneficial effect in strengthening the machinery for export by private firms. In many cases, it seems that our methods of administration for handling these exports have been deliberately designed to weaken the firms on whom we must depend to carry on our export trade of the future.

It is important to realize that our exports may come to play a much larger part in our national economic life, even

after the reconstruction of Europe is completed, than they have in the past. The events of the last few years have made us much more dependent on a flourishing export market than we were before the war. If we expect to maintain a sizable volume of exports in the years to come, we shall need skilled men and experienced firms to carry on that trade.

It is equally important that this trade should be handled by those firms best qualified to give service to their foreign customers on a competitive basis. It is my opinion that in the past the administration of our export licensing system has tended to play into the hands of the larger firms rather than giving smaller businessmen a chance to share in the business. Certainly that is true in the case of flour exports, to which I have given particular attention. I believe we should take care of that question in the legislation we enact dealing with export controls.

In that connection, I would like to insert at this point in the RECORD a letter I have addressed to the Senator from Kentucky [Mr. COOPER] who has been holding hearings on the subject. The letter urges that the smaller firms be given an equal competitive chance with the larger ones, and I believe it is self-explanatory.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 13, 1947.

Hon. JOHN SHERMAN COOPER,
United States Senate.

MY DEAR SENATOR: You may recall that last summer when the question of the extension of export controls was up for consideration, I had several discussions with you on certain aspects of the legislation authorizing these controls, particularly with respect to the exports of wheat and flour. During the last few days, you have again had this question up for consideration in your committee. For that reason, I would like to bring my present views to your attention. In this letter I shall confine myself to the subject of export controls on flour.

Let me review briefly the present procedure in administering these controls. At present, after quotas have been set limiting the total amount of flour which may be exported, and dividing that total among the foreign countries to which it may be sent, the administering agency is faced with the problem of dividing up among exporters who desire to participate in the trade, the total quantity of permitted trade in flour. Always there are applications for authority to export more flour than would be permitted by the country quotas. The quantity permitted to be exported to each country is limited by means of licenses to the various exporters, and these licenses are issued on a so-called historical basis. That is, each exporter, with certain exceptions, is authorized to ship a quantity of flour in proportion to the quantity shipped by him during a previous representative period.

The effect of this system is to freeze almost completely the flour business in the hands of the old, established firms, and to prevent newcomers from coming into the trade to any substantial extent. Such a system of freezing on the basis of the status quo is, I believe, in fundamental conflict of our faith in the virtues of free competitive enterprise. Furthermore, it has the effect of granting a windfall to certain established firms, since the export trade of a licensed commodity is admittedly more profitable than the domestic trade. Finally, under the present procedure, the granting of these li-

censes is not made public, and there is no chance to secure official information as to the particular firms which have been granted the licenses, or the quantities for which such licenses have been granted.

It is bad enough that the Federal Government should be in the position of granting windfall profits to particular firms. To my mind, it amounts to a scandal when these grants are surrounded by secrecy. It is about the same as if a Government contract were awarded to a favored bidder without any public notice of the basis for the award. I understand that the justification given is that these firms have a right to keep secret the details of their business operations. But such an argument can hardly be accepted in this type of case. Business firms receiving grants of windfall proceeds from the Federal Government, even though such grants may be legitimate and justified, have no right to expect to have such grants concealed.

I am, therefore, writing to suggest that two major changes be made in the granting of these export licenses. First, I suggest that the historical basis be discarded entirely, and that licenses be issued either to the low bidder, as suggested by Mr. Harriman, or else that they be divided on the basis of confirmed sales negotiated. Second, I suggest that all licenses granted be publicly announced and published in the Federal Register.

I hope you will find it possible to give serious consideration to these suggestions. I recall that when the subject was under consideration last summer, you also were highly critical of the present method, and that you suggested a thorough review of the whole procedure. I believe it is time for us to make such changes in the law as are necessary, and that the suggestions I have made will do a great deal toward putting the whole business on a much more fair and equitable basis.

Very sincerely yours,

HUGH BUTLER.

Mr. BUTLER. Mr. President, in my judgment it is unfortunate that we have not really taken the time we should have to study this problem. I hope that at a later date it will be possible for the Senate to go into the whole question much more thoroughly.

AUTHORIZATION FOR SIGNING OF BILL

Mr. WHITE. Mr. President, I ask unanimous consent that during the recess of the Senate the President pro tempore of the Senate be authorized to sign the so-called interim-aid bill, if received.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the bill (S. 1770) to amend the National Housing Act, as amended, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

The message further announced that the House had agreed to the report of the committee of conference on the dis-

agreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4469) to amend the act of July 7, 1947, so as to authorize the Commission on Organization of the Executive Branch of the Government to procure the temporary or intermittent services of experts or consultants or organizations thereof.

AMENDMENT OF NATIONAL HOUSING ACT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1770) to amend the National Housing Act, as amended, which was in line 5, to strike out "\$4,700,000,000" and insert "\$4,450,000,000."

Mr. TAFT. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TOBEY, Mr. BUCK, Mr. CAPEHART, Mr. MAYBANK, and Mr. TAYLOR conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. WHITE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. DONNELL in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

Mr. REVERCOMB, from the Committee on Public Works, reported favorably the nomination of Col. Joseph S. Gorkinski, Corps of Engineers, to serve as member and secretary of the California Debris Commission.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

DEPARTMENT OF LABOR

The legislative clerk read the nomination of David A. Morse to be Under Secretary of Labor.

Mr. WHITE. Mr. President, I ask that the nomination be passed over.

Mr. BARKLEY. Mr. President, May I inquire why this nomination cannot be acted upon? It is an important nomination. We have quite a large Executive Calendar, upon which action should be taken.

Mr. WHITE. Mr. President, I am in complete agreement with the Senator from Kentucky in his statement that we have an Executive Calendar of substantial size and importance. I feel that Members who have well-founded objections to any nomination should be present to make their position known. As a matter of fact, however, I have been

asked to request that several of these nominations be passed over.

Mr. BARKLEY. Mr. President, I understand that the Senator from Maine feels a disposition to respect the requests of absent Senators who leave word that they want him to have a nomination go over, and then leave the Chamber. It seems to me that at this stage of the session, when we are told that we are to adjourn on Friday or Saturday, with important nominations on the calendar, including that of a former Member of the United States Senate who was appointed to the National Labor Relations Board last year, and whose nomination was not acted upon, but has been reported to the Senate and has been on the calendar for several days, as well as the nomination of a Postmaster General of the United States, a member of the Cabinet of the President, which nomination has been on the calendar for several days, we should be prepared to take action. We all know that without a special resolution providing otherwise, these nominations lapse at the end of this session. They will not hold over until the January session.

It seems to me that in view of the consideration which has been given to these nominations in committees—some of them were pending in committee for weeks, and even months—we ought not, in a lackadaisical way, to postpone action upon Executive appointments because some absent Senator has left word that he wishes to object.

I can understand the compulsion on the Senator from Maine in that connection. However, let me say that if Senators are going to object to nominations, they ought to be present to make their objections known and the reasons therefor. Following today's session of the Senate I shall insist, if this and other nominations go over on the request of absent Senators, that we take them up and at least give the Senate an opportunity to vote on them.

Mr. WHITE. Mr. President, whatever I may do or say I am in complete sympathy with any action which the Senator from Kentucky may take with respect to these nominations after today.

Mr. BARKLEY. I thank the Senator. The Senator is always courteous and considerate. However, we are reaching the end of the session. Some of these nominations are important. Some of them, such as those in the Public Health Service, are more or less routine. I do not suppose that there will be objection to any of them. But certainly there should be no further delay in the confirmation of the nominations of members of the National Labor Relations Board and the General Counsel of the National Labor Relations Board, the nominations of Postmaster General, Second Assistant Postmaster General, and other important nominations.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. TAFT. As chairman of the Committee on Labor and Public Welfare, I should like to see the nominations all confirmed today. The Senator from Utah [Mr. WATKINS] wishes to speak on

Mr. WOLCOTT. Mr. Speaker, I yield 30 seconds to the gentleman from New Jersey [Mr. HAND].

(Mr. HAND asked and was given permission to revise and extend his remarks.)

Mr. HAND. Mr. Speaker, of course, I assume that nearly everyone favors the passage of this bill. Certainly I do, and I hope the rules will be suspended and that the measure will be passed unanimously.

However, I want to call to the attention of the House, and also to the attention of the Committee on Banking and Currency, that there is a good deal of unscrupulous conduct on the part of a minority of builders in connection with Federal housing projects.

Too often the builder will apply for and obtain his financing on the theory that he is doing a great and patriotic job in building houses for veterans, and the veteran soon discovers that he can, indeed, obtain housing accommodations provided he can pay \$75 to \$100 a month rent exclusive of light and heat for four to five small rooms.

Under the present system, veterans must apply for preferential listings during the early stages of the project, and these applications are used by the builders in order to obtain public financial assistance, although the builders undoubtedly know at the time that the projects, when completed, are entirely too expensive for the average veteran and his family.

This business of using war veterans as a front for financial schemes, to put it mildly, is unethical, and I could think of harsher and more accurate terms if the rules of the House permitted.

My attention has been particularly called to situations of this character by a resolution of the Margate-Longport Memorial Post, No. 397, American Legion, which has advised me of the facts, and makes some specific suggestions which I think are worthy to be considered by the Congress. They say in their resolution:

That the Margate-Longport Memorial Post, No. 397, American Legion, formally objects to and condemns such misleading practices of private interests which selfishly enrich themselves at the expense of the veterans instead of rendering to them the benefits and assistance in furnishing to them housing accommodations to which they are entitled and which, in fact, disillusion the said veterans and tend to destroy their faith in the American way of life and bring discouragement to the veterans who have given so much to uphold the American way of life; and be it further

Resolved, That the Federal Housing Administrator and any other governmental agency concerned, be petitioned to correct and eliminate this evil by requiring that any person, firm, partnership, or corporation, undertaking to erect a rental-housing project, in which veterans are to have a preference, in order to obtain public funds by which to accomplish the construction thereof, furnish, prior to soliciting applications from veterans for preferential listings, detailed information concerning the size of the rental units, the exact amount of the rent and the facilities to be furnished to the tenants; and be it further

Resolved, That the said Federal Housing Administrator and any other governmental agency concerned, consider the financial abil-

ity of veterans before approving any such housing project in connection with the loan of public funds to the individual, partnership, firm, or corporation for the purpose of erecting the said housing project wherein veterans are to be given a preference.

It is with the thought of urging the House to consider this situation carefully and soon that I trespass thus briefly upon your time this afternoon to support the pending measure, but to warn against the practice of which the American Legion post of my district has complained.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I yield the balance of my time to the gentleman from Tennessee [Mr. JENNINGS].

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

[Mr. JENNINGS addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. COMBS. Mr. Speaker, as has been remarked by others, this resolution increasing the loan authorization under title VI of the Housing Act will unquestionably pass, perhaps, unanimously. Title VI of the Housing Act has probably resulted in the building of more homes, particularly by people with low income and by ex-servicemen than any other law ever passed by Congress. It is not necessary, of course, for any Member to urge its passage.

I want to use this opportunity rather to call attention to one part of our population who up to now at least has been getting very little help from any of the laws we have passed designed to promote home building and home ownership.

The gentleman from Wisconsin [Mr. MURRAY], in his remarks, referred to the fact that the people of small towns and rural areas of his section are not getting a square deal in the matter of loans for home building. The same is true in my section. At least 9 of the 11 counties that compose the district I represent comprise a region of small cities and towns and rural communities and in most of that area there are no large banking institutions, only small banks and small building-and-loan concerns. Now the persons of small income or ex-soldiers desiring to build a home are frequently unable to find a banking institution which will make their loan. Some small bankers tell me that the red tape required to make such loans makes it impossible for them to handle them in any numbers because of their limited staff. Moreover, some of these smaller banking institutions that were making GI and home loans prior to July 1 have since ceased making such loans because of the failure of Congress to continue the authority of RFC to rediscount such loans.

Another difficulty is encountered by ex-servicemen of my section who want to acquire land, improve it, and go into farm operations. If they are lucky

enough to find a Government agency that will loan them money for such purposes, the Government agency wants to dictate how much land the applicant can buy, tell him what kind of improvements he has got to make on it, where he must place his barn, how many cows and what kind he can buy, and, in short, as it were, take charge of his business. One farm boy I talked with who had had this experience simply said, "I am not going in debt for as much as these Government fellows want me to when if they will only let me get money to buy the materials I will do my own building. Besides," said he, "I will build a pole cabin in the woods and live in it like my granddaddy did before I will let any government man tell me what I have got to do." I am glad we have a lot of that kind of people left in this country, and I am glad I have a large number of them in the district I have the honor to represent.

My purpose in offering these observations here is simply to call attention to the problem. I trust that when the different bills involving the question of home and farm loans come up for consideration in the second session of this Congress we will do something to make loans available to the people of the small towns and rural areas as freely and as easy as their big-city cousins can now get them.

The SPEAKER. The question is on suspending the rules and passing the bill.

Mr. WOLCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 392, nays 4, not voting 37, as follows:

[Roll No. 146]

YEAS—392

Abernethy	Butler	Doughton
Albert	Byrne, N. Y.	Douglas
Allen, Calif.	Byrnes, Wis.	Drewry
Allen, Ill.	Camp	Durham
Almond	Canfield	Eaton
Andersen,	Cannon	Eberharter
H. Carl	Carroll	Elliott
Anderson, Calif.	Carson	Ellis
Andresen,	Case, N. J.	Ellsworth
August H.	Case, S. Dak.	Elsaesser
Andrews, Ala.	Chadwick	Elston
Andrews, N. Y.	Chapman	Engel, Mich.
Angell	Chelf	Engle, Calif.
Arends	Chenoweth	Evins
Arnold	Chiperfield	Fallon
Auchincloss	Church	Feighan
Bakewell	Clark	Fellows
Banta	Clason	Fenton
Burden	Clevenger	Fernandez
Bartlett	Cole, Kans.	Fisher
Bates, Mass.	Cole, Mo.	Flannagan
Battle	Cole, N. Y.	Fletcher
Beall	Combs	Fogarty
Beckworth	Cooley	Folger
Bell	Cooper	Foot
Bender	Corbett	Forand
Bennett, Mich.	Cotton	Fuller
Bennett, Mo.	Coudert	Fulton
Bishop	Cox	Gallagher
Blackney	Cravens	Gamble
Blatnik	Crosser	Garmatz
Bloom	Crow	Gary
Boggs, Del.	Cunningham	Gathings
Bolton	Curtis	Gavin
Bonner	Dague	Gearhart
Boykin	Davis, Wis.	Gillette
Bradley	Dawson, Utah	Gillie
Bramblett	Deane	Goff
Brehm	Delaney	Goodwin
Brophy	Devitt	Gordon
Brown, Ga.	D'Ewart	Gore
Brown, Ohio	Dingell	Gorski
Bryson	Dirksen	Gossett
Buck	Dolliver	Graham
Buffett	Domenegeaux	Granger
Bulwinkle	Dondero	Grant, Ala.
Burke	Donohue	Grant, Ind.
Burleson	Dorn	Gregory

Griffiths	Ludlow	Regan
Gross	Lusk	Richards
Gwynne, Iowa	Lyle	Riehlman
Hagen	Lynch	Riley
Hale	McConnell	Rizley
Hall	McCormack	Robertson
Edwin Arthur	McCowan	Robison
Hall	McCulloch	Rockwell
Leonard W.	McDowell	Rogers, Fla.
Halleck	McGarvey	Rogers, Mass.
Hand	McGregor	Rohrbough
Hardy	McMahon	Rooney
Harless, Ariz.	McMillan, S. C.	Ross
Harness, Ind.	McMillen, Ill.	Russell
Harrison	Mack	Sadlak
Harvey	MacKinnon	Sadowski
Havenner	Macy	St. George
Hedrick	Madden	Sanborn
Heffernan	MaHon	Sarbacher
Hendricks	Maloney	Sasser
Herter	Manasco	Schwabe, Mo.
Heseltun	Mansfield	Schwabe, Okla.
Hess	Marcantonio	Scott, Hardie
Hill	Martin, Iowa	Scott,
Hinshaw	Mason	Hugh D., Jr.
Hobbs	Mathews	Scrivner
Hoeven	Meade, Ky.	Seely-Brown
Hoffman	Meade, Md.	Shaffer
Hollifield	Morrow	Sheppard
Holmes	Meyer	Short
Hope	Michener	Sikes
Horan	Miller, Calif.	Simpson, Ill.
Huber	Miller, Conn.	Simpson, Pa.
Hull	Miller, Md.	Smatthers
Jackson, Calif.	Miller, Nebr.	Smith, Kans.
Jackson, Wash.	Mills	Smith, Maine
Jarman	Mitchell	Smith, Va.
Javits	Monroney	Smith, Wis.
Jenkins, Ohio	Morgan	Snyder
Jenkins, Pa.	Morris	Somers
Jennings	Morton	Spence
Jensen	Muhlenberg	Stanley
Johnson, Calif.	Multer	Stefan
Johnson, Ill.	Mundt	Stevenson
Johnson, Ind.	Murdock	Stigler
Johnson, Okla.	Murray, Tenn.	Stockman
Johnson, Tex.	Murray, Wis.	Stratton
Jones, Ala.	Nicholson	Sundstrom
Jones, N. C.	Nixon	Taber
Jones, Wash.	Nodar	Talle
Jonkman	Norblad	Taylor
Judd	Norrell	Teague
Karsten, Mo.	Norton	Thomas, Tex.
Kean	O'Brien	Thompson
Kearney	O'Hara	Tibbott
Kearns	O'Konski	Tollefson
Keating	O'Toole	Towe
Kee	Pace	Twyman
Keefe	Passman	Vail
Kefauver	Patman	Van Zandt
Kennedy	Patterson	Vinson
Keogh	Peden	Vorys
Kerr	Peterson	Vursell
Kersten, Wis.	Pfeifer	Wadsworth
Kilburn	Philbin	Walter
Kilday	Phillips, Calif.	Weichel
King	Phillips, Tenn.	Weich
Kirwan	Pickett	West
Klein	Ploeser	Wheeler
Knutson	Plumley	Whitten
Kunkel	Poage	Whittington
Landis	Potter	Wigglesworth
Lane	Poulson	Williams
Lanham	Preston	Wilson, Ind.
Larcade	Price, Fla.	Wilson, Tex.
Latham	Price, Ill.	Winstead
Lea	Priest	Wolcott
LeCompte	Rains	Wolverton
LeFevre	Ramey	Wood
Lemke	Rankin	Woodruff
Lesinski	Rayburn	Worley
Lewis	Redden	Youngblood
Lodge	Reed, Ill.	Zimmerman
Love	Rees	
Lucas	Reeves	

NAYS—4

Crawford	Rich	Smith, Ohio
Gwinn, N. Y.		

NOT VOTING—37

Allen, La.	Courtney	Morrison
Bates, Ky.	Davis, Ga.	Owens
Bland	Davis, Tenn.	Potts
Boggs, La.	Dawson, Ill.	Powell
Brooks	Harris	Rabin
Buchanan	Hart	Reed, N. Y.
Buckley	Hartley	Rivers
Busbey	Hays	Sabath
Celler	Hébert	Scoblick
Clements	Jenison	Thomas, N. J.
Clippinger	Kelley	Trimble
Coffin	Lichtenwalter	
Colmer	McDonough	

So (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Thomas of New Jersey with Mr. Morrison.

Mr. Scoblick with Mr. Rivers.

Mr. Busbey with Mr. Davis of Georgia.

Mr. Hartley with Mr. Hays.

Mr. Reed of New York with Mr. Brooks.

Mr. Potts with Mr. Colmer.

Mr. McDonough with Mr. Boggs of Louisiana.

Mr. Gallagher with Mr. Hébert.

Mr. Coffin with Mr. Kelley.

Mr. Jennison with Mr. Buchanan.

Mr. Clippinger with Mr. Hart.

Mr. Nodar with Mr. Trimble.

Mr. Owens with Mr. Harris.

Mr. Lichtenwalter with Mr. Sabath.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. Without objection, the bill H. R. 4675 will be laid on the table.

There was no objection.

EXTENSION OF REMARKS

Mr. AUGUST H. ANDRESEN asked and was given permission to extend his remarks in the RECORD and include a statement.

Mr. BENNETT of Michigan asked and was given permission to extend his remarks in the Appendix of the RECORD and include two newspaper articles.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. SCHWABE of Missouri asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article.

Mr. DIRKSEN asked and was given permission to extend his remarks in the Appendix of the RECORD and include two articles.

Mr. CLASON asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. BLATNIK asked and was given permission to extend his remarks in the Appendix of the RECORD.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4627. An act to authorize an appropriation for the immediate relief of the Navajo and Hopi Indians, and for other purposes.

INTERIM AID BILL, 1947

Mr. VORYS. Mr. Speaker, I call up the conference report on the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the statement.

(The conference report and statement are as follows:)

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text and agree to the same with an agreement as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Foreign Aid Act of 1947'."

"Sec. 2. It is the purpose of this Act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of hunger and cold and prevent serious economic retrogression.

"Sec. 3. The President, acting through such existing departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds herein authorized to any such existing departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, whenever he finds it in furtherance of the purposes of this Act and upon the terms and conditions set forth in this Act—

"(a) procure, or provide for the procurement of, from any source—

"(1) food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed, delivered in a recipient country on or after the date of the enactment of this Act; and

"(2) incentive goods, consisting of commodities not in short supply in the United States, including Government-owned stocks, to be used, distributed, or sold in a recipient country, under a specific agreement previously entered into pursuant to section 5 (g) to increase the production or distribution of locally produced commodities referred to in paragraph (1) of this subsection (a): *Provided*, That not more than 5 per centum of the funds made available under the authority of this Act may be used to procure such incentive goods;

"(b) transport and store, or provide for transportation and storage of, such commodities;

"(c) transfer such commodities to any recipient country;

"(d) incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

"SEC. 4. The President shall promulgate regulations controlling the purchase or procurement of commodities under this Act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchase or procurement upon the domestic price level: *Provided*—

"(1) That procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

"(2) That, except in the case of commodities not produced in commercial quantities in the United States, not more than 10 per

centum of the funds made available under the authority of this Act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States: *Provided further*, That no funds made available under the authority of this Act shall be used by any procurement agency of the United States Government for the purchase, within the United States and its Territories and possessions, of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to Act of July 1, 1941, 55 Stat. 498, as amended) at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made;

"(3) That the President shall, in making a finding of short supply in the United States, consider (a) the drain upon natural resources, and (b) the effect of the necessary procurement upon domestic prices;

"(4) That the procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

"SEC. 5. Before any commodities are made available to any recipient country under the authority of this Act, an agreement shall be entered into, subject to the limitations and provisions of this Act, between such country and the United States containing an undertaking by such country—

"(a) to make efficient use of any commodities made available under the authority of this Act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

"(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this Act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States, and under agreement by the government of the receiving country that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed between such country and the Government of the United States;

"(c) to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this Act;

"(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this Act, and to furnish on March 31, 1948, or as soon as practicable thereafter, information showing—

"(1) an itemized list of commodities made available with funds provided under this Act;

"(2) the total amount of money received by such country from the sale of commodities made available under this Act and the average price charged per unit for each commodity;

"(3) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this Act; and

"(4) such other information concerning the distribution and use of commodities made available under this Act as may be requested by the President;

"(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this Act; and, where necessary, to distribute to indigent and needy persons their fair share of all available food supplies;

"(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this Act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

"(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of incentive goods, made available to it under the authority of this Act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a);

"(h) not to export or permit removal from such country, while need therefor continues, of commodities made available under the authority of this Act or commodities of the same character produced locally or imported from outside sources, except to the extent agreed upon by the Government of the United States;

"(i) to permit representatives of the Government of the United States, including such commodities of the Congress as may be authorized by their respective Houses, to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this Act;

"(j) to permit representatives of the press and radio of the United States to observe and report on the distribution and utilization of the commodities made available under this Act and the special account provided for in subsection (b) of this section.

"SEC. 6. The President shall promptly terminate the provision of aid under this Act for any country (a) whenever he determines that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this Act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this Act is no longer necessary or desirable; or (c) whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States.

"SEC. 7. All commodities made available under the authority of this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States of America.

"SEC. 8. Wherever reference is made, in this Act, to commodities made available under the authority of this Act, such reference shall be deemed to include commodities procured with credits made available to a recipient country under the authority of this Act.

"SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such aid as they may be able to furnish.

"SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this Act: *Provided*, That nothing in this Act shall be

deemed to authorize the issuance of any proclamations, orders, rules, or regulations in any way controlling production or prices or allocating deliveries of any commodity within the United States. He may delegate to the Secretary of State any of the powers or authority conferred on him under this Act. In accordance with the direction of the President, the responsibility for administering in the recipient countries the program of assistance provided for in this Act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress). The provisions of subsections (i) and (j) of section 5 of this Act shall not apply to distribution of commodities in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that commodities furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the purposes of this Act. No citizen or resident of the United States shall serve under this Act as a United States representative, observer, or adviser until such person have been investigated as to loyalty and security by the Federal Bureau of Investigation. The field administrator may, when he finds it essential to the purposes of this Act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

"SEC. 11. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

"(b) Notwithstanding any other provision of this Act, none of the funds authorized or made available under this Act shall be used or made available for use for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

"(1) survey the requirements of other countries which are dependent upon the United States for a portion of their supplies of such commodities;

"(2) estimate the quantities of such commodities which will probably be made available to such countries from the United States; and

"(3) estimate the total amount of such commodities available for export from the United States to the recipient countries, after giving due consideration to the quantity thereof required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such commodities. In estimating the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than one hundred and fifty million bushels to protect the economy of the United States from inflationary prices and to insure against a scarcity of bread for domestic consumption during the twelve-month period beginning July 1, 1948.

"The funds authorized herein shall not be made available or used to acquire a quantity of wheat, wheat flour and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the

United States, will leave a carry-over of less than one hundred and fifty million bushels of wheat on July 1, 1948, unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

"(c) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

"(d) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$150,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection.

"(e) Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid under this Act or any other Act providing for assistance and relief to foreign countries, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. Any such agency shall report to the Congress on March 31, 1948, or as soon as practicable thereafter, the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses.

"Sec. 12. Personnel employed to carry out the purposes of this Act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

"Sec. 13. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this Act have been completed, shall transmit to the Congress a report of operations under this Act. All information received pursuant to undertakings provided for by section 5 (d) of this Act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

"Sec. 14. The functions, applicable records, and funds provided for the purposes of carrying out this Act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to

China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act.

"Sec. 15. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act.

"Sec. 16. (a) Clause (1) in the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), is amended to read as follows: '(1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments, including the United States;'

"(b) The amendment made by subsection (a) of this section shall take effect as of May 31, 1947.

"Sec. 17. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

"Sec. 18. Nothing in this Act shall be construed to make inapplicable, in the case of commodities procured under the authority of this Act, the authority to prohibit or curtail exports granted by section 6 of the Act of July 2, 1940 (Public Law 703, Seventy-sixth Congress), as now in force or as hereafter amended."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill.

CHARLES A. EATON,
JOHN M. VORYS,
KARL E. MUNDT,
SOL BLOOM,
JOHN KEE,

Managers on the Part of the House.

A. H. VANDENBERG,
ARTHUR CAPPER,
WALLACE H. WHITE, Jr.,
TOM CONNALLY,
WALTER F. GEORGE,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause. The Senate recedes from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment. The differences between the House amendment and the substitute agreed to in conference are noted below, except for incidental changes made necessary by reason of agreements reached by the conferees and minor and clarifying changes.

DECLARATION OF PURPOSES

The declaration of purposes contained in section 2 of the conference substitute is the same as that contained in section 2 of the House amendment, except that the words "which would jeopardize any general economic recovery program based on self-help and cooperation", which appeared at the end of the section in the House amendment, have been omitted.

AUTHORIZATION FOR APPROPRIATION

The Senate bill authorized an appropriation of not to exceed \$597,000,000 for carrying out the provisions of the act. The House amendment changed this figure to \$590,000,000. In the conference substitute the amount is fixed at \$597,000,000.

COUNTRIES INCLUDED IN THE PROGRAM

The Senate bill provided for furnishing aid to Austria, France, and Italy. The House amendment provided for aid to Austria, China, France, and Italy. The conference substitute follows the House bill by including China as one of the recipient countries. As in the House amendment, no particular amount is earmarked for China or any other recipient country in the conference substitute; furthermore, the substitute provides—

"This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities."

A new sentence has been inserted in section 14 of the conference substitute as follows:

"To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act."

PERIOD COVERED BY THE PROGRAM

The Senate bill provided that after March 31, 1948, no funds may be obligated for the procurement of commodities provided for under the act. The House amendment provided that the act should expire not later than June 30, 1948. The conference substitute in section 15 retains the Senate provision.

COMMODITIES AUTHORIZED TO BE MADE AVAILABLE

The Senate bill listed as the commodities which could be procured under the aid program food, seed, and fertilizer; coal, petroleum and petroleum products; other fuels; fibers; pesticides; medical supplies; and such commodities as the President finds are necessary for the accomplishment of the purposes of the act, with a provision that no funds should be used for purchase of arms, armaments, or munitions of war. The House amendment included food, medical supplies, processed and unprocessed materials and clothing, fuel, fertilizer, pesticides, and seed required in a recipient country on or after December 1, 1947; and incentive goods, required in a recipient country on or after December 1, 1947, to be used, distributed, or sold in a recipient country to increase the production or distribution of locally produced commodities referred to above. The conference substitute includes food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed delivered in a recipient country on or after the date of enactment of this act but omits the provision in the Senate bill for such commodities as the President finds necessary for the accomplishment of the purposes of the act. The provision in the Senate bill that no funds should be used for the purchase of arms, armaments, or munitions of war was omitted since the specifications of the commodities to be procured eliminates the possibility of their inclusion. The provision for incentive goods in the House bill was retained with modifications omitting the language "required in a recipient country on or after December 1, 1947," and adding a proviso that not more than 5 percent of the funds made available under the authority of the act may be used to purchase such incentive goods.

The Senate bill in granting authority to make commodities available to recipient countries authorized the President, in addition to allocating funds to Government departments and agencies to make funds available to the government of any recipient country. The House amendment in various provisions made references to credits made available to recipient countries, but by an amendment made on the floor of the House the reported bill was amended by eliminating from section 3 the words "or by establishing in this country credits subject to the control

of the President, available to the government of a recipient country."

In section 3 of the conference substitute the conference committee used the formula now in operation under Public Law 84, Eightieth Congress, limiting the President to allocating funds to existing departments, agencies, or independent establishments of the Government, and establishing "in this country credits subject to the control of the President", and does not including any provision for allocation of funds to recipient countries. The words "available to the government of a recipient country" are not included.

It should be noted that the authority to incur and defray expenses, including administrative expenses, contained in section 3 (b), is intended to include expenses incident to inland transportation in the United States and other similar expenses. These would include expenses for boxcar loading, insurance, packing, and repacking, port charges, and the like. The House amendment had deleted the word "accessorial" as being superfluous and not clear in its meaning and in the conference substitute this word is omitted.

LIMITATIONS UPON PURCHASES ABROAD

The Senate bill provided that no more than 25 percent of the amount authorized by the act should be used for the procurement of supplies outside the United States and its Territories and possessions. The House amendment placed no limitation on the amount of procurement from foreign sources whenever the cost delivered to the recipient country was less than the cost delivered from the United States. The House amendment provided, however, that not more than 25 percent of the funds made available under authority of the act could be used to procure commodities abroad at delivered cost not more than 10 percent higher than from the United States, its Territories and possessions, provided that the President found that such commodities were in short supply or not readily available in the United States. The provision on this subject in the conference substitute, in section 4 (2) provides that except in the case of commodities not produced in commercial quantities in the United States, not more than 10 percent of the funds made available under the authority of the act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States.

The phrase "except in the case of commodities not produced in commercial quantities in the United States" was inserted in order to permit purchases of commodities abroad where these commodities are not produced in commercial quantities in the United States and therefore comparison prices is practically impossible. Without this amendment, the language, if technically construed, would require either a comparison between a foreign and an artificial United States cost, or a comparison of the cost of similar but not the same commodities before such commodities could be purchased abroad. The inserted language permits the purchase of such commodities without requiring the price comparisons provided in paragraphs (1) and (2) of section 4.

UNDERTAKINGS BY RECIPIENT COUNTRIES

Both the Senate bill and the House amendment contain a section requiring that certain undertakings should be entered into by recipient countries before aid could be made available under the act.

The Senate bill contained a requirement that a recipient country should undertake to make, when repayment in dollars is not required, a commensurate deposit in the currency of such country in a special account under general terms and conditions agreed

to between such country and the Government of the United States, and use such account only for purposes agreed to between such country and the Government of the United States, and that any unencumbered balance remaining in such account on June 30, 1948, would be disposed of within such country for such purposes as might, subject to approval by act or joint resolution of the Congress, be agreed to between such country and the Government of the United States. The House amendment contained a somewhat similar provision but would have required the making of deposits in the special account only in the amount of local currency realized from the sale of commodities made available to it under the act. The House amendment provided for payment of local currency expenses of the United States incident to the furnishing of aid to such country, in addition to the use of the special account for purposes agreed upon by the recipient country and the United States; and the House amendment also provided that any unencumbered balance remaining in the account on June 30, 1948, should be disposed of within the recipient country for such purposes as the Government of the United States, pursuant to act or joint resolution of the Congress, might determine. The provision which has been included in the conference substitute, as section 5 (b), is the same as the provision in the Senate bill.

The requirement that the recipient country shall undertake to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers as to the purpose, source, character, and amounts of commodities made available is retained in the conference substitute but it is not the intention that use of government press and radio be required if such facilities are not available.

This section of the Senate bill contained a subsection requiring that a recipient country undertake to furnish, upon request of the press, information concerning the method of distribution and use of commodities, and to furnish on March 1, 1948, or as soon as practicable thereafter, information showing (1) an itemized list of commodities made available, (2) the total number of persons who have received commodities or benefits made available under the act, (3) the total amount of money received by such country from the sale of commodities and the average price charged per unit for each commodity, (4) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of commodities, and (5) such other information concerning the distribution and use of commodities as may be requested by the press. The House amendment contained in lieu of the above provision a paragraph requiring that a recipient country undertake to furnish promptly upon request of the press information concerning the production, use, distribution, importation, and exportation of any commodities of the character covered in the act. The provision contained in the conference substitute section 5 (d), is the same as the Senate provision, except that there has been omitted the requirement that the recipient country furnish information as to the total number of persons who have received commodities or benefits made available under the act.

This section in the Senate bill contained a provision requiring a recipient country to undertake not to export or permit removal from such country, while need therefor continues, of commodities made available under the act or such commodities produced locally or imported outside sources. The House amendment changed this provision by substituting for the words "such commodities" the words "commodities of the same character". The conference substitute follows the House amendment but adds at the end

of the paragraph the words "except to the extent agreed upon by the Government of the United States".

This section of the Senate bill required a recipient country to permit representatives of the Government of the United States (including members of the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House of Representatives, the Senate Appropriations Committee and the House Appropriations Committee, or their authorized representatives) and representatives of the press and radio of the United States, upon their request, to enter and fully observe and report regarding the distribution and utilization of the commodities made available, including the special account provided for in subsection (b) of this section. This Senate provision was eliminated by the House amendment and in lieu thereof paragraphs (i) and (j) were included in this section of the House amendment. Paragraph (i) required that a recipient country undertake to permit representatives of the Government of the United States to observe, advise, and report on the distribution among the people of such country of commodities made available. Paragraph (j) required that a recipient country undertake to permit representatives of the press and radio of the United States to observe and report on the distribution among the people of such country of commodities made available. In the conference substitute the Senate provision has been omitted, and paragraphs (i) and (j) from the House amendment have been included, but paragraph (i) has been amended so that such committees of Congress as may be authorized by their respective houses are specifically included as representatives of the Government of the United States having the privilege of observing, advising, and reporting; and paragraph (j) is amended so that representatives of the press and radio of the United States are to be permitted to observe and report on the distribution and utilization of the commodities made available and the special account provided for by subsection (b).

This section of the House amendment included a provision, paragraph (k), requiring that a recipient country undertake that as a condition precedent to the application for or acceptance of assistance it must certify that no part or portion of the aid so received will be allocated or distributed by persons or organizations embracing or formerly embracing communism. This paragraph has been omitted from the conference substitute.

WHEAT CARRY-OVER

The Andresen amendment adopted on the floor of the House was designed in general to place limitations upon wheat exports and protect a wheat carry-over. The amendment provided that none of the funds authorized or made available should be used for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President should (1) survey the requirements of other countries dependent upon the United States for a portion of their supply of such commodities, (2) estimate the quantity of such commodities which will probably be made available to such countries from the United States, and (3) determine the total amount of such commodities available for export from the United States after giving due consideration to the quantity required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for their supplies of such commodities. In determining the amount available for export, the President was to allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than 150,000,000 bushels. It was then provided that the funds authorized should not be made available to acquire a quantity of wheat, wheat flour, and cereal grain in the

United States which after taking into consideration the amount estimated for export to other countries and the amount needed for domestic consumption in the United States would leave a carry-over of less than 150,000,000 bushels of wheat on July 1, 1948, unless the official crop report of the United States Department of Agriculture as of May 1, 1948, shows an estimated production of winter wheat in the United States of more than 700,000,000 bushels, and a normal lanted acreage of spring wheat. There was no corresponding provision in the Senate bill.

The conference substitute retains the House provision with the following amendments:

(a) In clause (3), referred to above, the requirement for a determination of the total amount of wheat, wheat flour, or cereal available for export from the United States was changed to a requirement for an estimate of the total amount of such commodities available for export to the recipient countries from the United States. The provision for the 150,000,000 bushel carry-over was retained.

(b) In lieu of the provision using the official crop report of the United States Department of Agriculture, as of May 1, 1948, for revision of the estimate, there was inserted the following language:

"Unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs."

This change was made necessary by the March 31, 1948, limitation on obligation of funds for procurement which the conferees adopted.

It was recognized by the conferees that protection against the overshipment of wheat from this country should be provided in the act. It was further recognized, however, that the procurement and shipment of supplies under the act would take place prior to the May 1, 1948, date mentioned in the House bill. In place of this date the revised wording permits the President to review the wheat situation after March 1, 1948, while the program is still in effect, and, under certain prescribed conditions, to change the export program at that time.

UTILIZATION OF COMMODITIES ACQUIRED UNDER PRICE SUPPORT PROGRAMS

The Senate bill contained a provision to the effect that commodities acquired by the Commodity Credit Corporation under any price support program could be disposed of by the Corporation for use in carrying out this or any other act providing for assistance and relief to foreign countries, at such price as might be determined by the Corporation, which price could be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. The House amendment (sec. 11 (d)) contained a similar provision but required any agency of the Government under any price support program to take such action to the extent that the commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, and limited the operations to providing aid to recipient countries under this act. The House provision also provided for an annual report to the Congress on the amount of losses incurred and directed the Secretary of the Treasury to cancel notes of the agency held by him in an amount equal to the amount of such losses.

The conference substitute retains the provisions of the House amendment but extends its application to any other act providing for assistance and relief to foreign countries, as provided in the Senate bill, and in lieu of annual reports provided for a report on March

31, 1948, or as soon thereafter as may be practicable.

DISTRIBUTION OF COMMODITIES IN AUSTRIA

The Senate bill contained a provision that the provisions of the act relating to observing and reporting by representatives of the Government of the United States and of the press and radio of the United States should not apply to distribution in Austria with a proviso that the President shall have determined upon recommendation of the United States High Commissioner for Austria that supplies furnished to Austria would be distributed under a control system embodied in agreement between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objective of the occupation and with the purposes of this act. The House amendment omits this provision. The provision is included in the conference substitute, applicable to the modified provisions for observing, advising, and reporting.

TERMINATION OF AID BY THE PRESIDENT

In the Senate section providing for termination of aid by the President under certain circumstances, the House amendment added a clause providing that the President should terminate aid to a recipient country when he found that "the government of such country is dominated by the Communist Party or by the Union of Soviet Socialist Republics." In the conference substitute, in section 6, the above-quoted language has been replaced by a provision that the President shall terminate aid to a recipient country "whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States."

DELEGATION OF AUTHORITY BY THE PRESIDENT

In the section of the House amendment relating to the authority of the President to delegate his authority under the act, he would have been authorized to delegate such authority to the Secretary of State or any other head of a department or agency of the Government. In the conference substitute, section 10, the words "or any other head of a department or agency of the Government" have been omitted.

PROPOSED NATIONAL FOOD CONSERVATION COMMITTEE

Section 12 of the House amendment, which provided for the establishment of a National Food Conservation Committee, has not been included in the conference substitute.

REPORT TO CONGRESS ON DISTRIBUTION AND USE OF COMMODITIES

The Senate bill contained a provision requiring a report to Congress of all information received by the President pursuant to undertakings concerning the method of distribution and use of commodities made available under the act and information showing itemized lists of commodities made available, the total amount of money received from the sale, and the average price charged per unit, and a detailed statement of disposition of proceeds, and other information requested by the President. There was no corresponding provision in the House amendment. The conference substitute includes this Senate provision.

TRANSFER OF FUNCTIONS, RECORDS, AND FUNDS

Section 16 of the House amendment provided that the functions, records, and funds provided for the purposes of carrying out the act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. In the conference substitute this section, section 14, is retained except that the word "applicable" has been inserted before the word "records".

The word "applicable" was inserted to qualify the word "records" to avoid the contingency that certain records dealing in

part with operations of the aid program but also in part with other functions of the Department of State and other agencies, would otherwise have to be transferred as provided in this section.

ADVANCES BY RECONSTRUCTION FINANCE CORPORATION

The provision authorizing the making of advances by the Reconstruction Finance Corporation, contained in the House amendment, is included in the conference substitute, but this provision has been amended to make it clear that no interest need be paid on such advances or on advances made by the Treasury to the Reconstruction Finance Corporation in connection with the carrying out of the section.

CHILDREN'S FUND

Section 16 contains without change the provisions of section 17 of the House amendment amending Public Law 84, Eightieth Congress, with respect to the International Children's Emergency Fund.

Under the present provisions of Public Law 84, no part of government contributions from countries receiving aid from the International Children's Emergency Fund are recognized in the determination of matching contributions from the United States.

The proposed change in Public Law 84 would recognize these contributions except contributions of indigenous supplies for consumption within the country, and the cost of services supplied by such countries in carrying out the program.

TITLE OF THE BILL

The title of the bill as agreed to in conference is the same as the title as amended by the House amendment.

CHARLES A. EATON,
JOHN M. VORYS,
KARL E. MUNDT,
SOL BLOOM,
JOHN KEE,

Managers on the Part of the House.

Mr. VORYS. Mr. Speaker, I yield myself 10 minutes.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

Mr. VORYS. Yes.

Mr. HOFFMAN. Mr. Speaker, will there be an opportunity to get a roll call on the adoption of this conference report?

The SPEAKER. If the gentleman is on his feet and makes that demand, and a sufficient number of Members rise, he will have that opportunity.

Mr. HOFFMAN. I thank the Speaker.

Mr. VORYS. Mr. Speaker, on that point, it is my purpose to ask for a roll call on the conference report as soon as the previous question is ordered.

Mr. Speaker, this conference report is in the form of a complete bill so that it makes much easier reading. If you look it over, you will find it is quite similar to the bill which passed the House. The American people want to give relief to the people who are cold, and hungry, and sick in foreign countries. They want to stop communism without war. They want to hold back inflation, and high prices, and reduce scarcities here at home. But these objectives of the American people are not altogether consistent. For over a month the Congress has been here in committee and on the floor attempting to resolve these conflicting and inconsistent objectives and to get something that will work. This conference

report is the product, and you will have an opportunity to vote on it shortly.

Let me review rapidly in general what it does.

It provides food, fuel, and medicine for the people of these needy countries. It provides for keeping these countries going economically and politically through the winter. It ties 10 strings to our aid—requirements these countries must meet to receive any help at all. It contains safeguards to reduce the impact on our economy and to gear the program to what is available. It is not perfect, it is not painless, but it is the best the cumbersome legislative machinery of this Republic, the best government on earth, can produce this fall for you to vote on.

I wish to review what happened to some of the House amendments which attracted particular interest. The Case amendment is found intact in section 4, paragraph 2, on page 2. That provides for purchase of supplies at prevailing prices. The Andresen amendment is contained in section 11 (b) on page 5. The only change made was that since the date of the bill was made March 31, the provision for the May 1 computation was set ahead to March 1. Otherwise, the 150,000,000-bushel carry-over requirement is in the amendment.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. It is quite obvious that no one can make a determination on March 1 as to what the winter wheat crop will be, because we are still in winter on that date. I want to propound this question to the gentleman so that we can write some legislative intent into this provision. Was it the purpose of the conferees to fix it so that there would be a carry-over of 150,000,000 bushels of wheat on July 1?

Mr. VORYS. Yes, unless the estimates of the President, not on March 1 but after March 1, justify an increase in the amount available for export with full protection for domestic needs. It is inconceivable to me that there would be any reduction in the 150,000,000 bushels carry-over unless the reports of the plantings, which I understand come in March 18, together with the weather reports, would justify some adjustment in the last few purchases that might possibly be made in the latter part of March. As I understand this program, the acquisition of the grain has almost all been completed and probably will be entirely completed long before the March 1 provision comes in. The conferees attempted to paraphrase and use as much as possible the same provision the gentleman from Minnesota used as to another look at the carry-over in view of crop prospects for 1948. It was not possible to make the date May 1 but we did the best we could to carry out exactly the principle contained in the gentleman's amendment.

Mr. AUGUST H. ANDRESEN. I am glad the conferees made that effort, because I should like to have the Congress and the country understand that in the event of a short crop of wheat next year

the responsibility is on the President of the United States if he lets that carry-over fall below 150,000,000 bushels.

Mr. VORYS. I happened to hear the debate on the floor of the other body on this matter a few minutes ago, and precisely the same point was made there which I have made here, that this amendment makes it perfectly clear, crystal clear, that the President in the administration of this is to maintain a crop carry-over sufficient to furnish full protection for domestic needs.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Georgia.

Mr. COX. Let me say to the gentleman that I was completely astounded when I learned that his committee had so easily yielded on the anti-Communist amendments to the bill. You make it possible that the aid you are extending be used as relief has heretofore been administered, that is, doing something for the people whose war upon us makes necessary our doing something to resist.

In other words, with these amendments eliminated from the bill, it will change the entire character of the measure, because if this is not an anti-Communist move on the part of this body, then it is pretty much of a swindle and you give excuse and afford solid ground for votes against the bill.

Mr. VORYS. The conference report eliminates reference to the Communist Party and to the Soviet Union. The action on that was not unanimous. But let me point out that the Conference Committee labored hard to formulate appropriate words to refer to the Communist Party, which happens to be a lawful party in the United States, and happens to be the party which has the largest representation in the French Chamber of Deputies. We could not find such a formula. The conferees also felt that perhaps the only time when it is appropriate to refer in a hostile manner to a foreign nation by name is in a war resolution.

Let me give my personal reasons for feeling that the action of the conferees is justified. We argued as to whether we would require Communist domination or control or infiltration in order to stop our aid, and argued about what words we would use. Then we got to thinking of this question: We want to stop communism; the Soviets want to stop our rendering aid to foreign countries. Why should we set out in a law the exact limits to which we will go? Why should we give advance, authoritative, unchangeable notice as to our future plans? Why should we tell the Communists just what they have to do in order to prevent our giving aid and in order to prevent us from continuing that aid? Why do we have to tell them just how far they can go or we are going to go? We may want to change our plans and do something else. Therefore, we came to the conclusion, that is, the conferees did, that it was much wiser not to tip our hand. Of course, the House will realize that it is very easy to make a speech on this subject, but when it comes to putting it into a law, that is another problem. We felt it was much wiser to put in the words

which are found on page 4 in section 6-C—and I quote—that the President should terminate the aid “whenever he finds that because of changed conditions, aid under this act is no longer consistent with the national interests of the United States.”

Thus, we will not be spelling out for the benefit of the Soviets or the Communist Party or their agents just exactly when or under what circumstances we are going to quit or exactly what we are going to do.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JENNINGS. Does this mean that when I vote for this aid bill, I am voting to hand over \$590,000,000 of the money of the people of this country to a nation that is dominated by a Communist government or which has a Communist government or is dominated by Russia? That is what I want to know.

Mr. VORYS. I think the history of the past year and the way we proceeded with reference to Poland and Hungary is an answer to the question of the gentleman.

Mr. JENNINGS. You have not answered my question.

Mr. VORYS. Of course, we are not going to write into law for the benefit of the Communists and their agents just when or how or why or in what way they can stop us from carrying out our own foreign policy.

Mr. JENNINGS. But I cannot square that with my conscience, and I cannot square it with what has heretofore been said on the floor of this House with respect to stopping this aid whenever a country turns Communist or falls under the dominion of a Communist government. I do not see how anybody could do it.

Mr. VORYS. Let me say that a similar amendment was stricken from Public, No. 84, the relief bill last spring, on the same sort of grounds, and that since then our aid was stopped to Poland and to Hungary, when they became dominated by the Communists.

Mr. FULTON. Will the gentleman yield?

Mr. VORYS. I yield.

Mr. FULTON. May I comment on the Andresen amendment? I am one of those who opposed the amendment, the principal ground being the fact that it was the date May 1, 1948, as the time when the Agricultural Department official report would set the figure. As a matter of fact, under the proposed act it would be the intent to procure most of the wheat and cereals before that date. I want to compliment the conferees on selecting March 1 as the date, because it permits the procurement of the wheat in time to make the program effective. I therefore agree to the amendment with that condition.

Mr. VORYS. Now, I want to go to some of the other amendments. The Anderson amendment with reference to the purchase of surplus commodities is in section 11 (e), page 6. That amendment is intact, except it was provided that it shall apply to other programs, such as Army purchases for occupied countries.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. KEEFE. How much does the gentleman conclude the inclusion of the Anderson amendment will ultimately mean in terms of dollars added to the total of this bill?

Mr. VORYS. My own judgment is that it will not add to the total expense, but the gentleman from California [Mr. ANDERSON] placed in the RECORD a very careful analysis, which showed that if we disposed of all of the surplus food on hand the loss would be only \$50,000,000. Obviously, much of that surplus food is not appropriate for this purpose. Let us also remember that under the Anderson amendment only commodities that are appropriate are taken, leaving discretion to the President, and also this caloric value price is merely permissive and not mandatory on the Commodity Credit Corporation. It will certainly be much less than \$50,000,000.

Mr. KEEFE. Does the gentleman say that a limitation of \$50,000,000 would be proper?

Mr. ANDERSON of California. I do not say that a limitation of \$50,000,000 would be proper, but if the gentleman will refer to the RECORD of December 5, at page A4852, there appears a table which I had prepared for me by the Commodity Credit Corporation, showing these surplus commodities now held by the Commodity Credit Corporation which could be used for relief feeding. But when it comes to the question of what this is going to cost, may I point this out: By just so much as we use these surplus commodities for relief feeding, we relieve the drain upon the wheat supplies of this country. I also point out to the gentleman that the Department of Agriculture has figured that every time the cost of wheat in this country goes up as much as 25 cents a bushel, the increase in the cost of living to American consumers is approximately \$2,500,000,000.

There has been general agreement that we should export foods that are in surplus both as a means of making maximum quantities of food available for export and reducing the pressure on supplies of wheat and other grains for export. The cabinet food committee, consisting of the Secretaries of Agriculture, State, and Commerce, in its report of September 22, 1947, to the President, put particular emphasis on this point. The report states: "It is obvious that the United States will have to put more emphasis on shipments of foodstuffs other than grain." They indicated that this would tend to maintain a volume of exports more nearly in line with needs and avoid unnecessary inflation in the price of grains.

Reports from the Department indicate that over 200,000 tons of dried fruits, for example, may be made available for relief feeding abroad if the authority to make such food available at a wheat caloric equivalent value is granted by the Congress. This would be equivalent to 6,000,000 bushels or about 18 shiploads of grain. Other surplus foods which might be exported would be equivalent to about 4,000,000 bushels of wheat. Thus the

total wheat equivalent of these surplus foods would be at least 10,000,000 bushels or 30 shiploads.

It is obvious that this much less grain shipped abroad would substantially lessen the pressure on grain markets and avoid prices going to as high a level as they otherwise would. Every cent added to the price of wheat adds to the inflationary pressures on our domestic economy and if we can save only a few cents a bushel on wheat we can save the consumers of this country hundreds of millions of dollars and make our appropriated funds go further in carrying out the objectives of the interim aid bill.

The SPEAKER. The time of the gentleman from Ohio [Mr. VORYS] has again expired.

Mr. VORYS. Mr. Speaker, I yield myself five additional minutes.

The Ellsworth amendment providing that this bill does not apply to price control—give no power of price control—is in section 10, page 4. It is here intact.

The Wolcott amendment providing that this shall not affect the President's powers with reference to export controls, is in section 18, on page 7.

The Redden amendment providing for a joint committee on foreign aid was rewritten for this reason: It was permissive and not mandatory. The Senate conferees, including the President pro tempore of the Senate, stated they did not want a joint committee and they did not want a Senate committee. We already have a select committee on foreign aid in the House, which extends for the life of this bill to March 31. Therefore, it was felt more effective to handle the principle of the Redden amendment, as shown on page 4, section 5 (i). By this provision a foreign country is required "to permit representatives of the Government of the United States, including such committees of the Congress as may be authorized by their respective Houses, to observe and advise and report on the distribution among the people of such country" of the aid under this act.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield for a question?

Mr. VORYS. I yield.

Mr. KNUTSON. Henceforth is it to be the policy of this Government to give aid to every country who threatens to go Communist unless we give them a few hundred millions of dollars?

Mr. VORYS. I think not. Let us have this in mind: France and Italy have shown great determination in the past few weeks in resisting Communist infiltration. We might take the position of the farmer who had a leaky roof on his barn: He did not fix it when it was dry because it did not need it, and he could not fix it when it was raining. We might take the position that there is no use helping a country when they are successfully resisting communism and that we cannot help them when they are unsuccessful. I think that finally after a lot of wobbling we are getting around to something of a consistent policy in that regard, and our policy to date has worked rather well in the case of Italy, Austria, and France.

Mr. KNUTSON. How about Great Britain?

Mr. VORYS. That is not in this bill. Mr. KNUTSON. I understand we gave them three and three-quarter billions. What have they done with it?

Mr. VORYS. They have certainly resisted the inroads of communism in Britain.

I now yield to the gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Speaker, during the debate I drew the line between voluntary aid and aid given by act of Congress. I also drew a line between aid based on humanitarian grounds and aid based on political and strategic grounds. The people of the First Iowa District are generous and warm-hearted but they do not want Congress to break our economic strength and they do not want our foreign relief expenditures used for strategic or political purposes. In today's mail I received a letter from one of the largest farmer's business organizations in my district, making the following statement:

In behalf of best interests of thousand and more farmer members of this association, we urge Congress to recapture constitutional authority governing tariffs and international trade agreements, table Marshall plan, investigate Luckman Lever Bros' interests and thumbs down on present day Trumanism. We favor grass-root family to family voluntary aid to foreign countries. Congressional appropriations for foreign relief are like paying unlearned children to be good. Certainly, we are about to destroy our domestic freedom and economy unless our people are better informed before it is too late.

That is from one of the largest farmer's organizations in my district and it is a good statement of the views expressed in many letters I have received and oral statements made to me personally at many of the 250 meetings and fairs I attended in the First Iowa District last August, September, and October.

Mr. VORYS. Of course we all must consider what our constituents write or say to us, but we have the solemn obligation of acting on the basis of all the information we have here.

Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on this bill, either at this point or in the Appendix.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

Mr. TOLLEFSON. Mr. Speaker, we must provide in this legislation support for China. It is unfortunate that the administration in its proposals made no requests in this respect, although the Secretary of State recognized the need in his appearance before the House Committee on Foreign Affairs. He stated that in his long-range program there would be provision for China. This, however, would not be in effect until next spring. I believe we should not wait until then. We must provide interim aid now if we are to combat those forces which seek to obstruct our endeavors to bring about an independent and sovereign China—the kind of China we need for our security in the Pacific.

Before acting upon the long-range plan we should scrutinize our past policies and activities with respect to China.

We should have the full story so that we may act intelligently.

The full story has not yet been told. This entire story should be brought out by demanding the publication of:

First. Henry Wallace's report of 1944.

Second. Telegrams exchanged re Stilwell incident—about October 1944—and Stilwell's reports and recommendations.

Third. Report on the Chinese Communists prepared by Joint Chiefs of Staff in late 1944 or early 1945.

Fourth. Full text of Yalta agreements—the text as released is incomplete—and conversations leading to same.

Fifth. Text of Potsdam conversations, agreements, or understandings re China; none released as yet.

Sixth. The unapproved recommendations of the Director of the Far Eastern Division of the State Department made in the fall of 1946, recommending abandonment of China.

Seventh. Release of Wedemeyer report and also of the expurgated Wedemeyer report prepared by the State Department after Wedemeyer's return and which, it is believed, he refused to sign.

Eighth. Release of OSS and FBI reports on present and past personnel of the Far Eastern Division of the State Department.

Mr. CHIPERFIELD. Mr. Speaker, the American people have been led to believe this interim aid bill has for its chief purpose the feeding of starving people in Europe. This is not the fact, as only \$301,000,000 of the \$597,000,000 requested is for food.

I would have preferred that this bill be confined to feeding hungry people and the amount authorized had been reduced to food requirements.

Under the method to be used for distribution of relief, the people receiving it will not realize it is a gift from the people of America. When the food reaches the recipient countries, it will not be given to the hungry, but they will be required to purchase it through the usual trade channels. The indigent who need it most will not have sufficient funds to buy it. It is also the simple fact that for their own political purposes some of the countries receiving our aid often will not even disclose from where this help is coming.

That this is not just a bill to feed hungry people is shown by the fact that \$184,000,000 is included for coal, \$35,000,000 for petroleum, \$38,000,000 for cotton, \$35,000,000 for fertilizer, and so forth. I still would not object if these products were to be used to warm and clothe people, but that is not the case. For example, about 80 percent of the coal to be furnished is allocated to private industries. I can see no reason why those industries should not pay us for this coal under long-term credit arrangements.

Why should we give petroleum to France while pleasure driving goes on there? We all know petroleum is in very short supply in this country and we are rapidly depleting our own supplies of this vital product.

It is also proposed under this bill to export millions of dollars' worth of fer-

tilizer, yet our farmers, especially in the South, have not been able to obtain sufficient fertilizer, which is so vital to their crops, to meet their own needs.

Under this bill, it is also proposed to purchase large amounts of pots and pans, machinery, tobacco, radios, and practically any item that the administrator of this fund desires that is not in short supply, to be used as incentives for the French and Italian farmers to bring their grain, which they are hoarding, to market. In other words, we are asked to spend the money of the American taxpayers so that peasants of Europe will do what they should voluntarily do for the welfare of their own people.

While I believe the American people want to feed the hungry, we cannot year in and year out give Europe a blank check without depleting our own supplies and resources. We must help Europe not according to our desires but only according to our ability to help, and then only after the most careful consideration of their requirements and our availabilities.

When the European countries place before us their requirements they list everything they think the traffic will bear. The evidence presented before our committee as to the requirements changed almost daily. At best it is only a rough guess as to what the real needs are.

These countries simply estimate all the imports which will be required including not only food but all other materials and capital goods necessary for rehabilitation. Then their assets from exports are subtracted from this amount and we are requested to make up the deficit. So their requirements are based on balance of payments.

As the United States produces only 12 percent of the world food supply, it is evident we cannot feed the whole world. It seems to me food relief and financial relief from the United States will be futile unless the countries aided discontinue policies which unbalance their trade and discourage or prevent production. Until these countries stabilize their own currencies, American dollars will achieve no long-term good but only weaken our resources.

If this bill was to be the end of relief we would be glad to assist these countries that are still suffering from the devastation of war. Since the start of World War II the United States has given or loaned to the rest of the world the staggering sum of \$66,017,790,335—according to the New York Daily News of October 5, 1947. Yet some of these countries, because of their socialistic policies and the weakness of their governments seem to be worse off now than they were immediately after the war.

This bill is simply the first step toward carrying out the Marshall plan which will require an additional expenditure of billions of dollars.

Our people are gravely concerned over the high cost of living but you cannot export millions of dollars worth of commodities in short supply without it having a terrific impact on our price structure. It is freely admitted that the Government going into the market and buy-

ing great quantities of foodstuffs is one of the major causes of the inflationary spiral in this country. It is high time we do something to prevent this continued price rise.

With a \$258,000,000,000 debt we must do everything possible to keep our country financially and economically sound. While we want to share with our less fortunate democratic friends, we must proceed with great care and retain sufficient petroleum products and coal to take care of the heating requirements of this country. We should see that our own farmers have sufficient fertilizer and farm equipment before permitting exports. We must see that our own people have sufficient wheat for bread as we have already exported two-thirds of our exportable supply of this year's crop. Why should we allow the export of steel products that are in short supply and desperately needed for our own housing program?

Yes, it is time we look after ourselves, make ourselves strong and then do what we can to help the rest of the world. While I believe we should make sacrifices we must not bleed ourselves white as it would not only result in weakening ourselves but also prevent our helping others.

As I said the other day on the floor, the Lord helps those that help themselves. We cannot be expected to outdo the Lord.

Before I close I feel I should discuss another argument of the proponents of this bill and that is that it will prevent the spread of communism. If you ask any proponent if there is any guaranty that this aid will stop the spread of communism, he immediately replies it is a gamble but goes on to say if we do not give aid the spread of communism over the entire European Continent is almost a certainty. He overlooks the fact that whether or not we give aid, Russia has the power to overrun Europe almost at will. I do not believe you can save the world from communism with dollars.

It might be infinitely cheaper if we would not fight communism with loans or gifts but combat revolutionary ideas directly by answering systematically the lies that are published in Moscow about America's intentions and the failures of the capitalistic system. We have a story of which we can be proud if we see that this information reaches the people of the countries receiving help.

We must be careful that the effect of our American funds will not be to make socialism appear for a time to be working better than it actually does, and thus prevent their governments from making necessary reforms, just as a man cannot be kept alive indefinitely by perpetual blood transfusions if the cause of his hemorrhage is not removed.

We must stop appeasing Russia. Even in this bill we do this. It provides that the Administrator use nationals of other countries to inspect the distribution of relief rather than American citizens. This is placed in the bill because Russia objects to American citizens inspecting the relief we send into the Russian zone of Austria. Let us frankly accept the diplomatic challenge of Communist Russia and defend capitalism without apology.

Mr. VORYS. Mr. Speaker, I move the previous question on the conference report, and on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 313, nays 82, answered "present" 2, not voting 35, as follows:

[Roll No. 147]

YEAS—313

Albert	Evins	LeCompte
Allen, Calif.	Fallon	LeFevre
Almond	Feighan	Lesinski
Andersen,	Fellows	Lewis
H. Carl	Fenton	Lodge
Anderson, Calif.	Fernandez	Lucas
Andresen,	Fisher	Ludlow
August H.	Flannagan	Lusk
Andrews, Ala.	Fletcher	Lyle
Andrews, N. Y.	Fogarty	Lynch
Angell	Folger	McConnell
Arends	Foot	McCormack
Auchincloss	Forand	McDowell
Bakewell	Fuller	McGarvey
Barrett	Fulton	McMahon
Bates, Mass.	Gallagher	McMillan, S. C.
Battle	Gamble	McMillen, Ill.
Beall	Garmatz	MacKinnon
Beckworth	Gary	Madden
Beil	Gavin	Mahon
Bender	Gearhart	Maloney
Blackney	Gillette	Manasco
Blatnik	Goff	Mansfield
Bloom	Goodwin	Mathews
Boggs, Del.	Gordon	Meade, Ky.
Bolton	Gore	Meade, Md.
Bonner	Gorski	Merrow
Boykin	Gossett	Michener
Bradley	Graham	Miller, Calif.
Bramblett	Granger	Miller, Conn.
Brophy	Grant, Ala.	Miller, Md.
Brown, Ga.	Gregory	Miller, Nebr.
Brown, Ohio	Hagen	Mills
Bryson	Hale	Mitchell
Buchanan	Hall,	Monroney
Buck	Edwin Arthur	Morgan
Bulwinkle	Hall,	Morris
Burke	Leonard W.	Morton
Burleson	Halleck	Muhlenberg
Butler	Hardy	Multer
Byrne, N. Y.	Harless, Ariz.	Mundt
Byrnes, Wis.	Harrison	Murdock
Canfield	Havener	Murray, Tenn.
Cannon	Hedrick	Murray, Wis.
Carroll	Heffernan	Nicholson
Carson	Hendricks	Nixon
Case, N. J.	Hertter	Nodar
Chadwick	Heseltan	Norblad
Chapman	Hess	Norrell
Chelf	Hill	Norton
Chenoweth	Hinshaw	O'Brien
Clark	Hobbs	O'Hara
Clason	Hoeven	O'Toole
Cole, Kans.	Holifield	Pace
Cole, N. Y.	Holmes	Patman
Combs	Hope	Patterson
Cooley	Horan	Peden
Cooper	Huber	Peterson
Corbett	Jackson, Calif.	Pfeifer
Cotton	Jackson, Wash.	Philbin
Coudert	Jarman	Phillis, Calif.
Courtney	Javits	Plumley
Cox	Jenkins, Ohio	Poage
Cravens	Jenkins, Pa.	Potter
Crosser	Jensen	Poulson
Crow	Johnson, Calif.	Preston
Cunningham	Johnson, Tex.	Price, Fla.
Dague	Jones, Ala.	Price, Ill.
Davis, Wis.	Jones, N. C.	Priest
Dawson, Utah	Jones, Wash.	Rains
Deane	Judd	Ramey
Delaney	Karsten, Mo.	Rayburn
Devitt	Kean	Redden
D'Ewart	Kearney	Rees
Dingell	Keating	Regan
Dirksen	Kee	Richards
Dolliver	Keefe	Riehman
Domengeaux	Kefauver	Riley
Dondero	Kennedy	Rockwell
Donohue	Keogh	Rogers, Fla.
Doughton	Kerr	Rogers, Mass.
Douglas	Kersten, Wis.	Rohrbough
Drewry	Kilburn	Rooney
Durham	Kilday	Ross
Eaton	King	Russell
Eberharter	Kirwan	Sadlak
Elliott	Klein	Sadowski
Ellsworth	Kunkel	St. George
Elsaesser	Lane	Sasser
Elston	Lanham	Scott, Hardie
Engel, Mich.	Latham	Scott,
Engle, Calif.	Lea	Hugh D., Jr.

Seely-Brown
Sheppard
Sikes
Simpson, Pa.
Smathers
Smith, Maine
Smith, Va.
Smith, Wis.
Snyder
Somers
Spence
Stanley
Stefan
Stigler

Stratton
Sundstrom
Taber
Talle
Taylor
Teague
Thomas, Tex.
Thompson
Tibbott
Tollefson
Towe
Van Zandt
Vinson
Vorys

Wadsworth
Walter
Welch
Welch
West
Wheeler
Whittington
Wigglesworth
Wilson, Tex.
Wolcott
Wolverton
Wood
Worley
Zimmerman

NAYS—82

Abernethy
Allen, Ill.
Arnold
Banta
Barden
Bennett, Mich.
Bennett, Mo.
Bishop
Brehm
Buffett
Case, S. Dak.
Chipperfield
Church
Clevenger
Cole, Mo.
Crawford
Curtis
Dorn
Ellis
Gathings
Gillie
Grant, Ind.
Griffiths
Gross
Gwinn, N. Y.
Gwynne, Iowa
Hand
Harness, Ind.

Harvey
Hoffman
Hull
Jennings
Johnson, Ill.
Johnson, Ind.
Jonkman
Kearns
Knutson
Landis
Larcade
Lemke
Love
McCowan
McCulloch
McGregor
Mack
Marcantonio
Martin, Iowa
Mason
Meyer
O'Konski
Passman
Phillips, Tenn.
Pickett
Ploeser
Rankin
Reed, Ill.

Reeves
Rich
Rizley
Robertson
Robison
Sanborn
Sarbacher
Schwabe, Mo.
Schwabe, Okla.
Scrivner
Shafer
Short
Simpson, Ill.
Smith, Kans.
Smith, Ohio
Stevenson
Stockman
Twyman
Vail
Vursell
Whitten
Williams
Wilson, Ind.
Winstead
Woodruff
Youngblood

ANSWERED "PRESENT"—2

Johnson, Okla. Macy

NOT VOTING—36

Allen, La.
Bates, Ky.
Bland
Boggs, La.
Brooks
Buckley
Busbey
Camp
Celler
Clements
Clippinger
Coffin

Colmer
Davis, Ga.
Davis, Tenn.
Dawson, Ill.
Harris
Hart
Hartley
Hays
Hébert
Jenison
Kelley
Lichtenwalter

McDonough
Morrison
Owens
Potts
Powell
Rabin
Reed, N. Y.
Rivers
Sabath
Scoblick
Thomas, N. J.
Trimble

So the conference report was agreed to.
The Clerk announced the following pairs:

On this vote:

Mr. Thomas of New Jersey for, with Mr. Reed of New York against.

Mr. Coffin for, with Mr. Jenison against.
Mr. Lichtenwalter for, with Mr. Busbey against.

Mr. Hébert for, with Mr. Clippinger against.
Mr. Boggs of Louisiana for, with Mr. Owens against.

Mr. Davis of Georgia for, with Mr. Johnson of Oklahoma against.

Additional general pairs:

Mr. Hartley with Mr. Harris.
Mr. McDonough with Mr. Rivers.
Mr. Scoblick with Mr. Colmer.
Mr. Potts with Mr. Kelley.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I have a live pair with the gentleman from Georgia, Mr. DAVIS, who if present would vote "aye." I therefore withdraw my vote of "no" and answer "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION TO SPEAKER TO SIGN BILL

Mr. VORYS. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House today the

Speaker be authorized to sign the enrolled bill (S. 1774) to promote the general welfare, national interest, and foreign policy of the United States by providing supplies to certain European countries on an emergency basis.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

PROGRAM ON APPROPRIATION BILL COVERING EMERGENCY AID TO EUROPE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, for the information of the Members, it is expected that the Committee on Appropriations will report the deficiency appropriation in the morning. Under an order previously agreed to in the House the bill may be called up at any time after it is reported. It is our plan to call the bill up when we meet tomorrow. Just how long general debate will continue I cannot say. At the moment, based on present demands for time the debate will probably run throughout most of tomorrow, if not all of tomorrow. I can make no definite commitment as to when the matter may finally get to the voting stage.

CORRECTION OF ROLL CALL

Mr. GALLAGHER. Mr. Speaker, on Roll Call 146, I am not recorded. I was present and voted "Aye." I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

APPOINTMENT TO COMMITTEE

The SPEAKER. Pursuant to the provisions of House Resolution 18, Eightieth Congress, the Chair appoints as a member of the Select Committee To Conduct a Study and Investigation of the Problems of Small Business the gentleman from Pennsylvania [Mr. LICHTENWALTER] to fill the existing vacancy thereon.

RELIEF OF THE NAVAJO AND HOPI INDIANS

Mr. WELCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4627) to authorize an appropriation for the immediate relief of the Navajo and Hopi Indians, and for other purposes, with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

That there is hereby authorized to be appropriated the sum of \$2,000,000, or so much thereof as may be necessary, to enable the Secretary of the Interior to provide immediate relief for needy Navajo and Hopi Indians who are on their reservations or allotted holdings and for those who leave their reservations for employment as hereinafter provided. Not to exceed \$500,000 of such amount shall be available for relief of the children, the blind, aged, sick, and disabled,

We cannot ignore the harsh reality that a large segment of the people with lowest incomes have already suffered a brutal reduction in their standard of living as a result of the current inflation. It is this segment of our people who need our protection. Income tax should not force people below the minimum levels of health and decency. A personal exemption of merely \$500 or \$600 fails to meet the problem in the face of today's runaway prices.

I have chosen the per capita credit against tax liability rather than an increase in personal exemptions because it does the job where the job needs to be done. An increase in exemptions means more to those whose need for tax relief is least.

The \$100 tax credit I propose is about the equivalent of a \$500 increase in personal exemptions for those who are taxed at the starting rate of 19 percent. These are the ones who most need the benefits of lower taxes. It will mean the identical dollar decrease in taxes for those in the \$75,000 class.

My bill, unlike the Knutson 10-20-30 plan, is an honest across-the-board tax reduction with the same amount of tax relief for all.

My cost-of-living credit will excuse from payment of Federal income tax single persons with a net income of up to \$1,025, married persons up to \$2,050, and married couples with two children up to \$4,100. It has been suggested that the cost-of-living allowance is too generous to the low-income groups. May I point out that the 1939 income-tax exemption for a family of four would be the equivalent of a \$5,000 to \$5,500 exemption under the prices prevailing today. Congress must give immediate consideration to the plight of the millions of unorganized teachers, clerks, civil servants, and farm workers who find it impossible to strike for higher wages to meet the increased cost of living.

The cost of living \$100 per capita credit for individual income-tax payers, their wives, and dependents will be more than offset by \$6,000,000,000 of revenue to be derived from the excess-profits tax. This revenue will also offset the repeal of excise taxes on transportation, telephone, and telegraph services.

The excise taxes on transportation of persons and property and on long-distance telephone and telegraph, discriminate against the people and industry of the far West. Pacific coast consumers must pay a tax of 3 percent on the shipping charges on articles produced in the East and Middle West, while western manufacturers, farmers, and lumbermen find their competitive disadvantage in eastern markets increased by the tax on transportation of property. Moreover, California resorts, 3,000 miles away for many United States residents, are confronted with the obstacle of the 15-percent tax on passenger tickets and berths, which works to the advantage of vacation spots closer to the population centers. Similar discrimination against the far West results from the 25-percent tax on long-distance telephone and telegraph service. Since the taxes generally enter into business costs, they operate to

disturb competitive relations of western business. In addition, these taxes are generally regressive and constitute an undue burden on individuals with low incomes.

During the war the excess-profits tax was considered an integral part of the anti-inflation and antiprofitteering programs. Why should not it be used now?

Profits are the highest in our history and inflation is a greater threat to our economy today than it was during the war. Corporate profits after taxes for the first half of 1947 were at an annual rate of \$17,000,000,000—more than 67 percent above the profits of banner war year 1943. The Nation must be protected from its peacetime profiteers.

The November letter of the National City Bank of New York showed that the annual return on investment for the first 9 months of 1947 of leading corporations in more than a dozen major industries is soaring beyond that of last year. Food-products corporations are earning 20 percent annually after taxes, while manufacturers of textiles and apparel are receiving a profit of 26 percent on investment.

My bill to restore the 95-percent tax on the adjusted excess-profits net income of corporations will assure the Treasury of an income adequate to reduce the national debt in a manner that will further aid the American consumer. With the imposition of this antiprofitteering tax, corporations will lose their incentive to raise prices and further squeeze the consumer.

My bill would limit corporation profits to either the average earnings of the corporation during the years 1936-39, or to 8 percent of invested capital up to \$5,000,000 of capital, with an additional 5- to 6-percent profit on invested capital over \$5,000,000. In no event, however, could the combined corporate income and excess-profits taxes be greater than 80 percent of corporate earnings.

In the face of the current Republican inflation, every action that we take must be predicated upon the need for protecting the American people from insecurity and fear of being submerged beneath a rising tide of prices.

CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the call of the committees in order on Wednesday next may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ROONEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

HOUSE JOINT RESOLUTION 273

Mr. ROONEY. Mr. Speaker, just previous to the roll call vote this afternoon on the joint resolution—House Joint Resolution 273—of the National Associa-

tion of Manufacturers to relieve their needy members "from the operation of the antitrust laws, and of all other restraints, limitations, and prohibitions of law" under the guise of the title "Joint resolution to aid in the stabilization of commodity prices to aid in further stabilizing the economy of the United States, and for other purposes," the majority leader, my distinguished colleague from Indiana [Mr. HALLECK] stated that the excuse of the Republican leadership for attempting to foist such a proposition upon this House and the American public under suspension of the rules was the fact that we were now within the last 6 days of this session.

I join with my New York colleagues of the minority in saying that I am unalterably opposed to adjournment at a time when we should stay on the job instead of taking time for a Christmas vacation.

The American housewife has no vacation of the impossible high cost of living. While our time is taken up opposing another gift for the Republican big-money campaign contributors prices are rising still further and inflation continues to run wild.

What is the majority party going to do about it?

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DRAIN ON FOOD OF AMERICANS BY AID ABROAD

Mr. RICH. Mr. Speaker, the reason why we are supposed to be here is the situation with reference to high prices. I just want to show you what this country exported in grain previous to the war, and what we are doing now. Previous to the war we exported 4.6 percent of our grain and today we are exporting 52.4 percent. Canada exported 18.2 percent before the war, and today she is exporting 23.8 percent. Australia exported 9.7 percent before the war and now is exporting 4.8 percent.

That shows you how the other countries are shipping less than they did before, and what a great amount we are shipping. That is the reason for our high prices. Argentina shipped 41 percent before the war, and today, that is, from 1946 to 1947, she shipped 14.8 percent. All the other countries of the world exported 26.5 percent before the war, and today are exporting 4.2 percent. The great burden is falling upon the United States to furnish foodstuffs, and foodstuffs are the things that are so high, and the things that the American people are crying for. Yet we are setting out to make agreements to ship out practically everything from this country that we can scrape together, which will result in boosting the prices of those commodities, and the American family will have to do without, because they cannot get the things they want or else will have to pay prices way beyond what their

pocketbooks will stand for, and all this happening at a time when they have gotten more wages than they have ever gotten in the history of the country, and yet the prices are high. Now what we can do to stop that, if we just have sense enough to do it, would be to limit a lot of these exports so that Americans can finally buy these commodities. That is what we ought to do, and the quicker we do it the better it will be for America. By doing that we will be looking after our own constituents, our own people.

Let me quote from the National Week of the United States News of December 12:

DRAIN ON FOOD OF AMERICANS BY AID ABROAD

Why the United States is to be pinched for some kinds of food is shown in the chart. The food pinch will be most acute in early months of 1948.

Grain is the principal base for the food supply. Total grain exports from countries such as the United States, which produces more than enough for home use, maintain the prewar average of about 28,500,000 tons a year.

Before the war, the United States, on an average, supplied 1,316,000 tons of this total. That was less than 5 percent of world exports of grain. Nations of western Europe looked elsewhere than to the United States for their supplies. Farmers of this country went begging to sell their surplus abroad.

In the past year—the year ended July 1—the United States supplied the outside world with nearly 15,000,000 tons of grain, or 52.4 percent of the grain imports of nations that need to import. United States farmers, in other words, have been providing more than 10 times as much grain as before the war. Most of this grain is given free.

The United States is forced to squeeze itself to help others with free grain. By giving on this scale, United States taxpayers pay directly for the grain to be exported. Then they pay again through the higher prices they pay for foodstuffs because of the scarcities growing from large exports.

While the United States is exporting 10 times as much as before the war, most other export nations are exporting less.

Argentina supplied an average of 11,637,000 tons of grain, or 41 percent of importing nations' purchases, before the war. In the year past, Argentina supplied 4,220,000 tons, or 14.8 percent of the total. She supplies only a third as much as before and gets up to \$5.60 a bushel.

Canada supplied 18.2 percent of world grain imports before the war, 23.8 percent in the past year.

Australia supplied nearly 10 percent of world imports before the war and only 4.8 percent recently.

Other nations supplied 7,504,000 tons of grain before the war, or 26.5 percent of the total. Since the war these nations supplied 1,200,000 tons, or around 4 percent.

The United States, straining itself to supply the needs of Europe for grain, probably cannot keep up its export page another year. Bad weather may cut the 1948 wheat crop. Exports, to be 520,000,000 bushels this year, might have to be cut to 300,000,000 bushels next. If that happens, western Europe will need either to grow more itself or to look to prewar suppliers for more grain.

The time when the United States carries almost all the load may be passing.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from New Hampshire [Mr. MERROW] is recognized for 60 minutes.

UNITED STATES AIR SUPREMACY ONLY ROAD TO THE PEACE

PRESENT POSITION OF THE UNITED STATES

Mr. MERROW. Mr. Speaker, the last half century has witnessed the meteoric ascendancy of the United States to its present unparalleled position of world leadership. Gloriously victorious in two great world wars, this Republic has arrived at a place of influence, prestige, and power never before equaled by any nation in all the annals of human history. It is our duty to a struggling humanity to continue to exercise in this postwar period the same high quality of leadership that we have displayed against the cruel and barbarous onslaught of aggression and tyranny in the two world wars. We are in a crucial period. The decisions to be rendered by the United States in the immediate future will determine the course of civilization for many succeeding generations.

In this current struggle to establish freedom and peace, the highest caliber of statesmanship is demanded—a statesmanship comparable to, yet, and even superior to that required in winning a great war. The superb challenge of this world-rocking era is to create permanent peace so that all mankind may dwell without fear of enslavement and death in an environment of friendship and freedom. World leadership for peace has been literally thrust upon this Republic by the swift and unrelenting movement of events. Destiny is bidding us rise to this historic occasion, assume responsibility commensurable with our power and lead with a resoluteness the people of this earth to liberty, justice, and the realization of the democratic way of life.

PREPAREDNESS

The most important and by far the most vital of all principles in a realistic platform on foreign policy for the United States is the rapid achievement and the continued maintenance of full and adequate preparedness for defense on the sea, on the land, and more especially in the air. All the funds required to keep us the strongest military nation on the planet should be unhesitatingly appropriated by the Congress and then having done this the Congress should insist that the armed services efficiently and effectively move to an early and full realization of this proposed goal. A strong and powerful United States is the surest guaranty for the perpetuation of a society of free nations. Only by adopting and acting upon the principle of sufficient preparedness will we be able to win the long-protracted struggle in which we are engaged for the achievement of an enduring peace.

AIR SUPREMACY

On several occasions I have stated on this floor that air supremacy by the United States must for our own national interests become an actuality at the earliest possible moment regardless of the cost, the effort, or the sacrifice involved. In a telegram to President Truman and the Republican leadership of the Congress on August 21 of this year, I

strongly urged the calling of a special session to adopt the Marshall European recovery program and to strengthen the armed forces of the United States, particularly the air force.

In my remarks today, I will speak specifically about air power. United States air supremacy is the only way in which we can ever hope to lay the foundations for a permanent peace. Air power is peace power. This should be so obvious to anyone who gives even the slightest thought to the present disastrous trend of world affairs as to eliminate without any further discussion any arguments against the proposition. We must achieve an air force equal to any air force or combination of air forces on earth. United States air power is the key to the future well-being and happiness of the world.

Former Secretary of War Robert P. Patterson in testimony before President Truman's Air Policy Commission stated that a powerful air force will cause any present or future aggressor to stop, look, and listen—and what's more he will stay stopped."

We do not need the strongest standing army in the world, or the strongest standing navy in the world—

He said—

but we do need the strongest air force.

There is the problem of delivering the atom bomb to the target as well as the problem of defense against use of the bomb on us. We can make no headway with either problem unless we have command of the air.

Robert A. Lovett, Acting Secretary of State, who from 1940 to 1945 was Assistant Secretary of War for Air told the commission:

This country has got to make up its mind whether it will be the leading air power. There is nothing more pathetic than a second-rate air power because while you have a sense of security there is no security. Creating air power is expensive, but as far as I know it is about the cheapest way of buying security that there is. This is, of course, a hard decision for peace-loving people to make.

REASONS FOR AIR SUPREMACY

There is an imposing array of impelling reasons why the United States must have air supremacy. Overwhelming air power is required to protect our worldwide interests. In view of the Russian program of expansion and aggression, air strength is necessary if we are to make our voice heard in world affairs and if encroachment on strategic points is to be resisted. Complete control of the air is the only defense against the atomic bomb. The vast oil supplies of the Middle East which will soon furnish the blood of our economic system must not go unprotected. The money which we propose to spend on the Marshall plan to bring recovery to western Europe will be thrown away if we do not achieve air superiority to make our security and the respect for our will certain. Failing to strengthen our armed forces the position of the United States in world affairs will be jeopardized and the decline of the leadership of this Republic will be a

aroused public opinion to demand adequate national protection pending the achievement of some system of collective security—whether through the United Nations, through a Federal Union of the Western Powers or of the Western Hemisphere; and further, to demand of Congress that this protection be adequate in fact, not merely in billions to maintain outdated equipment.

It is a bleak fact that no such adequate protection can be achieved until deep into 1950 unless it can be made the subject of quick action by a special session of Congress. But it is an even bleaker fact that there are few indications that inertia in Washington will give way to realistic action without pressure from the countless individuals who must be the targets in tomorrow's wars. Is it not time for every Congressman to be asked whether he is satisfied, in view of present world unrest, that the United States will not be attacked for several years? And, if he concedes the possibility, is he satisfied with a first-line defense of 144 obsolescent bombers, and only 100 new ones on order?

A TOUGH POLICY

I hope you will agree with me that our policy must become tough and tough quickly. We must fight communism on all fronts. We should begin a program of counterpropaganda. We must appropriate the necessary money for the rehabilitation of those countries taking a stand against Soviet aggression. We should immediately put an embargo on all materials being shipped to the Soviet Union. The President should be directed by mandatory legislation from the Congress that the sending of goods to the Soviet Union must stop and that we will not tolerate the building up of a country who by her statements and her acts is avowedly hostile to the United States. Most important, we should give immediate attention to our armed strength and I hope you will agree with me that the supplemental appropriation I have suggested is necessary. This Congress should make such an appropriation to achieve the basic minimum requirements for our Air Force. The first thought of the Congress after the Christmas recess should be the establishment of air supremacy. This should take precedence over any and all legislation.

The question of strengthening the armed forces of the United States is the most crucial issue before the country and if we postpone it we will be doing so at our peril. I most carefully consider my words when I say if we as a Congress sanction a condition of preparedness in any way short of the ability to bring the full might of the United States to bear at once against any aggressor who delivers an attack upon us or any nation, the integrity of which is vital to our security, we will, in my opinion, be negligent of our duty. Such a course may be most disastrous to the Republic. I am making this plea because I am convinced that were I to remain silent at this critical moment I would be failing to do my duty as a Representative of the people.

DIPLOMATIC RELATIONS, RUSSIA AND THE UNITED STATES

To be perfectly frank no nation has ever been subjected to a worse barrage of insults or to such an outflowing of incriminating language as has been poured forth against the United States by the

Russians. They are spreading vicious propaganda to undermine the confidence of all people in this country. They are trying to injure us by spreading words of hatred, and they hope that by their endeavors our activities will be greatly impaired in all sections of the world. This constant spewing forth of animosity and the incessant attacks upon the United States have become intolerable. The unwillingness of Moscow to cooperate in any plan for world recovery, the Kremlin's determination to expand at the expense of any nation that stands in its path, the rapid rearmament of the Soviet Union, the absolute refusal to do anything to prevent the spread of chaos, hunger, sorrow, and misery, and the most obnoxious propaganda war against the United States lead us to the conclusion that we should without further ado or without further hesitancy inform the Russian Government that if their propaganda against us is not stopped and if their policy of noncooperation, expansion, and aggression continues, there is nothing for us to do but to sever diplomatic relations with the Soviet Union. No self-respecting nation can continue to be the recipient of the insults and the abuse that we are taking in all sections of the world from the Kremlin.

THE HOUR OF DECISION

The United States must decide and must decide quickly whether or not she will take the responsibility of world leadership. We must decide at once whether or not we will make ourselves secure against any and all aggressors. The price to maintain our destined position will be great but the reward is freedom, and no price is too high for liberty. Great effort and sacrifice are required to make ourselves secure in a world where others entertain neither the hope nor the desire for a decent international society.

During the war I never heard anyone ask the question—Can we afford to win? We knew we had to win and we put forth the energy required to be victorious. We should not haggle, hesitate, and confuse the issue by asking the question—Can this Republic in its very prime and in its enviable position of potential power afford to win the peace. We cannot afford to lose.

We must win the peace or fail in the mission for which destiny created this Nation. The Republic has reached its present position because of the sweat, the toil, and the blood of the generations of hard-working forebears who have preceded us, generations of men and women who had the vision of a great, free, powerful, and democratic nation.

If this generation fails to go forward in the same pioneering spirit that characterized our forefathers in a supreme effort to establish a decent world we will not keep faith with them or with those who sacrificed to make victory possible in two Great World Wars.

It will require several billion dollars to defeat communism in western Europe; it will require billions to build an air force which no nation would dare to attack—but these billions will be small in comparison to what it will cost if we by our negligence and inactivity allow our-

selves to be wiped from the face of the earth by an aggressor bent on the start of an atomic war. Without an air force capable of delivering an instantaneous reprisal with devastating effect, we will wake up some morning to find the industrial heart of America completely paralyzed and our country defeated and destroyed.

We find ourselves in the most precarious situation that has ever confronted any nation. Our decisions will determine the future of this world and of civilization as we know it. Let us never lose sight of the fact that there are other powers in the world who believe that war is inevitable and will not hesitate to strike at the opportune moment. Let us fully understand that the day has come when no nation is going to stand between us and an aggressor.

We are definitely on our own. By our strength and by our strength alone will we be able to survive. Time is running out. The world moves with astounding rapidity. We lost the air supremacy that we possessed at the close of the last war. Today, other powers exceed us in air strength but no nation exceeds us in industrial potential and in the will to do what is necessary to guarantee freedom—not only for ourselves but for all nations. We can still regain what we have lost, and the most important issue before this Nation today is the achievement of air supremacy. We must have the power to control the air in any section of this planet. Failing to do this we may in a very short period of time pay the price of national extinction.

(Mr. MERROW asked and was granted permission to revise and extend his remarks.)

SPECIAL ORDER

The SPEAKER pro tempore (Mr. McDOWELL). Under previous order of the House, the gentleman from California [Mr. JACKSON] is recognized for 30 minutes.

REPORT ON GREECE

Mr. JACKSON of California. Mr. Speaker, during the period commencing October 6 and ending on October 23, the gentleman from Texas [Mr. TEAGUE] and myself made a trip to Europe and during that period spent almost a month in the country of Greece.

FOREWORD

During that period the Members traveled hundreds of miles through Greece and obtained interviews with prominent personalities both in and out of Government. In addition to those persons eminent in Greek affairs, matters of common interest to the United States and Greece were discussed with representatives of the United States Foreign Service, the Greek press, American and foreign reporters, columnists, magazine writers, officers and men of the Greek Army and Air Force, priests, peasants, villagers, businessmen, and captured bandits.

MILITARY SIGNIFICANCE OF GREECE

Fate—in a mood of irony, perhaps—gave Greece an unproductive soil, a rugged, mountainous terrain, an unbalanced economy which has never produced a favorable balance of trade for

the Hellenes, and then set the nation in what must be considered one of the most strategic areas in the entire world.

It is not sufficient to consider Greece as an entity in this day of the atom. The whole problem of Greece must be studied from the standpoint of its relationship with the rest of Europe and, what is more important, from the standpoint of its geographic position with relation to the Middle East.

Greece stands on the flank of Turkey. Her island possessions dominate the approaches to the Dardanelles and the Bosphorus. Crete points like a dull dagger at our supply line across the Mediterranean. Her harbors, while not the best in the world, would offer facilities for repair and refueling in the event of a world crisis.

It is questionable whether Turkey could continue to stand alone against militaristic aggression unless her flank were covered to the west. The ancient gateway of invasion to the Middle East lies through Turkey and has since the days of Attila the Hun and Genghis Khan. The Iran-Turkey-Greece axis stands guard to the reaches not only of the Middle East but of Africa and the balance of the Mediterranean world.

It was for this reason that America went to the aid of Greece early in 1947. It was obvious that if our supply lines to the Near and Middle East were not to be placed in immediate jeopardy, we must take positive action to insure against aggression by militaristic communism and make every possible effort to insulate political and military infiltration outside the frontiers of Greece and Turkey.

Greece is a constitutional monarchy with a unicameral legislature elected by universal manhood suffrage and a responsible cabinet. On October 18, 1944, following the withdrawal of German forces of occupation, the legal Government of Greece returned from exile with the announced intention of restoring constitutional government in accordance with the constitution of 1911, which had been reinstated in 1935 but had been largely inoperative during the Metaxas regime—1936–41—and the ensuing enemy occupation—1941–44. Plans for the restoration of constitutional government were interrupted by the outbreak of civil war on December 3, 1944. During the course of hostilities, the King, who had remained abroad, authorized Archbishop Damaskinos to act as Regent. Hostilities were brought to a close by the signature on February 12, 1945, of the Varkiza agreement between the Government and the insurgents—EAM or National Liberation Front—providing for the holding of a plebiscite and of parliamentary elections. As a result of these elections and the plebiscite, the present Parliament was elected and the King returned.

In early 1947, the decision of the British Government to terminate a major part of its program of economic and military assistance to Greece, precipitated an emergency of immediate moment. Combined with a drastic economic situation within its frontiers, Greece found itself also under military attack from without

as large-scale bandit operations flared throughout the country and across the frontiers of Albania, Yugoslavia, and Bulgaria.

The Greek Government appealed to the United States Government for aid in this crisis, and on May 22, 1947, the Congress of the United States approved financial, material, and technical assistance to avert "economic crisis, promote national recovery, and to restore internal tranquillity." The legislation passed by the Congress authorized the President of the United States to furnish such assistance to the Greek people with an added charge that the sovereign independence of the recipient nation was to be at all times respected and observed.

Under the terms of the agreement between the United States Government and that of Greece, an American Mission for Aid to Greece was established for the purpose of coordination, advice, and assistance. This mission has, since last July, been functioning in Athens under the direction of Mr. Dwight P. Griswold, designated by the President as Chief of the American Mission.

The economic task of reconstruction, rehabilitation, and aid has been greatly handicapped by inherent weaknesses of political structure and operation and by military considerations, largely brought about by the depredations of Communist-inspired *andartes* (bandits) throughout all parts of the country.

Because of obvious difficulties engendered by such bandit operations, the American Mission has made only minor progress in its several fields of operation. Generally, the Mission seeks to improve the standards of agriculture; to assist and advise in the reconstruction and repair of highways, ports, canals, railroads, communications, waterworks, and hydroelectric projects; and the development of such other legitimate work programs as may qualify under the terms of the aid agreement.

No actual starvation was seen to exist in Greece by the members preparing this report, although ample evidence exists for the statement that malnutrition, especially among children, is widespread. The basic diet of the Greek farmers and villagers has, for hundreds of years, consisted of bread, cheese, olives, meat, and wine. A prejudice against tinned foods is almost universal throughout Greece, which fact has resulted in the appearance on store counters of hundreds of items of UNRRA foodstuffs, principally tinned. However, there is little question but that American shipments of wheat, cereals, and pulses have been a decided factor in the prevention of mass starvation, which can and unquestionably will develop rapidly should such assistance be terminated abruptly.

Large quantities of UNRRA equipment in Greece still remain unsold and undistributed. Poor selectivity and inadequate study of Greek needs resulted in many instances in the dumping on Greek docks of supply items and equipment totally unsuited to the needs of the country. These supplies remain warehoused in Athens under the direct control of the Greek Government. Complete inventories are lacking, although

the aid mission reports that every effort is being made to ascertain the type, quality, and quantity of such supplies and equipment, to the end that all such supplies and matériel may be distributed as, when, and where needed before the end of June 1948. In spite of obvious shortcomings and sometimes inefficient methods of control and distribution, there is little doubt but that UNRRA supplies were a considerable factor in avoiding widespread suffering during the post-war period in Greece. It is to be desired that such supplies and equipment still remaining in warehouses and on storage lots will be distributed within the next several months through agreement between the Greek Government and the aid mission. It should be borne in mind that UNRRA goods are not under the supervision of any American agency in Greece, but are instead under the direct control of the Greek Government rendering any absolute direction by American authorities impossible.

In all contacts established with Greek personalities, both in and out of government service, it was sought to determine whether or not undue political influence, in violation of the expressed intent of the Congress, was being exercised by any American officials or agencies. In all instances, there seemed to be a general agreement that American participation in Greek Government affairs was confined to advice and proper suggestion as to utilization of American funds, personnel, and equipment. No evidence was found to exist of undue political pressure in any instance. To the contrary, there is reason to believe that efficient operation and administration of the program of aid may suffer at times because of a reluctance of American officials to be more forceful in their contacts with the Greek Government, and to require more businesslike and direct methods of approach by Greek authorities.

The primary mission to Greece of the members submitting this report was to be a study and report of communism, its forms, its propaganda, its strength, and its connection with the bandit activities. It became apparent immediately after arrival in the country, however, that such a study would necessarily cut across other forms of endeavor and into fields of study coming under other jurisdictions and committees. As an illustration of the point in question, the demolition by bandits of a railway bridge is not only a military problem. The reconstruction of the bridge becomes in turn an economic question of costs and accounting. Almost every difficulty confronting Greece today is of such a dual character. That a relatively stable government has been formed in the face of obstacles and adversity is a tribute to Greek determination and willingness to cooperate in rehabilitation measures.

Upon the arrival of the American mission in Greece, economic chaos was found to exist. Food was almost exhausted, foreign exchange largely expended, bandit bands gaining in strength through voluntary enlistments, a terrorized population, low civilian morale, an impossible political situation where some members

of government in high office were inclined to be party men first and Greeks secondly.

Since that time the mission has succeeded in achieving some measure of financial stability, with the assistance of the majority of Greek Government officials. Voluntary recruitment for the bandits has almost ceased, with replacements being on the basis of forced service from which the individual concerned escapes at the first opportunity offered. Food, due largely to American imports, has increased in quantity, and basic rations are sufficient to maintain life. The Greek export trade gives evidence of improvement, and a system of export-import licenses has been instituted by the the Government on the advice of American officials. Income-tax reform legislation has been passed, such legislation being intended to distribute more equitably the tax load, much of which is presently escaped by rich Greeks abroad, whose holdings under present law evade the force of taxation measures.

Contracts for public works have been awarded, and work is in progress on several projects, including the dredging of the Corinth Canal and the clearing of harbor debris. A major general strike was recently avoided by mutual arbitration.

A high degree of economic stability will be impossible to achieve without pacification of the bandit bands. The military operations continue at present on such a widespread scale as to render planting and harvesting of crops impossible in many areas. Limited harvests may be secured in those areas garrisoned by the Greek National Army, but forced recruiting of villagers and farmers by the bandit bands will have the ultimate effect of removing additional thousands of acres of arable land from cultivation. Planned chaos appears to be the goal of the Communist elements within and without Greece, and the serious dislocation of the economy, plus the problems created by refugee movements, may be said to represent a major achievement in this direction.

UNRRA supplies still remaining undistributed are a source of irritation to Greeks and foreigners alike, and offer substantial grounds for criticism of the Greek Government.

Hidden assets in the forms of disguised holding companies, registry of shipping under foreign flags, stocks, bonds, and securities held by Greek nationals in countries other than Greece, represent a great and continuing loss to the legal government of the country. The situation is not unlike that prevailing in the case of France, where millions of dollars, suitable for collateral on foreign loans, are inaccessible for such a purpose.

RECOMMENDATIONS

First. That a complete review of the situation in Greece be immediately instituted and that military pacification be accorded a higher degree of priority.

Second. That any long-range program of aid to Greece be predicated upon military considerations as well as upon economic phases.

Third. That legislation be introduced providing for the disclosure by the

United States Government of all assets held by Greek nationals in this country.

Fourth. That strong representations be made to the Greek Government for the immediate distribution of UNRRA supplies into the Greek economy.

PART II. POLITICAL BACKGROUND

Unquestionably, one of the most complex political structures in the world has been built in Greece with the passage of the centuries. The great heritage of the Greek past, together with the individual Greek's love for democratic processes, have combined to make extreme individualism at once a blessing and a bane. It must be remembered that the roots of Greek political life and the fundamental bases for Greek political thought extend into the past for considerably more than 2,000 years. While the modern Greek bears slight resemblance to his forebears in dress, speech, or manner, his political philosophy, in many instances, stems direct from the Agora, the ancient marketplace forum of Athens.

POLITICAL MELTING POT

Greece is the meeting place for the East and the West. Rampant tides of invasion have swept back and forth across the mountains and the plains of Hellas. It is here that the indirection of oriental thought and action meets the direct processes of the West and in the blending of two entirely different modes of life, it is inevitable that there should have emerged a political concept equally puzzling to both of its progenitors.

MILITARY

Of the three elements made the subjects of this report, none is of greater importance in Greece today than the military. Both economic and political considerations dim into relative unimportance in the face of open and undeclared warfare throughout the country. Arrayed against Government forces are a number of bandit bands, comprising some 18,000 irregular andartes, or guerrillas.

Guiding spirits behind the activities of the bandits are most certainly the Communist elements of Greece, Yugoslavia, Bulgaria, Albania, and by indirection, the Soviet Union. Trained observers estimate that some 10 percent of the guerrillas are philosophical Communists, another 10 percent victims of rightist outrages following the occupation, while the great majority of those comprising the membership of the bands are villagers and farmers, pressed into service during the raids of the villages of northern Greece.

The policy of the Greek Communists appears to be no less than the establishment in Greece of a dictatorship of the proletariat, which will be without organized opposition. Bands are unquestionably organized and directed by the party in a brutal and outright attempt to overthrow the Government and its legal functions throughout as large an area as possible.

RED ACTIVITY ACROSS BORDERS

To achieve military confusion and civil chaos, the Communist Party has consolidated all of its agencies on both sides of the Greek northern frontier. As determined by the United Nations Investi-

gation Committee, the Governments of Yugoslavia, Bulgaria, and Albania have actively aided the bandits who are fomenting a constant struggle within Greece. Political assassination, murder, pillage, intimidation, and propaganda are all in daily use as weapons of attack. Terrorized villagers, of all political philosophies, have deserted scores of villages in northern Greece, and have fled southward in fear of their lives. Raging parties, operating across the national frontiers of the country, kill, loot, and burn with complete abandon, and without reference to the political beliefs of their victims.

CAMPAIGN OF TERROR

Forced service in the bands has become the standard medium for recruitment. Farmers are not only taken by force from their fields, but during the course of raids on unarmed villages they are dragged from their very homes. Roads are so heavily mined that even the usually stolid Greek farmer drives his oxen and his burros through the unharvested fields and orchards rather than trust the roadway. Railway bridges are demolished almost nightly, and no public works which serves a useful or constructive purpose in the lives of the Greek people is free from the demolition squads, who under cover of night come down from the hills and the mountains on their missions of terror.

BANDITS WELL EQUIPPED

The guerrillas, with the help and assistance of Greece's northern neighbors, are in many cases better equipped and armed than is the Greek Army. Not only does a seemingly inexhaustible supply of German Teller mines find its way across the frontiers, but the individual bandit's personal arms are in many cases not only efficient but new as well. Bandits interviewed after their desertion from bands engaged in operations against the Greek Army informed the observers making this report that they had received their equipment—1 German rifle, 150 rounds of ammunition per weapon, hand grenades, bandoleer, and canteen—across the frontier. Further they stated that they had crossed into Greece from Yugoslavia with the permission, aid, and assistance of Yugoslavian frontier guards. In addition to the military commander of the band, each unit has a political adviser, called a kapetan, whose function it is to conduct classes in Communist philosophy.

TACTICS PROVE BOOMERANG

Whatever the merits of the Communist argument, the tactics of terror employed by the bands has not strengthened the Communist Party in Greece. The so-called National Army of Liberation, lauded by the world Communist press and by the fellow travelers in every country in the world, represents nothing to the average Greek in northern Greece but gangs of murdering cutthroats.

One bandit, who had surrendered to the National Greek Army told us in Salonika, shortly after his capture: "I am and have always been a Communist. I believe in the Communist doctrine. I am not, however, a murderer as well. For that reason I found it necessary to

surrender myself from the band in which I had been acting as political kapetan." This was after his one and only raid on a Greek village.

It might reasonably be expected that the villagers would exact reprisals from the families of known bandits. This is, however, not the case. In every instance investigated, it was found that the families of men known to be in the hills were, aside from a certain social ostracism, granted all of the rights and privileges enjoyed by others of the community. They received their share of Government rations, and oddly enough, according to western standards of government, were permitted to draw Government funds, provided for those without visible means of support. This procedure was found necessary by the Government when impressed service on a large scale was introduced by the bandits.

THE GREEK ARMY

The Greek Army, trained and equipped by the British, is in large measure overdispersed on the Greek mainland north of Athens. In order to protect the inhabitants of the towns, it has been considered necessary to establish garrisons, which are, by the nature of their duties, highly immobile, and which do not lend themselves to offensive operations.

The most serious problem with relation to army operations is the existence of an "open" frontier, across which the bandit bands move by day and by night. Pursued closely by Government troops, the bandits simply cross the frontier, often under the cover of machine-gun and rifle fire from the opposite side. In order to prevent charges of border violations, the Greek Army forces do not pursue the bandits into the territories of Albania, Yugoslavia, and Bulgaria.

ARMY ON DEFENSE

In spite of a far greater numerical strength than that possessed by the bandit bands, the Greek Army forces have developed a defensive psychology in all operations. Upon the insistence of Greek representatives in the Parliament, the army staff has on many occasions reprimanded field commanders who took their forces into offensive action outside their garrison area. Each representative feels that the towns and villages in his district are of such great importance as to merit the constant vigilance of garrison troops.

Thus the military situation is further confused by the infusion of political preference and pressures. While the towns and villages are no doubt of the greatest importance, it was felt by the observers that the largest of these occupied places could well utilize the local manpower for defense, thereby releasing national-army forces for offensive action. The recent formation by the Government of militia battalions on the order of the American National Guard, should render it possible for the army to step up its offensive operation.

GREEK ARMY TRAINING

Individually, the Greek soldier is efficient, disciplined, and well trained. It is felt that in any direct action between the Greek Army and the bandit forces in strength, the only result could be a com-

plete rout of the irregulars. However, the bandits themselves appreciate this fact, and avoid open action with the army wherever possible, relying instead upon the hit-and-run tactics of guerrilla warfare. This type of action is rendered effective in the extremely rugged mountains of central and northern Greece, where an able commander might well dispose an entire division of troops within a very small area by utilizing natural cover and concealment. Rocky gullies, gorges, and defiles, partially covered by scrub growth, crisscross the mountains and wend their way well into the plains of central Greece. Observation of activity is almost impossible, even from small observation planes sometimes utilized for the purpose.

The Greek Air Force, comprised of British Spitfires and various types of obsolescent bombers, has been practically grounded for many months, due to the inability of Britain to furnish spare parts and replacement items. The Greek Navy is so small as to be relatively unimportant in any assessment of the military situation in Greece.

The deplorable condition of motor transport, together with the condition of highways and roads, add further to the difficulties of the Greek National Army forces. It should be remembered that food and provender for forces which do not live off the resources of the countryside, necessitate a considerable movement of supplies and equipment. The bandit forces, raiding for provisions and living entirely off the land, are not limited in this respect. In small groups of from 100 to 500 men, the bands move rapidly from their point of entry on the frontier to the village selected for attack. Following the attack, the bandits disband if pursued and make their way back to the frontier or seek cover in the mountains during the pursuit by the army. The bandits enjoy several advantages in this type of warfare, and isolation of any considerable number of the andartes becomes extremely difficult.

CONCLUSIONS

The Greek Army, although well trained and willing to assume offensive operations, has been handicapped by political considerations. In the meanwhile the military situation has continued to deteriorate, until the present time finds the bandit bands in practical control of large areas of northern Greece.

It appears almost certain that an international conspiracy exists between the Communist elements in Greece, Albania, Yugoslavia, and Bulgaria, and that this conspiracy to dominate Greece has the active support of the governments of the last three named countries.

The bandit forces receive every measure of aid and assistance from across international frontiers, in violation of the provisions of the United Nations Charter, and that the findings of the United Nations Investigating Commission, which assessed a measure of guilt to Greece's northern neighbors, was a valid and true statement of fact.

Unless steps are taken by the Greek Government to insure an offensive action by the Greek National Army in the immediate future, the Communist-led

bands may be expected to announce the establishment of a People's government somewhere on Greek soil within a few months.

In line with the situation as we found it to exist in Greece, Mr. Speaker, and in light of the admitted fact that the United Nations has taken no practical step to implement the findings of the Border Investigation Commission I have this day placed in the hopper a concurrent resolution which calls upon the President of the United States to make renewed applications before the Security Council for the establishment of an international police force to be used in Greece for the purpose of implementing the findings of the United Nations subcommittee. Unless these findings are implemented the United Nations will in the minds of a great many people have proven its inability to cope with a situation of this kind. There is no question but that aggression goes on, aggression in violation of the United Nations charter. Either we must be prepared to do by force whatever we consider necessary in the case of Greece or we must, as all of us would prefer to do, work through the international instrumentality for peace, in this instance, the United Nations; however, the fact remains that if Greece falls not only will one small relatively unimportant country have met its fate but what is more important is that the agency which is presumed and is alleged to look out for the interests of such small countries as Greece, will suffer a blow from which it conceivably may not recover.

The moral effect of the presence of such an international police force under the direction of the United Nations would be so great it is felt in point of numbers the forces need not exceed 25,000 officers and men, certainly not a large quota to be raised among the member nations of the United Nations.

That the Soviet Union will doubtless exercise again the power of the veto is to be expected, but that knowledge should now swerve us from a persistent and continuing effort to save the United Nations.

The hour of decision, so far as this international body is concerned, is drawing very near. Its strength is going to depend to a large extent upon positive, definite action in instances of this kind where its own subcommittees bring in a report that certain acts of aggression do in fact exist.

This report is in and the whole world awaits the answer of the United Nations.

The SPEAKER. The time of the gentleman from California has expired.

CORRECTION OF ROLL CALL

Mr. NODAR. Mr. Speaker, on Roll Call No. 146 I am not recorded. I was present and voted "yea" and I ask unanimous consent that the roll call may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. JACKSON of California.

same; the school he went to and the rights he had—the rights of freemen, the right to go to the church he loved and worship God after the dictates of his own conscience. That is what it meant to him and what it should mean to all of us today. Keep faith with the traditions of this great country! That is your challenge and mine!

Stabilization of Commodity Prices

EXTENSION OF REMARKS

OF

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. MADDEN. Mr. Speaker, the President called the Congress into special session on November 17 to pass practical legislation which would reduce the high cost of living, and also to extend aid to the suffering people who were victims in war-devastated countries.

The Gallup poll recently revealed that the problem uppermost in the minds of the American people is the necessity for immediate reduction of the high cost of living.

Today the Republican leadership in this special session has submitted Joint resolution 273 as their solution to our inflationary dilemma.

This resolution is supposed to aid in the stabilization of commodity prices and further aid in stabilizing the economy of the United States.

This resolution is the Republican leadership's answer to the crying need of the American people that prices must be reduced.

This resolution, instead of effectively legislating on the 10 points which our President asked for, as necessary to stop inflation, is ineffective, impractical, and a malicious sham to fool the American people into thinking that the congressional leadership is serious in curtailing high prices.

This resolution sets up four "skim milk" provisions, so the Republican Party can tell the Nation that they submitted some kind of legislation to stop inflation.

The first provision authorizes the President to enter voluntary agreements with representatives of industry, business, and agriculture so as to provide for allocation of transportation, marketing, and so forth. This does not set out any effective penalty or power for the President to enforce such agreements. This provision is merely a vacuum and an empty gesture.

The second and third provisions set out an extension of time from February 29, 1948, to February 28, 1949, of export controls and allocation of transport facilities. These two provisions are meaningless as far as the special session is concerned because these controls will be in effect until February 29, 1948, regardless.

The last provision sets up requirements for the Federal Reserve banks. This provision in itself would not have an immediate effect on the high cost of living

throughout the country, and would eventually increase the interest of our present stupendous national debt.

The public will be amazed that this resolution contains no provision to halt the skyrocketing of rentals throughout the country.

The most astounding provision in this resolution is part (c) of section 2 which begins as follows:

(c) Parties to any agreement approved under this section are hereby relieved from the operation of the antitrust laws, and of all other restraints, limitations, and prohibitions of law, with respect to the making of such agreements and with respect to carrying out such agreement prior to March 1, 1949, in conformity with its provisions.

This paragraph no doubt was demanded and included in the resolution through the insistence of the National Association of Manufacturers. It is a continuing of the effort of the National Association of Manufacturers to nullify and weaken the antitrust laws of our country. It also coincides with their propaganda campaign to justify the record-breaking seventeen and one-half billions in profits piled up by American industry in 1947. These profits represent more than a 40-percent increase over the previous year, 1946.

Today is the first time in 14 years that the Committee on Banking and Currency has sponsored a piece of legislation, either important or unimportant, under the "gag" rule. The Republican leadership has limited the debate on this so-called inflationary resolution to 40 minutes—20 minutes on each side. The high cost of living today is staggering millions of American homes under its pressing burden. The leaders of this Congress are in effect telling the American people that this body should only have 40 minutes to debate this most important of all problems.

The American consumers, who are stretching the family budget to cover the grocery, rent, and clothing bill, should remember this legislative operation that the Republican leadership is forcing on us today.

I firmly believe that the leadership would not have submitted even this weak resolution had not their conscience haunted them for advocating their killing price control in June 1946.

Congressman HALLECK, the majority leader, states that because of the impending adjournment, we have not time to give full and extended debate to price-control legislation. The American people are expecting this special session of Congress to remain in Washington and pass legislation which will solve this important problem.

The public should secure copies of this so-called anti-inflation resolution—House Joint Resolution 273—and ask the leaders responsible for it if they are serious in reducing the cost of living in America, or if they are merely playing 1948 Presidential politics.

This feeble effort to submit practical legislation against inflation will disappoint the American consuming public. They will be fearful that they cannot receive cooperation from the leaders of this Congress to take drastic steps to reduce prices.

Our leaders fail to realize that the American people will gladly submit to sacrifice when they see disaster facing our American way of life. They demonstrated that during the war, and will gladly cooperate to prevent inflation from ruining our economy.

An Explanation Is Due

EXTENSION OF REMARKS

OF

HON. REID F. MURRAY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. MURRAY of Wisconsin. Mr. Speaker, I wish the Secretary of Agriculture would stay in Washington long enough between political speeches to see that the Steagall amendment is put in operation in accordance to the law. His dire predictions about the future meat supplies of the country may come true, but if they do this administration will be responsible. When the present Secretary of Agriculture was chairman of the committee to investigate food shortages the report quoted the following:

One of the factors that has shaken the confidence of producers is whether requirements, once indicated, will actually be absorbed in full by the claimant agencies at the time production becomes available.

This can be found in Union Calendar No. 248, page 3.

It is known that Marvin Jones, who had the responsibility for these situations at that time, did do something to iron them out. In the same Union Calendar No. 248, page 3, we find:

It seems to this committee that a greater degree of responsibility should be recognized by the various claimants. Their requirements once agreed upon, should represent firm commitments, and each claimant should be under an obligation to take in full the commodities claimed.

Why does not the Secretary of Agriculture, Mr. Anderson, take the same position he did when he was chairman of the Special Food Investigation Committee?

Some people want to put a ceiling on meat, as if one commodity could be successfully subjected to control. Do you suppose that they, including Secretary Harriman, want to put a ceiling on the Midwest chickens when they are bringing 10 to 20 cents per pound and the law states that the support floor is 24.8 cents per pound? If there is any doubt in anyone's mind that chickens are selling for 10 to 20 cents per pound in the Midwest, please read the following letter from a county agent, one of the employees of the United States Department of Agriculture, which is as follows:

COOPERATIVE EXTENSION WORK
IN AGRICULTURE AND HOME ECONOMICS,
Menomonie, Wis., December 9, 1947.
To the Honorable REID MURRAY,
House Office Building,
Washington, D. C.

DEAR SIR: I am somewhat alarmed to find that poultry was selling last week for 11

cents a pound at Boyceville, Wis., and has been selling for several weeks at about 15 cents a pound. I am wondering if there isn't a support price on poultry at about 22 cents a pound.

I have contacted the local AAA chairman regarding support prices for poultry and corn, but he doesn't seem to be familiar with any program that is in effect on these commodities.

I am wondering if you would inform me as to whether or not there has been a support price for poultry and other commodities and if so I wish you would explain what methods should be used in obtaining this price for the farmers.

I am sure that you realize that it is not possible to market poultry at that price and even pay for the feed under the present ratio.

Most respectfully,

ARCHIE JOHNSON,
Dunn County Agricultural Agent.

If you do not believe that the great bulk of midwestern chickens are not being purchased at less than the legal lawful prices, read the following market reports from the Midwest and Northwest:

Dickinson, N. Dak., Nov. 27, 1947:	Cents
Heavy hens.....	16
Light hens.....	10
Heavy springers.....	18
Light springers.....	15
Cocks.....	7
Eggs.....	45
Aberdeen, S. Dak., Nov. 17, 1947:	
No. 1 heavy hens, 4½ pounds and up.....	19
No. 1 hens, under 4½ pound.....	13
Old roosters.....	8
Heavy breed springs.....	20
Leghorns.....	16
Eggs, extras.....	46
No. 1 eggs.....	36
No. 2 eggs.....	27
Oelwein, Iowa, Dec. 1, 1947:	
Leghorn hens.....	13
Heavy hens.....	18
Leghorn cocks.....	8
Heavy cocks.....	■
Springs, over 5 pounds.....	18
Springs, under 5 pounds.....	13
Leghorn springs.....	13
Eggs, hennerly.....	50
No. 1 eggs.....	34
No. 2 eggs.....	29
Muscataine, Iowa, Dec. 1, 1947:	
Heavy breed hens.....	19
Leghorn hens.....	15
Heavy breed springs.....	23
Leghorn springs.....	16
Cocks.....	12
Eggs, grade A, large.....	50
Eggs, grade B.....	40
Eggs, grade C.....	28
Wadena, Minn., Nov. 13, 1947:	
No. 1 hens, 4½ pounds and up.....	20
No. 1 hens, under 4½ pounds.....	13
Roosters.....	8
Springs, colored.....	21
Leghorn springs.....	14
Eggs, grade A, large.....	46
Eggs, grade A, medium.....	35

If the Steagall and LaFollette-Taft amendments are of any value as a part of the law of the land, why hasn't the legal lawful support been extended to these chicken producers in conformity to the expressed wishes of the Congress?

This chicken price program should be rectified at once. Otherwise the packers will make a cleaning by purchasing these chickens now below the lawful prices like they did the light hogs in the winter of 1943 and 1944, and putting them on the market next spring when the Secretary of Agriculture states that meat will be scarce. The prices that people pay for chickens in their butcher

shop is not reflected by these 10- to 20-cent chickens in the country.

This chicken situation is just one more example of the fact that the farmers could give away some of their products and still the consumer would be paying high prices for them. This indicates that there is more involved in this price situation than the price the producer receives.

Letter From Marcus G. Cameron, Deputy Chief of Staff, Disabled American Veterans

EXTENSION OF REMARKS OF

HON. CARL T. DURHAM

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. DURHAM. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following letter:

TRANSPORT DIVISION,
OMGUS, UNITED STATES ARMY,
APO 742, CARE POSTMASTER,
New York, N. Y., December 4, 1947.
Hon. CARL T. DURHAM,
New House Office Building,
Washington, D. C.

DEAR MR. DURHAM: I apologize to you for not having written to you sooner, but we have had the national adjutant of Disabled American Veterans over here the last of September for a 17-day tour of the American zone. The 5th of October I left for a tour of the American zone also and spent 11 days touring 3,000 miles over the farming region and dairies of Germany.

Mr. DURHAM, I traveled into the wagon roads of the southern part of this country where I could see just how the farmers were working. I viewed many thousands of acres of farms; all I could see everywhere was obsolete methods of farming. All work is done with oxen, the land is so poor from overwork that they cannot produce food in abundance. All crops were being harvested, and as soon as they removed the food from the land they were preparing the soil for the winter grain crop to feed the cattle. You would see men, women, and children in the fields working from daylight until dark. It is my opinion that if the farmers of Germany, as well as Europe, for I have found these same conditions existing in all the countries I have been in, had modern machinery, fertilizer, and the abundance of seed that they could produce three times the food that they now produce under existing conditions.

Mr. DURHAM, we are not in sympathy with the German cause or any other country that tried to dominate the world under its Nazi or Fascist leaders, but we do believe in giving them the necessary aid to get them back once more on their feet so that they can once more carry on peaceful world trade. The American taxpayers cannot continue to sponsor the burden of the European nations, neither can we take them all to the United States until we have obtained for our own American veterans homes and jobs—the men who fought that these people here might be free again.

Conditions do not look any too good to me for the future, however we will have to take what comes. It seems to me that the Russians are determined to run us out of Europe if they can devise any way to do so. If Russia can get a peace treaty to suit herself so that we will have to withdraw our occupation forces from Europe then what we fought

for is lost. As the Red armies moved across Europe westward her trained Communist organization from Moscow moved with it, everywhere the Russian Army went it cleared the path so that the Communists could move in and take over with no opposition. Russia has repeated the same tactics that Hitler and his henchmen used.

I feel that when universal military training is passed that the whole economic, social, and political situation will change for the better. The psychopathic war lords of Europe will then realize that we are just as strong as they are and will not attempt to dominate the world.

They know that as soon as we win our wars that we return to our homeland and fall asleep again, while they can prepare for the next war of aggression. They have reasonable assurance that we will not make any attempt to stop their crusade until it is almost too late.

Mr. DURHAM, you were in Congress when appropriations were made for the experimentation and development of scientific warfare, and I am sure that if Congress as well as you had not been reasonably assured that we had something that the money would never been appropriated. If Russia does not have something then why is she enslaving 25,000 Germans in the uranium mines of Chemnitz, Germany, to mine the ore for atomic bombs and flying it out to the Russian factories.

Our post of Disabled American Veterans here have adopted and are now preparing a resolution to go to our national headquarters and with an information copy to each one of our 400 national service officers pertaining to communism and national defense.

I was also in constant contact with our constabulary of the Army during my tour, I must say that I have never seen an organization within the United States Army that could measure up with the qualities of this organization. I only wish that we had an army of 1,000,000 men that could come up to their qualifications and training.

With best regards to you and the folks in the office; I am,

Very truly yours,

MARCUS G. CAMERON,
Deputy Chief of Staff,
Disabled American Veterans.

Foreign Relief

EXTENSION OF REMARKS OF

HON. HENRY D. LARCADE, JR.

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. LARCADE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following copy of an Associated Press dispatch from Athens, Greece, as follows:

ATHENS, December 15.—The Ministry of Justice today ordered an investigation into charges by the Piraeus League of Merchants that approximately \$4,500,000 worth of foodstuffs had spoiled in Greek warehouses during the last 5 months because of failure to distribute them.

The league said the spoiled foodstuffs included cheese, canned milk, sugar, powdered milk, vegetables, codfish, herring, lard, and canned goods.

The American Mission to Aid Greece previously had reported that \$75,000,000 worth of supplies and equipment shipped in by the UNRRA and other agencies were lying undistributed in warehouses and on docks.

Scheduled program for development of authorized power projects (subject to appropriations), through fiscal year 1952—Continued

[Figures shown in kilowatts of installed capacity]

Region and State	Projects and plants	Existing capacity June 30, 1947 ¹	Estimated capacity (kilowatts) to be added during fiscal year					
			1948	1949	1950	1951	1952	After 1952
Region 6 plants operated by Bureau of Reclamation:								
Montana.....	Missouri Basin:						1,600	120,000
	Lower Marias.....							36,000
	Yellowtail.....							180,000
	Canyon Ferry.....							15,000
South Dakota.....	Missouri Basin: Miller Drop.....							
Wyoming.....	Missouri Basin: Boysen.....	1,600						
	Riverton: Pilot Butte.....							
	Shoshone:							
	Shoshone.....	5,600						
	Heart Mountain.....			5,000				
Region 6 plants operated by Corps of Engineers: ²								
Montana.....	Fort Peck: Fort Peck.....	35,000	15,000				35,000	320,000
North Dakota.....	Garrison: Garrison.....							24,000
South Dakota.....	Gavins Point: Gavins Point.....							320,000
	Fort Randall: Fort Randall.....							120,000
	Big Bend: Big Bend.....							400,000
	Oahe: Oahe.....							
Total, region 6.....		42,200	15,000	5,000			36,600	1,535,000
Region 7:								
Colorado.....	Colorado-Big Thompson:	21,600						
	Green Mountain.....							
	Marys Lake.....				8,100			
	Estes.....				45,000			
	Quillan.....						28,500	
	Cottonwood.....						11,500	
	Rattlesnake.....						13,500	
	Flatiron Mountain.....						41,000	
	Big Thompson.....						6,700	
Wyoming.....	North Platte:							
	Lingle.....	1,400						
	Guernsey.....	4,800						
	Kendrick: Seminole.....	32,400						
	Missouri Basin:							
	Kortes.....			24,000	12,000			
	Glendo.....							20,000
	Alcova.....							27,000
Nebraska.....	Missouri Basin: Harlan County (Army Corps of Engineers).....						1,200	
Total, region 7.....		60,200		24,000	65,100		102,400	47,000
Total, all regions.....		2,138,137	489,000	314,000	614,100	558,500	294,000	2,276,600

Existing capacity June 30, 1947, 2,138,137; total scheduled through 1952, 2,269,600; total programmed after 1952, 2,276,600; grand total authorized projects, 6,683,737.

¹ Salt River Valley Water User Association hydroelectric plants (capacity, 70,950 kilowatts) and Imperial Valley irrigation district plants (capacity, 14,400 kilowatts) on All-American Canal not included.

² Power marketed by Bureau of Reclamation.

Price Control Bill

EXTENSION OF REMARKS

OF

HON. LOUIS LUDLOW

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. LUDLOW. Mr. Speaker, I am perfectly clear in my opinion that the passage of this bill would not have been in the national interest. Not a single Member who spoke on the bill argued that it would meet the requirements and give the people the relief from inflation which they have a right to expect. Its best friends put it forward merely as a stopgap measure and the best that can be had in the limited time of the special session that it left. There was great danger, in my opinion, that if we had passed this bill it would stop the gap permanently and would be used as a means of foreclosing effective legislation on the subject at the regular session of Congress which is coming in a few weeks. This sort of a bill must not be used as an

excuse to prevent real legislation on the the subject and it will not be with my vote.

When I read the bill I wondered if it would not be more in the interest of monopoly than of price control. To say the least the liberality with which it would suspend the antitrust laws calls for close inspection. I do not challenge the good faith of the proponents of the measure, whose sincerity I do not doubt, but I feel it is simply an impossible bill when it comes to meeting the country's requirements. The biggest job before the Congress is the enactment of legislation to hold down the spiral of price inflation and I do not think it should be approached in this lick-and-a-promise way by attempting to jam through under suspension of the rules, with only 40 minutes debate, a measure which, curiously enough, was defended in a wholehearted way by no one, not even by those who proposed it. Our patriotic duty was to kill this bill and then do a real job of price control after full consideration and ample debate when Congress reconvenes after the holidays.

Air Force Reserve

EXTENSION OF REMARKS

OF

HON. MARGARET CHASE SMITH

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mrs. SMITH of Maine. Mr. Speaker, for a long time now I have been urging that the Air Force Reserve be given parity with the other civilian components of the armed services. It has been my privilege to introduce most of the original Reserve legislation in this Congress. Among the foremost of the measures which I have sponsored are those proposing, first, inactive training pay; second, Reserve retirement; third, death and disability coverage for reservists in training; and, fourth, the creation of a Reserve Medal and Reserve Special Commendation Ribbon in recognition of peacetime Reserve service.

It is therefore most gratifying to me that the National Aeronautics Association, an organization of top-level leaders

of all segments of aviation, passed the following bill of policy at its annual air clinic last month:

STRENGTHEN THE AIR RESERVE BY THE FORMATION OF READY UNITS IN ALL AREAS, TRAINED AND EQUIPPED FOR EMERGENCY

Be it approved by the delegates to the Fifth National Aviation Clinic:

SECTION 1. Since the Regular Air Forces can be maintained in peacetime at only a small part of the strength required in war, a large and ready Nation-wide reserve is essential to fast mobilization.

SEC. 2. The Reserve of the United States Air Force is without combat aircraft, pay, and incentives, and adequate facilities such as have been granted to the Naval Air Reserve and the Air National Guard. Only a small percentage of its officers and even fewer enlisted men are training, at a limited number of points. Recruiting and training of young people is insufficient for reserve replacements.

SEC. 3. Congress is urged at once to increase funds for the Air Reserves so that modern combat aircraft and other needed equipment may be used by the Reserve and new equipment may be developed for economical use on small airports within reach of reservists who lack access to larger fields.

SEC. 4. The pending legislation for inactive duty pay, retirement, and other measures to raise the Air Reserve to a parity with other reserves should be passed; all legislation should be codified in a single Air Reserve Act.

SEC. 5. To conserve Federal funds, provision should be made for contracts at civilian airports for flight and ground training of air reservists and Air Reserve prospective recruits.

Mr. Speaker, this realistic and comprehensive act of endorsement of parity for the Air Force Reserve stems directly from the intelligent determination and patience of Lt. Col. Kendall K. Hoyt. I urge the most serious consideration of this NAA bill of policy by every Member of Congress.

Down to Earth

EXTENSION OF REMARKS

OF

HON. CLARENCE CANNON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. CANNON. Mr. Speaker, under leave granted to extend remarks in the RECORD, I am including an excerpt from one of the great farm journals in America.

No one has ever accused Wallace's Farmer of being partisan. If it leans in any direction, it leans toward the party which dominates the State in which it is published. Likewise neither General Marshall nor the Marshall plan are partisan.

For that reason the following editorial from Wallace's Farmer and Iowa Homestead is particularly timely:

WE'LL HELP EUROPE—AND OURSELVES

What difference does it make to you as a Corn Belt farmer whether Congress sends emergency help to Europe? It makes this much difference.

1. If European nations can work their way back to a modest prosperity, chances of another war will shrink. Your younger boy may not have to fight.

2. If Europe revives, our lard, cotton, fruit and tobacco exports will be helped. And farmers will sell more meat and butter at good prices to city workers who make goods for the export market.

The revival of Europe may mean peace and profits to Corn Belt farmers. If Europe slips back into anarchy we'll pay for it in war and depression.

It is good news to farmers, therefore, that Congress is apparently going to rush emergency aid abroad. It will be better news if the Marshall plan for 1948 aid also goes through early in the year.

But some ask: Can we help Europe by heavy exports without bringing on a worse inflation here?

In the first place, 1948 exports will not be heavier than in 1947.

In the second place, our inflation is a product, not only of high demand but of bad handling of credit.

If Congress puts back controls of installment credit and fixes ways of preventing a further boom in bank loans, inflation can be checked.

Congress can help Europe and check inflation at home, too. Both need to be done.

Can American Dollars Save Europe From Communism?

EXTENSION OF REMARKS

OF

HON. JOSEPH H. BALL

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Monday, December 15 (legislative day of Thursday, December 4), 1947

Mr. BALL. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an address entitled "Can American Dollars Save Europe From Communism?" delivered by me on December 13, 1947, at Philadelphia, Pa., before the Philadelphia Foreign Policy Association.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The genesis of the Marshall plan was two sentences in a speech by Secretary Marshall at Harvard last June, in which he suggested that it was about time Europe tried to help itself, and that then we might feel better about helping them. Sixteen nations met at Paris and did two things. First, they decided on a level of living standards for the 200,000,000 people in their countries for the next 4 years and a level of production they would like to achieve by the end of the 4 years, in most cases considerably above pre-war levels. Then they estimated how much of the materials to reach these goals they could supply themselves and the deficit, \$22,000,000,000, is the Marshall plan, so-called.

Of course that is not a plan at all, in the sense that it includes any specific and detailed series of projects to increase Europe's production. Reports are that the first figure was twenty-nine billions. Will Clayton persuaded the nations to lop seven billions off, and our own Harriman committee cut it several billions more. But there is still no plan that anyone can get his teeth into. What is sought, apparently, is authority for the Administration to spend from four to six billions a year for the broad purpose of European recovery.

Although I am critical of such a vague proposal to spend more American billions in the same way that twelve billions have been

spent unsuccessfully in the past 2 years, let me emphasize here that I have no quarrel whatever with the fundamental premise of the Marshall plan.

A free and economically solvent Europe is a sound objective of our foreign policy; it would be tremendously to our advantage, and if substantial assistance from us stands a reasonable chance of achieving it, then the expenditure is justified on the basis of national self-interest. But I do want assurance that our expenditures stand at least a 50-50 chance of achieving results, and I am very certain that if the Administration is left free to pursue the policies it has pursued in the past, it will fail again. Therefore, I believe Congress must insist on some severe restrictions and conditions on any future grants of funds or authority.

One of the major arguments by the proponents of this plan is that unless we extend this aid Europe will be taken over completely by the Communists. In other words, we must buy off Communist aggression with American dollars.

Granted that severe economic distress provides more fertile ground for Communist treachery, that argument still does not jibe with facts. Nowhere have the Communists ever taken control of a country through the free choice of the people, whether the people were hungry or not. Always the Communists have been a minority, usually a small one, which seized power by naked force, usually with the backing of the Red Army. Then the Communists proceed to exterminate all political opposition, liquidate freedom, and bleed that country to the limit for the benefit of Soviet Russia. The people are always worse off than before.

That is what has happened in one country after another in eastern Europe. With that horrible example of what Communist dictatorship means right next door to them, is it logical to assume that the peoples of Italy, France, or any other country will freely choose that course out of their troubles, regardless of how serious these may be? I cannot believe it. To use a favorite metaphor of the Marshall-plan proponents, that is like saying that a man whose house is burning will pour gasoline on the flames unless you help him carry water.

I agree completely that Communist dictatorship and aggression are the most serious threat to both world peace and recovery today. But it is a threat based on power and force. The fifty-odd Russian divisions in eastern Europe have a lot more to do with it than economic problems in western Europe. Like the Nazi dictator, the Communist dictator will be finally stopped in his aggressions by the presence, or if worse comes to worst, by the use of superior force. It is just as dangerous and wrong to try to fool the people into believing that we can buy off Communist aggression with dollars as it was to try to appease Hitler.

It has been argued that if we attach conditions to future loans and grants we will not only spoil the effect of our gifts but that we would be accused of interfering in the internal affairs of the countries we help. Being an international Santa Claus is becoming a bit too expensive, and as for interfering with their affairs they don't have to take our money if they don't want it, and maybe it's time somebody did do a little interfering. They don't seem to be managing so well by themselves.

No aid program can be put on a humanitarian basis, deeply as we may feel about Europe's plight. Congress has no power under the Constitution to appropriate public money for charity abroad and we would violate our oaths if we acted on that basis. Likewise, our assistance cannot by any stretch be termed an economic investment. If conditions in Europe were such that these expenditures would be a sound economic investment, there would be no need for gov-

ernment to step in. Private capital would do the job.

The only basis on which Congress can act is that our aid to Europe will advance the interests, national welfare and security of the United States. This is a political program, and must be such to be constitutional. Therefore it is perfectly sound to attach to it any conditions which we believe are necessary to achieve those political objectives, with the recipient countries always free, of course, to turn down our help if they don't like the conditions.

What should those conditions be? I can suggest a few. It is now costing American taxpayers at the rate of over \$700,000,000 a year to support the economy of the British and American zones in occupied Germany. All studies of the problems there that I have seen agree that an integrated economic and political administration of at least the three western zones in Germany is essential if German production is to be increased enough so its people will at least be self-supporting, let alone repay these sums or pay any reparations. France has consistently opposed unification of even the western zones in Germany. We can understand her fear of a strong Germany, but our own generals are convinced they can prevent any rearming of Germany while increasing her production so she is self-supporting. Shouldn't we insist that France, as a condition of participating in future aid, go along with us on an integrated administration of Germany?

Britain would be one of the heaviest participants in the Marshall plan under the Paris report. Personally, I am convinced, and the record bears me out, that a free economy will always outproduce and provide a higher standard of living for all the people than either a socialistic or government-planned and controlled economy. I believe that when economic freedoms are liquidated, the other freedoms are in jeopardy and the Socialists have always had too much in common with the Communists for my taste. I don't know how long Britain's Socialist government can continue to fool their people by subsidizing their cost of living at the rate of \$1,600,000,000 a year, and I rather resent it that some part of our loan has gone into that kind of fiscal legerdemain. But I would not for one instant think of trying to tell the British people what kind of government they should have or even making that a condition of our help.

However, their own production is absolutely essential to Europe's recovery. Even at best, we can carry only a small fraction of the load. One of the key bottlenecks to European recovery is lack of coal, and a major part of it is due to the fact that where Britain used to export ten or fifteen million tons of coal a year to seaports on the Continent, she is now a coal-importing country. America has to make up part of the European deficit, and our coal delivered costs us \$26 a ton. The rest is taken from the current low production in the Ruhr, requiring long rail hauls over a transport system that is near the breaking point. In the opinion of many, a resumption of British coal exports to the Continent is absolutely essential to the success of any European recovery program. Why shouldn't we then insist that as a condition to participation in an aid program, Britain supply, month by month, a million tons of coal a month for export to the Continent of Europe? We would not tell England how to mine the coal. That is her problem. But we would insist that somehow she achieve the production essential to the success of the whole program, so that our help stands at least some chance of succeeding.

Another bottleneck to European recovery is the foreign exchange situation. The legal exchange rates in many countries are 50 percent or more below the actual buying power of the local currencies as reflected in the free (or black market) exchange rate or that in

Switzerland, which has a free exchange market. This means the foreign importer must pay double or more the true value of any goods he buys, in terms of his own currency, and that prices most goods out of the market. This at a time when it is urgently necessary for Europe to build up its exports to pay for food and raw material imports. Shouldn't we insist on an immediate correction of that situation as a condition to our further assistance?

Even if these and other conditions of a similar nature, all aimed at achieving the increase in domestic European production which is essential to the success of any aid program, are met, there is always the danger that the Communists in these countries, through their control of or influence in the labor unions, will so sabotage production as to completely defeat the program. That is a chance we may have to take. The recent developments in France are encouraging, but our future course should be determined in part by how effectively the governments we are to assist move to meet this very serious problem.

There is little question about the program for interim aid to France, Italy, and Austria. The failure of European harvests is a hard fact, and the aid is necessary to keep hunger and cold from reaching proportions in Europe which would endanger our own troops there and our security. The bill already has passed both Houses and the differences will be ironed out speedily in conference.

Unfortunately, the urgency of the need did not permit a thorough examination of the estimates for the interim aid. Whether the \$597,000,000 total approved by the Senate is the proper one or not, I doubt whether any Member of Congress knows. Personally, I voted for some reductions in the Senate, first because I was very doubtful whether we can supply the volume of grains scheduled for export, and second, because the justification for the amounts proposed was in adequate.

Great emphasis has been laid on the "thorough screening" given the requests of France, Italy, and Austria for interim aid by the State Department. Under Secretary Lovatt testified, with some pride, that the request by France had been reduced \$131,000,000, from four hundred fifty-eight to three hundred twenty-eight millions. But then he went on to explain that the reduction included an item of \$80,000,000 for balance of payment debts between France and Belgium, another \$20,000,000 for an old debt to England which the French were going to pay in dollars although they had \$200,000,000 of blocked sterling, and finally an item of \$15,000,000 which also was an old foreign exchange debt. These three items, which are pure paper padding and had nothing to do with urgent needs for food and fuel, total \$115,000,000 of the \$131,000,000 cut out of the French request, making it apparent that her request for actual commodities could not have been reduced at all materially. Since applicants for either gifts or loans seldom pare their requests to the bone, I believe we are justified in questioning whether the State Department's "screening" of these requests was too vigorous or careful.

On the other question, America's ability to spare the 570,000,000 bushels of grain exports at which the administration is aiming without very dangerous repercussions on our own economy, the testimony before the Appropriations Committee raised grave doubts in my mind. The five major grains—wheat, corn, oats, barley, and rye—are tied together in our economy, being to some extent interchangeable as human food or livestock feed. This year our total production of these five grains is 5,395,000,000 bushels, which is 703,000,000 bushels less than our total domestic consumption and export last year of 6,098,000,000 bushels. Expert witnesses before our committee were very doubt-

ful, in view of these facts, whether we could export the 500,000,000 bushels of wheat planned by the administration without driving the price of wheat up to \$3.50 or \$4 a bushel and leaving us with a dangerously low carry-over.

There are many other aspects of this program which need a thorough study and discussion. But I would like now to turn to the whole field of American foreign policy.

For 7 years in the Senate I have supported consistently every major foreign-policy proposal of the national administration. I have done so in the face of administration justifications, which were often weak and vacillating, and which failed to give Congress or the people a full and complete report of the facts. In the past year my support has been tempered by growing doubts as to the wisdom of some programs.

I am convinced that it is time now for a thorough and critical discussion of United States foreign policy, both its programs and their administration.

I have reached that conclusion because it is glaringly apparent that our foreign policy, judged by the acid test of results, has failed badly.

Two years ago the United States stood at an all-time peak, probably unprecedented in history, of international prestige and power. We had just won, virtually single-handed, a great war in the Pacific. Our military power was the major factor in winning another great war in Europe.

Out of a flood of production from our farms, mines, and factories we had furnished to our allies and friends in the war over \$50,000,000,000 of lend-lease supplies, only a fraction of which was offset by reverse lend-lease.

All the peoples of the world were tremendously impressed by the military power we had mobilized for the war, and were even more impressed by our almost miraculous productive capacity. Peoples and governments were convinced also of our good intentions, the fact that we had no desire either to exploit or enslave them. Whenever in history, for instance, had a great world power given away \$50,000,000,000 worth of supplies and exacted no commitments or even promises to repay in return?

It would appear, looking back, that the United States with a wise and foresighted foreign policy, should have been able to obtain in the world very close to whatever international system we desired; particularly so since what we desired, and what must always be the fundamental objective of our foreign policy, is an ever-expanding area in the world where individual men and women are free to worship, think, and speak as they please, to choose their own governments, and to labor at the occupations of their choice and enjoy the fruits of their toil. That objective surely is one which all people who have had even a distant glimpse of the great benefits of freedom must share.

Yet what has happened? In the 2 years since VJ-day, far from moving in the direction our foreign policy sought, the world has moved the other way. Millions of people whom we fought to free live under Communist dictatorship, and the rest of Europe and Asia is torn by civil strife.

American military power, while still tremendous potentially, is much smaller in actual combat strength. Our prestige with the peoples of the world has deteriorated even more. The editorials in European publications sound shockingly like those of 20 years ago, when they were calling us Uncle Shylock. This time the criticism is not because we are attempting to collect what is owed us. We have been too gentlemanly even to suggest repayment. This time the criticism is because we are not willing, without debate, to give Europe a bank check underwriting its economy for the next 4 or 5 years.

Finally, our shrinking free world is facing a great aggressor power, Communist Russia,

whose dictatorship is as cruel and ruthless as any the Nazis ever imposed, and whose aggressions bear a terrifying similarity to those in the late thirties which heralded the Axis attempt to conquer the world. The main difference is that Russia, in the Communist Parties tolerated in free nations, has a fifth column infinitely more effective than any the Nazis ever had.

The deterioration in our international position in 2 years is almost unbelievable. Yet in those 2 years every foreign policy proposal of this national administration has been approved by Congress.

We ratified the United Nations Charter, with only two dissenting votes in the Senate. Yet we are continually on the defensive in that great world forum, answering the ridiculous warmongering charges of Russian dictators, who speak fresh from their armed subjugation of eastern Europe in violation of the Atlantic Charter and their other agreements.

Congress approved the Bretton Woods agreements establishing an International Monetary Fund and the World Bank. One was supposed, we were told, to stabilize currency exchange rates and the other to finance reconstruction projects. Fictitious exchange rates still are one of the bottlenecks to European recovery today, and there would be no need to discuss a Marshall plan if the World Bank were functioning as promised.

Pending the operation of the Bank and Fund, the United Nations Relief and Rehabilitation Administration was set up to do the relief job, and Congress, at the administration's request, appropriated \$3,700,000,000 to it. Members of our Senate Appropriations Committee found \$75,000,000 worth of UNRRA supplies, mostly tractors and farm machinery made in America, rusting in an open-air depot at Athens this summer. UNRRA was not a very happy venture either.

Recognizing the importance of British recovery to our hopes for the world, Congress voted the \$4,400,000,000 British loan. It is already exhausted, with none of the purposes promised for it achieved. In fact, Britain is in worse straits economically than before the loan was made.

In the 1947 session, Congress approved the \$400,000,000 Greek-Turkish aid program, voted another \$332,000,000 for relief purposes in Europe and Asia, to say nothing of \$600,000,000, now raised to \$1,090,000,000, for relief in occupied areas during this fiscal year. Relief in occupied areas alone will have cost us \$2,625,000,000 by July 1948. In addition, hundreds of millions have been loaned by the Import-Export Bank, whose lending authority was increased \$2,700,000,000 in July 1945 for that purpose.

In all, our loans and gifts in Europe have totaled more than twelve billions in 2 years, plus another two or three billions in Asia.

What has been the result of all this expenditure of American resources? The realization of our objective, a free world, appears further away than ever, and 16 nations in Europe have presented to us a bill for twenty-two billions more to save Europe from communism.

I grant you there are extenuating circumstances in the record. There is no question but that serious blunders were made at Yalta and Potsdam—blunders which are still blocking tragically our hopes for peace and stability in the world. They were made at a time when few of us realized that the aims and strategy of Communist Russia were just as repugnant to free peoples and the Atlantic Charter as were those of the Nazis. Probably our leaders were in a position to have known better, but there is little to be gained by trying to assess the blame for past errors.

Then, too, it is unfortunate, to say the least, that at a period when strong and consistent administration of our foreign policy was all-important to America, we have changed horses in that administration three

times in the middle of the stream. Our State Department hardly has had time to adjust to one set of leaders before it had a completely new set. But that also, we may hope, is water over the dam.

I agree that hindsight is always easier than foresight. The big question is what do we do from here on. But I do insist that in view of this Administration's almost 100-percent record of erroneous predictions and failure to achieve promised results in foreign policy, its current proposal to commit the resources of America to a European-recovery program to the tune of sixteen to twenty billion dollars over 4 years must be given the most careful and searching scrutiny.

There are many other urgent questions which cry out for full and honest answers. Why, for instance, shouldn't the United States at least try to regain the initiative in the United Nations? Why must we always seem to be on the defensive, apologetic about our free, capitalist economy? If we think it is the best yet devised, and I do, let's say so a little more vigorously.

We are still scrupulously observing the Yalta and Potsdam agreements, even to the point of dismantling and shipping German war plants into Russia, although for 2 years the Russians have violated every major commitment of those agreements. How much longer do we have to wait before telling the Russians that they themselves have nullified those agreements by their repeated violations and that we are repudiating the agreements and their blunders?

I have never heard of a football game or a hot war being won by a good defense and nothing else. I doubt whether a cold war can be won by a good defense and nothing else. Individual freedom, both political and economic, is still the most powerful and dynamic idea in the world and we in America should be its most vigorous exponents. We have let ourselves be pushed around for 2 years on the defensive and the results are not happy. Let's try a little offensive strategy for a change.

Incentives To Sell Wheat

EXTENSION OF REMARKS

OF

HON. HUGH BUTLER

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Monday, December 15 (legislative day of Thursday, December 4), 1947

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial entitled "Incentives To Sell Wheat," published in the December 6 issue of the Nebraska Farmer. The closing sentence of the editorial reads as follows:

Should any of these plans be tried and found effective in speeding up the wheat market, it should also enable the Government to fulfill its export commitments sooner. That would take the Government out of the buying market and should ease the upward pressure on prices.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

INCENTIVES TO SELL WHEAT

Farmers are holding a lot of wheat from the 1947 crop for later sale. They are doing so to benefit from lower income taxes by spreading their high 1947 wheat income over 2 years, as well as from a possible lower tax rate for 1948, and in the hope of a higher price.

Many big wheat growers are faced with the payment of 50 percent or more of their taxable income to Uncle Sam, if they sell their wheat this year, which means that \$3 wheat would net them less than \$2 per bushel. Should their 1948 crop be small, as indicated in some sections, by distributing their income over 2 years they would be in much lower tax brackets. Poor crop prospects plus the continuance of high exports to Europe for relief also are favorable factors for higher prices. In the face of poor wheat crop prospects and unprecedented exports of grain, many farmers think they would be foolish to empty their bins now.

Another factor which has held wheat off the market is the boxcar shortage, which makes it impossible to deliver wheat in many sections. All of these things make it difficult for the Government to find enough grain to take care of immediate export commitments and needs.

Among the suggestions for solution of the problem, the purchase certificate plan seems to have some merit. It would permit the Government to issue purchase certificates on wheat for immediate delivery, to be redeemed for cash at the current market price at the time of delivery or at any time the following year. Assuming that the Internal Revenue Bureau would agree, this would permit wheat sellers to report their income for next year, if the certificates were cashed after January 1, as well as to wait for what may be a higher market.

Senator HUGH BUTLER, of Nebraska, is author of a bill to stimulate wheat and rye sales by limiting income tax on them to 25 percent, plus the 3-percent normal tax, for a period of 1 year. This in principle is applying the capital-gains tax to wheat and rye income. There are good precedents, Mr. BUTLER contends.

The proceeds from the sale of oil and gas properties already enjoy a tax ceiling, and the Government has granted a tax concession to encourage the production of lumber. Wheat farmers are shut out of the world market, which is now about \$6 per bushel f. o. b., because the Commodity Credit Corporation handles all grain exports. Meanwhile, coal can be exported through regular channels at soaring prices.

The Nebraska Senator drives home a telling argument by citing that grain trade speculators, who buy and hold futures for 6 months or more, are taxed on the basis of capital gains on any profits they make. He thinks the farmer who toiled and sweat to plant and harvest the crop is entitled to an even break with the speculator. And that sounds reasonable, too.

Should any of these plans be tried and found effective in speeding up wheat marketing, it should also enable the Government to fulfill its export commitments sooner. That would take the Government out of the buying market and should ease the upward pressure on prices.

Justice for Poland

EXTENSION OF REMARKS

OF

HON. HENRY CABOT LODGE, JR.

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Monday, December 15 (legislative day of Thursday, December 4), 1947

Mr. LODGE. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an address which I delivered on the subject of justice for Poland, on November 30, 1947.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is fitting and proper that we should dedicate a day to the Polish Army. It is particularly appropriate that we should remember it in this year of 1947 when the world has just finished a war, which was begun in the name of Polish integrity, which was fought for almost six long years in the name of human freedom and which, having ended, finds the world still with many places where freedom is but a hollow mockery and with Poland in a condition which evokes our sincere concern.

In this spirit let us take a brief glance at Poland's past and express some hopes about Poland's future.

It is in many respects a tragic history, but also a noble one. We are apt to forget that from the tenth century until the first partitioning at the end of the eighteenth century, Poland was an enormous country, being as large as the German Empire, Switzerland, Belgium, Holland, and Denmark together, and, among all the nations of Europe, being only exceeded in size by Russia. The Poland of those days was nonaggressive and tolerant. Offensive warfare was prohibited in the constitution. The King—who was elected—was compelled to swear that he would tolerate all sects and religious beliefs. The Polish constitution subscribed to the principles of Christian morality.

Then came the virtual end of Polish independence in 1696 when four kings were imposed by foreign powers to succeed John Sobieski. In 1795 Poland was erased from the map of Europe. A tragic era intervened, brightened only by the superhuman courage and love of country shown by Polish patriots who never gave up hope. May their devotion to their country be an inspiration to us all in America today.

Finally, in 1914, the forces of Polish patriotism returned to the attack, and after more than a century of oblivion a new Poland rose from the ashes—in the Latin phrase, that "Polonia Restituta," for which is named that distinguished and honored medal with which the Polish Government in 1930 decorated me. In 1918, when Poland came to life again, no one could foresee that she had only 20 years of grace before another frightful war would engulf her. But she went ahead manfully with the rehabilitation and modernization of her country.

You know the story of 1939: The German attack on Czechoslovakia and the Polish alliance with France and England, which were followed by the shock of the Soviet-German pact in August. The last rampart had fallen. Invasion came a week later.

We shall not forget the fury of Polish resistance during those 35 days of siege when the Warsaw radio played Chopin's immortal music and inspired the freedom-loving world. But even when Warsaw fell Polish courage never faltered. Thousands made their way to France and England seeking an opportunity to carry on the fight, which they did, on land and sea and in the air. In France at that time the Polish First Division lost almost half of its combat strength and the Polish Second Division was decorated by the French Government with the Croix de Guerre. The Poles fought everywhere—on and above the North Sea, in frozen Norway, and in the deserts of Libya.

It was my unforgettable privilege to serve alongside of the Polish troops in Italy in 1944. We were together in the Fifth Army. I was present at one of the early attacks on Monte Cassino in March 1944—an attack which failed in spite of 7 hours of continuous air bombardment and artillery barrage. Monte Cassino, as you know, controlled the whole Liri River Valley and the approach to Rome. Many had tried to reduce it, but none had succeeded. But the Polish troops captured

it, opened the road to Rome, and changed the course of Allied battle in Italy.

I was present in Rome on a sunny August morning in the beautiful Piazza Venezia when the American General Devers decorated that gallant and dynamic soldier, Gen. Wladislaw Anders with the Order of Commander of the Legion of Merit. Much later in 1945, on a wintry day in eastern France, I saw General Anders decorate General Devers with the Polish War Cross—the order of Virtuti Militari, with its blue and black ribbon. During a long evening with General Anders we talked about his troops.

These things have given me a close personal interest in Poland, which I know is shared by many Americans who have not had a personal contact with Polish people. For every American, after all, knows about Kosciuszko and his contribution to American independence and we all appreciate what Americans of Polish descent have brought to the development of our common country. We therefore support the stated official American policy—and I quote—whereby "The United States refuses to recognize any government imposed upon any nation by the force of any foreign power and whereby we approve no territorial changes unless they accord with the freely expressed wishes of the people concerned."

We support that policy—yes. We do more. We are disturbed about the future of Poland because it involves the future of every nation. The cause of Poland is the cause of world peace. For that reason and because of its performance as our gallant ally it evokes the complete sympathy of the American people.

At Yalta we joined in underwriting a guaranty of free elections. At Potsdam we joined in a guaranty of free ballots in those free elections, meaning that all democratic parties are to be admitted to the ballot in the free election. That is the Potsdam agreement as I read it. It seems to me a minimum of our obligation to our Polish allies.

There is yet another way in which we can help our Polish friends and help ourselves at the same time. I refer to the obligation resting on us to occupy Germany. We would be breaking faith with those who died in this terrible war, and we should be inviting future trouble for ourselves if we allowed the hard-won gains of this war to evaporate simply because we had lost interest in the future of Germany. But the job of occupying Germany goes against our grain and there are citizens of other countries who would do such work with more liking than we do. Prompt and detailed study, therefore, should be given to the practicability of recruiting a force among the stateless young men in Germany who would make a life work of policing the country. There are surely many there who would willingly join a properly organized military force, and who would not find the task of policing Germany uncongenial. There is the great possibility that such a program could materially reduce the demands on the United States to furnish occupation troops. It is indeed quite conceivable that such a constabulary could take over all functions except those to be performed by our American officers and by our technically trained troops. It might conceivably reduce American troop requirements in our zone in Germany to a few separate tank battalions. The idea should be thoroughly explored.

Today, we hear serious and tragic rumors about what is happening in Poland. American policy must, of course, be based on solid fact. I want my country to proceed vigorously with its announced policy. I don't want it to say things which it doesn't mean. I don't want it to be, as one high American official put it, "not unduly exacting about Poland." I want it to be very exacting, indeed about any principle for which it stands. I want it to do more than pass resolutions

and utter pious words. They accomplish very little. I want my Government to use its strong bargaining position—and there is no stronger one in the world today—to implement its policies toward Poland and toward all the world. If peace is to exist there must be justice. There can be no justice if we do not keep our promises in word and in deed.

American Dollars Sent Abroad

EXTENSION OF REMARKS

OF

HON. GEORGE B. SCHWABE

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. SCHWABE of Oklahoma. Mr. Speaker, I think the American people are entitled to know something about how their money has been lent, given, and frittered away in foreign lands. The taxpayers of this country should be informed of the amounts of American money that have been sent abroad, and the countries and peoples who have received it. American dollars sent abroad, according to the views of our best thinkers, have been absolutely wasted. It has become a drain upon our economy and should not be continued indefinitely, despite the fact that the President apparently is insisting upon his so-called Marshall plan, a long-range program of giving to foreigners.

Many congressional leaders have said that since the fighting stopped, \$20,000,000,000 of our money has already been given to some 59 countries. Here is where more than \$13,000,000,000 went, prior to July 7, 1947, the date these figures were published:

Albania: Through UNRRA	\$40,502,000
Argentina: Cultural and technical aid, bank credits	297,000
Austria: Supplies, bank credits, surplus property	63,000,000
Australia: Lend-lease and fixed war installations	54,894,000
Belgium: Loans, lend-lease, surplus property	494,000,000
Bolivia: Cultural and technical aid	245,000
Brazil: Bank credits, cultural and technical aid	70,680,000
Burma: Lend-lease	11,000,000
Canada: Alaska highway	138,312,000
Chile: Bank credits, cultural and technical aid	42,195,000
China: Export-Import bank credits, surplus property, lend-lease	1,482,793,000
Colombia: Bank credits, cultural and technical aid	859,000
Costa Rica: Inter-American highway, cultural and technical aid	1,540,000
Cuba: Cultural and technical aid	190,000
Czechoslovakia: Export-Import bank credits and surplus property	31,304,000
Denmark: Export-Import bank credits and surplus property	40,000,000
Dominican Republic: Cultural and technical aid	75,000
Ecuador: Bank credits, cultural and technical aid	1,288,000
Egypt: War installations	11,800,000

El Salvador: Inter-American highway, cultural and technical aid.....	\$327,000
Ethiopia: Export-Import bank credits and surplus property.....	4,000,000
Finland: Export-Import bank credits and surplus property.....	92,500,000
France: Export-Import Bank credits and surplus property.....	1,950,000,000
Germany: Supplies.....	400,000,000
Great Britain: Loan, surplus property.....	4,400,000,000
Greece: Economic assistance, UNRRA, lend-lease surplus property.....	790,000,000
Guatemala: Inter-American Highway, cultural, and technical aid.....	627,000
Haiti: Cultural and technical aid.....	86,000
Honduras: Inter-American Highway, technical and cultural aid.....	418,000
Hungary: Surplus property.....	15,000,000
Iceland: Fixed war installations.....	65,000,000
India: Surplus property.....	50,000,000
Italy: Economic relief, Export-Import Bank loans, special considerations.....	538,000,000
Iran: Surplus property, lend-lease.....	30,000,000
Iraq: Educational aid.....	41,000
Japan: Supplies.....	267,000,000
Korea: Supplies, surplus property.....	62,000,000
Lebanon: Educational aid.....	90,000
Liberia: Civic improvements.....	20,200,000
Mexico: Bank credits, cultural and technical aid.....	87,574,000
Netherlands: Export-Import Bank credits, lend-lease, surplus property.....	377,384,000
New Zealand: Surplus property, war installations.....	5,707,000
Nicaragua: Inter-American Highway, cultural and technical aid.....	2,430,000
Norway: Export-Import Bank credits, lend-lease.....	56,500,000
Panama: Inter-American Highway, cultural and technical aid.....	47,000
Paraguay: Cultural and technical aid.....	38,000
Peru: Bank credits, cultural and technical aid, war installations.....	2,930,000
Philippines: War claims.....	695,000,000
Poland: Export-Import Bank credits, surplus property.....	90,000,000
Portugal: War facilities.....	(¹)
Saudi Arabia: Export-Import Bank credits, surplus property.....	12,000,000
Spain: War installations.....	136,000
Soviet Union: Lend-lease.....	250,000,000
Syria: Educational aid.....	10,000
Turkey: Economic and military aid, Export-Import Bank credits.....	270,000,000
Uruguay: Surplus property, cultural and technical aid.....	733,000
Venezuela: Cultural and technical aid.....	144,000
Yemen: Surplus property.....	1,000,000
Yugoslavia: UNRRA aid.....	(¹)

¹ Value undetermined.

The above figures have been compiled by Prentice-Hall, Inc., one of our leading statistical firms in the United States, and used by me with their permission.

I suggest that all should stop, look, and listen. These figures do not include the expenditures through our military organizations, the interim-aid program, and the President's so-called Marshall plan, involving future expenditures of perhaps another \$20,000,000,000.

Plight of Widows of World War I

EXTENSION OF REMARKS

OF

HON. CLAUDE PEPPER

OF FLORIDA

IN THE SENATE OF THE UNITED STATES

Monday, December 15 (legislative day of Thursday, December 4), 1947

Mr. PEPPER. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an article entitled "Plight of Most Widows, World War I," from the St. Petersburg Legionnaire for October 1947.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PLIGHT OF MOST WIDOWS, WORLD WAR I

(By Mrs. A. T. Lubin, national corresponding secretary, Widows World War I, Inc., St. Petersburg, Fla.)

Perhaps no group of women are more forgotten than the widows of veterans of World War I. They are the middle group of the three major groups of veterans' widows. The first group are the elderly widows now about 75 years of age of the Spanish-American (and prior) wars. The second group are the middle-aged widows now about 55 years old of World War I. The third group are the young widows now about 25 years of age of World War II.

The public including Congressmen and Senators seems to be sympathetic to the first group due to age, and to the third group too because they can still be seen with their babies clinging to their skirts. But, the second group of the middle-aged widows of World War I is in immediate danger of being discriminated against now. Here are some facts about her.

She is "fiftyish" now. A few are still slender, ungrayed and youngish-looking, most of them look their ages. All of them now have first-hand experience of what the change of life means. She is in the peculiar position of being too young for old-age-benefits and for Social Security benefits, yet she is no longer wanted for employment in private industry. She gets neither the understanding of the decrepit-old, nor of the young widows with the babies.

Today, Mrs. World War I cannot be seen with her babies clinging to her skirt for the babies are married now and have rightfully gone their way. She gets little if any regular support from them—the children seem to need it all. Some of these widows reside with their in-laws, often where they are not wanted and made to feel it too. Some cannot afford to reside alone, others want to but are the last to be considered in housing programs.

A little known but very vital fact about "Mrs. World War I" is that she could very well be called the doubly golden starred widow, because in an era when women in general did not work outside of the home, that she was the breadwinner and the home-nurse for her sick, ailing husband often for years after the war.

Most widows of veterans of World War I did not lose their husbands during a war for the simple reason that our country had comparatively few casualties during World War I. But so many of these veterans were made permanently ill and unable to work at all or very little by the effects of gassing and shrapnel among other causes—so they did not die the swifter death during a war but many of them lingered on for years suffering all the time and therefore unable to support themselves, their children, and their wives—now "Mrs. World War I," who was the "Rose of One Man's Land," his home nurse and his breadwinner, a truly doubly golden starred widow is now in danger of being

doubly-crossed by some of the "bills in the mill" now pending.

One of these bills would give a widow whose husband died during a war (either non-service or service connected—but died during a war), \$75 per month pension, but if either non-service or service connected but where the widow had been breadwinner and home nurse for years after a war to her husband—oh, a lower rank and lower income is good enough for her. (Oh death, where is thy sting? Huh?)

To the wife who was breadwinner and home nurse to her veteran husband, it makes no difference as to when, why, where, or how, her husband died—she did an angel job—there should be no rank-and-file amongst the widows of veterans therefore, although, of course, there must be rank-and-file in the military forces. Equality in rank and pensions for all widows of veterans of all wars is the only fair and just thing.

Then there is also "Mrs. World War I," who served as a United States Government clerk throughout World War II. She was not acceptable as a wave, wac, spar, or marine due to physical unfitness and/or age. But she served in the same capacity as the majority of these uniformed women, sans the glory of the uniform, sans the pay-with-keep and special rates of the uniforms, and sans the full veterans' benefits of the uniformed women. Yet when this particular group of World War I widows who were Federal clerks throughout World War II require medical attention now, they have the shame and humiliation of having to go to charity clinics for same. And many of them eventually will get pauper graves. I wouldn't be surprised if the static on the radio just now wasn't a chorus of dead World War I veterans turning over in their graves.

At least all widows of veterans of all wars who are now 50 years old and over should be granted full veterans' benefits and full equality amongst themselves. At present the widows of veterans of both World War I and of World War II lose their pension rights permanently by remarriage—this is unfair, as the widows of the Spanish-American War have this right to come back to the pension rolls after remarriage is dissolved either by death or divorce, if the latter is not due to her misconduct. This remarriage right should be granted to all widows of all wars, regardless of age, and it would also be of great benefit to the taxpayers, for a large percentage of the young widows of World War II especially, and a considerable percentage of those of World War I, would permanently be remarried if they had the Spanish-American War widows' "come-back right."

"Cast us not off in our old age," and remember that Mr. World War I was the "Rose of One Man's Land," his home nurse, and his breadwinner.

An Opportunity—And a Challenge

EXTENSION OF REMARKS

OF

HON. EDWIN ARTHUR HALL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 10, 1947

Mr. EDWIN ARTHUR HALL. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address by Frank E. Gannett, Rochester publisher, before an Ohio Republican audience in Columbus, Ohio, December 2, 1947:

Whether or not you agree with my views, I do hope that our meeting together will stim-

point out that by strict rationing we could save more food for foreign shipment. That might be so this year, but in the end if accomplished by compulsory controls we would be subject to the same paralysis of initiative which exists in Europe today. In other words, Europe has to take the limitations which are inherent in a free system if they want the benefits produced by it.

The advocates of a planned economy have had their day. They have made a complete failure throughout the world, except in some closely confined areas. Certainly, the Government can greatly improve any condition by sound policy, but it cannot improve those conditions by a detailed attempt to regulate millions of transactions throughout vast areas.

A return to OPA means an end to economic freedom. An end of economic freedom in time of peace leads to the end of political freedom. Surely we should not turn now to the methods that have failed in every nation which has adopted them. Surely, we should not abandon now all of the principles of liberty which have made this country today the envy of the world.

Diplomatic Boondoggling

EXTENSION OF REMARKS

OF

HON. WALTER H. JUDD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 8, 1947

Mr. JUDD. Mr. Speaker, under leave to extend my remarks I include the following letter by Mr. William C. Bullitt, former United States Ambassador to Russia and France, in the Washington Post for December 15. Mr. Bullitt demolishes with Mr. Lippmann's own words the latter's recent argument that the fate of China is of little importance to the United States:

DIPLOMATIC BOONDOGGING

My attention has been called to a column in your paper of December 8, signed by Walter Lippmann, describing action to prevent Communist conquest of China as diplomatic boondoggling. Is this the same Mr. Lippmann who published, in 1943, a book entitled United States Foreign Policy Shield of the Republic?

That book contains the following statements:

1. American naval power in the Pacific must, in order to be fully effective, hold securely a chain of bases extending from continental United States through Hawaii, Wake, Guam, and the Japanese mandated islands to the Philippines. It is, however, a line which cannot easily be held securely unless there is an anchor at the other end of this barrier chain of bases. This anchor can be provided only by China.

2. Manifestly the peace of the Pacific has turned and will turn upon China. All the international wars of the Pacific, including the war we are now waging, have turned upon China, and the future of China will for good or evil determine the future of the whole great basin of the Pacific.

3. As soon as the United States became a power in the Far East by occupying the Philippines, the American Government committed itself to opposing the dismemberment of China into spheres of imperialist influence. This was the open-door policy. With some temporary deviations and some lapses, the United States adhered to this policy, and finally became engaged in the present war because it would not renounce the policy.

4. All we can do is to act on the assumption that the conditions which for half a century have made the integrity and security of China a vital interest of the United States will, as China becomes a great power, make the security of the United States a vital interest of China.

5. In Asia, a Russian policy of aggrandizement against China would disrupt Russian-American relations in the North Pacific and, in the coming air age, across the top of the globe.

Perhaps this is the same Mr. Lippmann. For in the same book Mr. Lippmann advocated a "nuclear alliance" between the United States, Great Britain, and the Soviet Union, thereby displaying such an ignorance of the aims of Soviet imperialism that readers who had some knowledge of world affairs were obliged to concur in his estimate of his own powers: "How wide has been the gap between my own insight and my own hindsight,"—and to note his confession: "And though I knew, and had often argued, that British-American sea power combined was necessary to our own security and to the maintenance of peace, nevertheless I was too weak-minded to take a stand against the exorbitant folly of the Washington Disarmament Conference. In fact, I followed the fashion, and in editorials for the old New York World celebrated the disaster as a triumph and denounced the admirals who dared to protest. Of that episode in my life I am ashamed, all the more so because I had no excuse for not knowing better.

Some day, if Mr. Lippmann exists, he will be as ashamed of calling action to prevent Communist conquest of China "diplomatic boondoggling" as he now is of having advocated the scrapping of a large portion of the American fleet.

Recently, someone using the same name, Walter Lippmann, published in your paper, I am told, 14 articles proving that the United States could not win the "cold war" against the Soviet Union; but before the articles were published in book form, rushed to Europe and returned with the joyful announcement that the "cold war" had already been won by the United States. If this Mr. Walter Lippmann really exists, and is not a chameleon pantologist, he should be more careful—otherwise he will cease to be even the matrons' mentor.

WILLIAM C. BULLITT.

WASHINGTON.

Aid for Veterans

EXTENSION OF REMARKS

OF

HON. EDITH NOURSE ROGERS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mrs. ROGERS of Massachusetts. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following letter:

AMERICAN VETERANS COMMITTEE (AVC),
Washington, D. C., December 12, 1947.

HON. EDITH NOURSE ROGERS,
House Office Building,
Washington, D. C.

DEAR MRS. ROGERS: I have noted with considerable interest your remarks in the House of Representatives on December 11 in regard to the importance of the early passage of three bills to aid veterans. I should like to express the thanks of our organization for your interest in these bills and to assure you of our support.

The bill providing for an increase in subsistence allowances is of particular interest to the American Veterans Committee since, as you know, our college chapters conducted an intensive survey on the subject last winter and spring. These surveys, from more than 50 different institutions geographically distributed all over the country, indicates that veterans are not able to meet even basic living expenses on the present allowances.

The supplementary bill providing for an increase in ceiling on the amount of subsistence allowances plus pay by the employer to veterans in on-the-job training also demands early passage.

We realize the extreme importance of quick passage of the interim-aid legislation and of action by Congress on inflation. But we feel that the veterans' bills which you are supporting are relatively noncontroversial and could be passed without much debate if they could be placed on the House calendar.

I am sending a copy of this letter to the Honorable JOSEPH MARTIN, Speaker of the House.

Sincerely yours,

CHAT PATERSON,
National Chairman.

Danger in the Near East

EXTENSION OF REMARKS

OF

HON. FRANCES P. BOLTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mrs. BOLTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by me before the Council on World Affairs, Cleveland, Ohio, December 13, 1947:

DANGER IN THE NEAR EAST

Mr. Chairman, members of the World Affairs Council and guests, it is with a rare sense of privilege that I have come to you today, challenged by the fact that few groups in this country have your understanding of present issues. Ten years of Brooks Emeny's leadership have taken you out into a knowledge of contending forces, of possibilities for war and peace, such as is seldom found. The very name of the Council—World Affairs—gives indication that you are deeply aware that this great country of ours is indeed a part of a world that longs for unity and peace and looks to the United States for leadership. You fearless choice of speakers down the years who have given you all sides of the problems that confront us as a great power, evidences your determination to be ready to meet every possible contingency. Your special groups, all of them so ably led give evidence that you have graduated from the preliminary state of just listening, to one of a burning desire to know for yourselves. I wish it were possible for me to tell you what it means to me as your Representative in the Congress to know that you too are constantly reaching out fearlessly ready to go into new areas as these open before us all. I congratulate you on your courageous and progressive course and urge it upon you that you continue in an ever-widening circle. Who can know the extent to which already you have influenced the trend of these rather terrible events in which, as a great world power, we have found ourselves suddenly engulfed? Who can say how far your deliberations may echo and reecho across the world?

This is my first public report, Mr. Chairman, and I am proud indeed to make it be-

fore this illustrious company. My informal report to the House, now in printed form, is available to anyone desiring it.

You have asked me to talk to you of my recent Foreign Affairs Committee assignment as it relates to the Near East. This I am happy to do, though the picture is not a gay one. I am certain that you, like myself, are deeply concerned with what the future holds, troubled as never before by the possibilities for ever-increasing tragedy that seem to press in on every side. I shall speak with complete objectiveness confident that to each one of you and to you all collectively the future of the United States holds within it the future of the world.

We older ones grew up secure in the thought that we were pretty safe behind our oceans, that we didn't have to think about such things. But that world has ceased to exist and we must become acutely aware of the areas that hold danger for us. The whole Near and Middle East is such an area—from Greece to Afghanistan, from Turkey to the southern tip of the Arabian Peninsula.

SUBCOMMITTEE ASSIGNMENT

I must make it clear at the start that I went out on an assignment to study conditions at first hand, to get facts, and to bring those facts back to the Congress. I did not go to form opinions—indeed, except I kept an objective attitude I should have failed completely in the task given me.

When I tell you that the Subcommittee of the Committee on Foreign Affairs, of which I am chairman, is concerned with the movements that cut across national boundaries with particular emphasis on the explosive aspects of communism, zionism, nationalism, etc., you can see that personal opinions are out.

Greece and Turkey, Cairo, the Arabian Peninsula, and Iran, with north Africa were to be the areas of our study. Cholera kept us out of Cairo and a cable calling us back for special committee meetings on the interim-aid program November 10 prevented our getting into north Africa. But we sent two of our men into Greece and Turkey, while Congressman MERROW, of New Hampshire, and I took the Near East as our share.

CONGRESSMAN JACKSON ON GREECE

So much confusion is abroad relative to the whole matter of foreign need and of the efficacy of our help that I wish I could give you not only my own impression, but also the even more authoritative statements of my colleague, Congressman DONALD L. JACKSON of California, who spent some weeks in Greece.

When we had the interim aid bill up before the Committee on Rules last week one of the committee members said to the witness, Mr. JACKSON, "You don't mean to tell us that the aid we have given Greece has stopped the Communists?" Here is his reply:

"During the period between October 6-23, Mr. TEAGUE and I traveled hundreds of miles through Greece to the northern frontiers, into Thrace, and in general, covered as much of the country as it was possible to cover. We had interviews with many personalities both in and out of the Government. We did not spend our time on the front porch of the American Embassy in Athens. We talked to members of the Greek press, American and foreign correspondents, magazine writers, officers and men of the Greek Army and the Air Force, priests, villagers, businessmen and captured bandits. We made every effort to learn what had happened in Greece * * * since the American mission went in there. Regardless of political affiliations—and there are 27 political parties in Greece—we found no one even among the Communists, who did not say that if we had not gone into Turkey and Greece they would be today in the economic and military control of Russia.

"There might have been differing degrees of efficiency in the administration of aid in that area. There probably was some degree of friction between our Embassy and the aid mission. There was stupidity in some respects in connection with the administration of UNRRA, but the one unassailable fact, in spite of all that has been said heretofore, is the fact that if we had not gone into Greece and Turkey when we did, the iron curtain would have lifted and crashed on the Mediterranean coast.

"The military significance of Greece is of the utmost importance. Fate, perhaps in a mood of irony, gave Greece one of the world's most unproductive soils—rugged, mountainous terrain—and an unbalanced economy which has never in the history of the nation been a favorable trade-balance side. Strategically, however, its importance cannot be underestimated. It has been said that who controls Greece to a large extent controls the Mediterranean. The whole relationship of Greece must be studied from the standpoint of her relationship with the remainder of Europe, and, what is more important, from the standpoint of her relationship with the Middle East. Geographically, Greece stands on the flank of Turkey. Her island possessions dominate the approaches to the Dardanelles and the Bosphorus. Crete lies astride the communication lines of the Mediterranean, and the harbors of Greece, while not the best in the world, would offer facilities for repair and refueling in the event of a world crisis. It is highly questionable whether Turkey could stand alone against military aggression unless her flank on the west were covered. The ancient gateway of invasion to the middle east lies through Turkey and has, since the days of Attila, the Hun, and Ghengis Khan. The Iran-Turkey-Greece axis stands guard to the reaches of not only the Middle East, but to Africa and the balance of the Mediterranean world. It is for this reason, as you will remember, that America went to the aid of Greece in 1947.

"We have to accept on the face the fact that the Communists have not made a substantial gain in Europe during the last year. The pendulum for the first time since the war, has started to swing in the opposite direction. In all those countries having elections, the tendency has been to repudiate the concept of communism.

"If the same is true in Europe as in Greece and Turkey, the aid we have poured into Europe has had a definitely beneficial effect on containing communism."

Mr. JACKSON says further, "There is anything but a cold war going on in Greece today. It is a hot, fighting war." And he should know. Questioned as to Henry J. Taylor's remarks about Athens being a boom town while nothing he could see there justified the thought of great need, Mr. Jackson said, "I do not know where he traveled, but when one gets outside of Athens he is in a different world. They are grateful for the things we have done for them. All along the way people surrounded our jeep by the hundreds and literally kissed our hands because we were Americans."

MY OWN OBSERVATIONS

During my very brief stop-over in Athens we covered an amazing amount of ground, sitting in on a conference with Governor Griswold and his staff, going on to the information office for a very concentrated hour of questions and answers and inspection of the office space and content, and ending up with an unforgettable hour with the Prime Minister. I came away with a vivid sense of the terrific problem facing the keen, venerable M. Sophoulis. Little constructive work can be done until the guerrilla war is stopped. The condition of the people is deplorable. No wonder they often take the attitude that they couldn't be worse off, and maybe Com-

munist promises might hold something after all.

One of the added trials is the scarcity of water in the Athens area. The Germans emptied the great Marathon Reservoir which takes 7 years of good rainfall to fill. And this year there was a drought.

Do you know I find it difficult to understand the thought processes of people who say, "unless they will change their government and become a democracy we will send no aid." Soviet Russia calls herself a democracy. To me there is no future in imposing upon any people a form of government they don't understand. We believe in our kind of what we call "democracy," but how are we going to make the Greeks understand what we are talking about? After a while, perhaps—but even then it won't be our business to force them, will it? It makes much better sense to me to do what we are doing, giving them food, etc., and help in this business of driving the guerrillas back beyond the borders from which their strength comes. Once that is done and they can give some attention to their internal affairs, then let them choose. Didn't we fight the war to preserve the right of peoples to choose?

At the moment this new King Paul and his Queen Frederika are doing an amazing job and are making the people not only respect but love them. When we were in Athens the King was making a very thorough inspection of the whole of Greece with a rather breath-taking courage. And the Queen was everywhere, working to establish food centers, clinics, etc. Did the papers here carry the story of how she was discovered in a crowd and lifted up onto the men's shoulders and carried along while they all cheered? Give the people something to eat, set them to work, and then let them see whether or not they want to continue to be the most limited monarchy in the world.

STRATEGIC FRONTIERS

Greece, Turkey, and Iran are on the southern frontiers of the Soviet Union, their security constantly threatened. That security is of the utmost importance to us.

We had come through France; the unbelievable attacks against us in the Communist papers, on the air, on billboards and handbills were fresh in our minds. We found the same procedure in varying degrees in Rome, Athens, and Tehran. It served to strengthen my conviction that we are engaged in a grim war—a cold war, if you want—upon which hinges the fate of mankind.

Two months in eastern Europe with 2 weeks of that in Russia in 1945 and a very concentrated 6 weeks in Europe and the Near East this fall, have left me no alternative concept. Our adversary is ruthless, relentless and entirely without honor. His goal is the complete domination of the world. He has said that if in his progress he must destroy those whom he cannot convince, even though he destroy all but a small number of the present population of the globe, he will do so. Evidence of his sincerity in this regard can be found in every land upon which he has laid the finger of his conscienceless lust. Unfortunately, by the appeasement program of the administration in power at the time, we gave Moscow a sense of over importance at the very start. It was the American armies that were turned back from the Elbe. It was America that gave Stalin priorities in what are the satellite countries and helped his directly and indirectly to build Soviet strength in Korea, Manchuria, and China. As Americans we cannot escape our truly terrible responsibility to undo as fast as may be that which we have done. You may say to me, "But I didn't do it, I was against it." If you voted against them you did that at least, for it was the majority of those voting who seemingly continued the appeasement administration. If you were among those who did not

vote, then your failure to take your personal responsibility towards continuing freedom and decency, opportunity and hope in a God-fearing world needs expiation.

I am not among the defeatists who say at the outset—"this can't be done, if this is done it won't work, we've poured so much down a rat hole we just can't pour any more, etc." Why not close the rat hole? To base our thinking and our actions on the premise that all Moscow needs to take over the world is to start the juggernaut rolling, is to me shocking beyond measure. What is the matter with us? Have we no good old-fashioned spunk left? Have we no courage, no faith, no belief in ourselves and the way of life we are building? And at this moment in man's battle for existence and for growth when we are faced up with the godless forces of materialism, have we no allegiance to Him in whom our forebearers put their trust? Where is our faith in the Almighty and Eternal God whom we call by many names and worship through various formulas? What have we become?

The Turks have refused Russia control of the Dardanelles. They are bleeding themselves white keeping an army out of all proportion to normal peacetime needs. And up in Iran, on the very borders of the Soviet Union, the Province of Azerbaijan, with United Nations backing and what is little more than moral support from us, turned them out. While we were in Tehran those same courageous Persians voted down the Russian oil concession 102 to 2. They know that their little army, only now beginning to pull itself together with the help of our tiny military mission would be impotent should Moscow decide to move to the Persian Gulf. But they have stood their ground.

It is of vital importance to the security of the United States, as well as to that of western Europe that the Iranians continue their courageous way. There are many reasons for this, but perhaps the most vital, until science gives us the formulas to unlock atomic energy for use in our economy, is and will be oil. Look at your map, and you will see the gateway Iran could be to Russia.

OIL

At the northern end of the Persian Gulf is the largest refinery in the world. Soviet troops could move down in short order across Persia on the very roads we built with the agreement of the Iranians to give to Russia the supplies with which she repulsed the Germans.

Just in the bend of the gulf lies the fascinating little land of Kuwait—very ancient. Under it is probably the greatest known oil deposit in the world. American concerns own one-half of the concession, and work had begun to go on apace when we were there.

Part way down the gulf lies the island of Bahrein where the British, as well as ourselves, have vital interests. On the mainland is Dhahran. Here the seemingly inexhaustible concessions are ours, and the friendship and understanding that has been built between us and His Very Powerful Majesty King Ibn Saud are making possible a development of the country that should be of great benefit to all the people. We saw the first rails laid on the ties of the railroad that will join together the principal cities. These in turn are to have water, sewage, and light. The engineers are ours, most of the labor is Arab, and for the first time in their lives they receive a living wage. For the first time, also, company schools make it possible to the native to learn a trade, to improve that knowledge and so earn a progressively better position. A hospital is being built and schools, and the palm huts have been replaced by little houses of cement and of brick.

Some of the oil from Bahrein and Dhahran goes to China—to India. During the war our Navy used practically all of the output of ARAMCO, and our ships still count upon

fueling there. There is always a tanker at the dock, and there were half a dozen more waiting off shore the day we flew over to Ras Tanura—our ever-growing refinery north of Dhahran.

What if Moscow decided to move south? Yes, there is an airfield at Dhahran and a small American mission teaching a well-chosen group of Saudi Arabian lads how to run a commercial airfield. But could you stop a Soviet paratroop army with a camel corps and a few passenger planes?

Such a situation is not necessarily imminent, but it was our business to look at all these very grave possibilities.

PIPE LINES

Reaching only part of the way across this great peninsula, pipe lines move slowly toward Sidon on the eastern shores of the Mediterranean. You should fly over those deserts as we did. Like a great snake the pipe crawls slowly toward its destination, often covered over by the sands. Occasional small landing fields with a few flat huts make repairs and protection possible. But even the agreements for portions of the rest of those lines have not been ratified by the countries through which they must go. Will they be?

In Damascus I talked with the President several times, as well as with the Prime Minister and others in the Government. Each one told me that strong forces were working on the Parliament for refusal to ratify the agreement made with the oil companies many months ago. And we need that pipe line, friends.

IMPACT OF PARTITION

Let me repeat at this point that our job was to discover and to report on the explosive aspects of national and international movements. Whether there be justice or injustice in the partitioning of Palestine was not our business. But what was and is our business is to give the Congress and to the people of America as calmly objective a picture as possible of the results of the impact of the United States' decision to stand for partition.

We arrived in Jerusalem just at the time it was announced that the United States favored the majority report of the United Nations. It was a strange Jerusalem. Barbed wire thrown around the five separated areas, passes required everywhere, sirens that meant "stop where you are until the all clear," soldiers always in fours and armed. The tension was an experience in itself.

The effect of our announcement was amazing. Nobody was really pleased, not even the Jewish Agency. That was understandable because they have said so often that they would be satisfied with nothing less than a Palestine according to the Jews. Knowing this, the Arabs insisted that they could not believe there was any sincerity behind the Zionist agreement to the suggested partition plan.

We found our Consul General and his very able staff exceedingly well informed. We used their knowledge as background for our discussions and conferences with British, Jews, and Arabs; some of these talks were on the record, others not, but all of them were with people in positions of authority in their groups, though some of their voices have been silenced all too successfully.

It was particularly interesting to find that Creech-Jones' announcement of Britain's decision to withdraw from Palestine was met on every hand with complete incredulity. The High Commissioner Sir Alan Cunningham left no doubt as to its finality when I talked with him, and when later he went on the air. The immediate reaction was pleasure on the part of both Jews and Arabs, although when I discussed it later with the Jewish Agency I found a curious attitude that was most difficult to rationalize. Both groups were very positive that they could handle any violence that might occur should

the final decision at Lake Success be for partition.

Let me give you briefly—for my time is short—the reactions and opinions given us, and I assure you it was never the opinion of isolated individuals or even of two of three that we wrote in our book.

As I said—no one was jubilant over that first announcement, and it was not only among the Arabs that we met violent opposition to the partition plan. Just as here and in many other countries, ardent Zionists protest most loudly. The Zionist-Revisionists (they expressed themselves in New York newspaper advertisements in September) are perhaps the most vocal opponents of the partition plan in Palestine. We were told by the authorities that they represent from 17 to 20 percent of the Jewish population. There are also groups of orthodox Jews who told us with an indescribable sadness of their grave concern lest the problems of establishing a Jewish state at this particular time, might become the greatest tragedy ever faced by Jewry.

And there are still others within both the Jewish and the Arab groups who have a deep certainty that Jews and Arabs could and should be able to work out their own salvation. They deeply resent the pressures from without that have brought discord amongst them. To these I have said that I hoped they would let nothing discourage them, but that they would continue to try to find ways to bring about an ultimate peace in order that the dark clouds that presently cover the attainment of a goal long in the hearts of many may be dissipated by unselfish desire and a deep understanding of the need of the world for peace.

I am saying nothing today of the dreams of the thousands upon thousands of Jews taught in their synagogues that they have been singled out by the Lord Jehova from all mankind and given a particular little country. Nor have I time to speak of the tortured and homeless to whom the Promised Land is their only hope, whose problem has not been simplified by having been made a part of the Zionist plan. But the amazing growth of Tel Aviv to which so many have gone despite the terrible congestion and their own poverty, which is probably true of other cities such as Haifa, cannot be passed over unmentioned. Jerusalem, too, has changed unbelievably. The new wholly modern city has crawled up and down the little hills with incredible elasticity. The fact that all new structures must be of the native stone gives it an appearance of permanency.

I could talk many long minutes on these developments; but that was not my assignment and you have asked for a report.

So today I am giving you as much of a picture as I can of what the impact of the announcement of the American stand for partition was right at the moment and something of the implications as they may play a part in the security and the future of the United States and through us, of the western world.

POSSIBLE EFFECT UPON ARAB-AMERICAN COOPERATION

Let us look at our position quite coldly. As a result of our many conferences we came to the conclusion that the consensus of opinion of a very-large majority of those with whom we talked was that a year ago we had the confidence and the friendship of every Arab country. A year ago they believed what they had learned of justice and democracy in the American colleges of the Near East into which they flocked at the end of Ottoman rule. A year ago they trusted us to uphold those doctrines against all comers.

Now? The shock of what is to them our defection, our departure from all they believed we stood for has confused them. They are bewildered by what they consider

our disloyalty not only to them but more seriously still to our own creed, to our own honor. They feel we have betrayed them not only materially, but morally and spiritually, as well.

Nor can they understand our gullibility, our ignorance of the ways of Moscow. His Majesty King Ibn Saud has and has had no illusions about the gangsters in the Kremlin. He sees the danger they present to all who believe that man is a child of God, not a tool of the state. He has watched the machinations of Uncle Joe as he has stretched his long hands out toward the eastern Mediterranean, pulling them back whenever they got slapped, but always reaching out again in some new direction. And now? There was little in our papers about the possibilities of the Russian stand during the first days of maneuvering at Lake Success—nothing to give the picture of the constant pushing and shoving behind the scenes but definitely felt, to bring out a statement by the United States delegate. How well it was managed that Soviet agreement with America was interpreted as a splendid step toward better understanding. Was there a word said of what was accomplished in the sinister determination of Moscow to control the world? Let us consider the partition plan from that angle and quite dispassionately for a moment. There are two ways—and two ways only—to put it into effect. (1) By the agreement of both groups upon which it is really predicated. (2) By force. It is clearly apparent that the first method is out—and no thinking person can fail to see the implications and possible ramifications of the second. It will do no more than suggest what it would mean should the whole Moslem world of some 300,000,000 join in protest. Is it not important that we consider whether it has not become far more than a question of just Palestine—indeed one has little alternative if one is to face the explosive aspects from the standpoint of world peace and the battle that is on between the cold, merciless Kremlin and a God-fearing world.

RUSSIAN STRATEGY AT LAKE SUCCESS

Let us look at the Russian strategy at Lake Success beginning with the opening gun—the consummate skill of Gromyko's first speech.

"We had hoped that these two people would find a way to reconcile their difficulties * * * we have come most reluctantly to the conclusion * * * Russia stands unalterably"—and here is the heart of the matter—"for the right of all peoples to self-determination * * * for the right of an unhappy minority to withdraw from its association with a majority, the right to live unmolested in his own country, etc. etc."

Does this not make it immediately evident that Moscow has used the Palestine issue merely as a tool to establish within the United Nations the precedent of the right of a minority to separate from the majority and set up a separate state? You will see that by its action in this one instance the UN has sanctioned whatever Moscow has done or plans to do to instigate turmoil and revolt in every country where there are minorities.

Take the Azerbaijan matter, for example.

Look more closely at Kurdistan, and foothills of Mount Ararat, the most strategic land mass in eastern Asia. Once established as a satellite country and it is just an easy downhill walk to Kirkutz and the plains beyond.

And Soviet Armenia—how logical to bring those 7,000 square miles back to the fold—to collect the dispersed Armenians as they are doing, and bring them back to Kars and Ardahan. Why surely if after an interval of 2,000 years one group is reinstated in an area of 10,000 square miles, then another group dispersed but 30 years ago should be given the same rights.

It is this establishment of precedent which Moscow has at the moment successfully pulled off that holds within it more power for destruction than the atom bomb.

Of course courageous little Greece, in spite of all the pressures to which she was subjected, held firmly to her early determination to permit no such precedent to be established, for is not Macedonia upon the very brink?

POSSIBLE EFFECT UPON MARSHALL PLAN

By supporting the partition plan Moscow accomplishes another purpose, definitely announced in Europe; the defeat of the so-called Marshall plan. How?

A large part of the rehabilitation plan for Europe is predicated upon the supplying of some 15,000,000 tons of oil annually from the Near East. At the moment the output is about half that amount—but the contemplated pipe lines and new developments could readily double the amount. If this is not brought about—if in addition the 7,500,000 tons are cut off, where is the oil to come from?

Our own oil supplies are about 230,000,000 tons a year, and we know that we must conserve rather than to expand if we are to build security at home. So it is of the utmost importance that the pipe lines be laid and that the output be available to Europe.

Could tankers bring the oil around the long way? It has been roughly estimated that 300 tankers would be required to give the five 8,000-ton ships a day that would be required—the minimum time for the turn-around being about 2 months. To build these on top priorities with no time out for strikes would take at least a year—and very roughly would cost from \$150,000,000 to \$200,000,000—a small sum perhaps as it relates to the possible 16 billions suggested for a 5-year rehabilitation program—but

Under such conditions the pipe lines loom large in the Marshall plan. And Russia has maneuvered the United Nations into a position where—if no further considerations be given—the precedent of minority withdrawals has been established and underwritten. The immediate result is clearly evident. The Near East is threatening to explode over a plan whose possible implementation has in it explosive elements which might easily ignite not just the Near East but all the world. And who benefits? Moscow and the godless Communist ideology.

Whose will be the hand that made all this possible? Where does that put us, friends, in this great battle that is on between those who believe in God and those who defy Him? Remember that the Arab also is a devout believer. Has it not become a question of the future of our world? Will the men in the Kremlin be able to continue to play their cards as successfully as they have on the eastern coast of the Mediterranean Sea? Shall we continue in our blindness and keep on giving them one strategic spot after another even as we have now helped the establishment of the one precedent Moscow needs to do legitimately what she has so far accomplished without sanction?

RESPONSIBILITY FOR THE FUTURE

That is an unpleasant picture, isn't it? I'm wondering if we have the courage to look at it from every possible angle, facing the worst that could happen, and then say to ourselves: Even now this need not be. Even now those responsible may use a greater wisdom than the leaders have shown. The very fact that neither Arab nor Jew is ready, really, to use force means that time may bring cooler judgments to bear among those seemingly the most involved. Once the British have withdrawn and these two contenders are faced up with the full responsibility for their own future, isn't it still possible that those of both groups who have long felt a peaceful way could be found if only the leaders could be forced to abdicate from their positions of fanatic immovableness, might have the courage and the strength to win through to peace.

Isn't it further possible that when the United Nations Security Council considers methods of implementing the decision of the Assembly, as it must automatically do, they will have to face up realistically to the shattering results of Russian strategy? Isn't it conceivable that at that point, with the peace of the world at stake, some interval procedure may be worked out which would give time for further consideration for all that is involved?

In giving you this dispassionate objective picture of a part at least of the explosive aspects of the present situation in the Near East, I am placing upon each one of you, Jew, Moslem, and Christian, a very heavy responsibility. I believe that it is of infinite importance that we go forward from this moment with a deep and new-found humility, asking that we may see more clearly in the darkness that surrounds us and that we may use all our strength, all our courage, all our energies to protect and uphold the spiritual essence that is freedom, that is America.

Upon us as believers in the spiritual realities, upon us as Americans rests the impelling need to look into the implications of these world-shaking decisions with a deeper responsibility for the safety and security of this our country in a world aflame with passion, with anger, with envy and with greed. Not that America shall be strong for the sake of strength, but rather that her strength may be there to be used by the great forces of the Eternal God to build justice and mercy that in the end there may indeed be light.

Economic and Social Implication of Modern Food Science as Exemplified in Multipurpose Food for Famine Emergency Relief Feeding

EXTENSION OF REMARKS

OF

HON. NORRIS POULSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. POULSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to insert this program put out by the Meals for Millions Foundation. I definitely do not believe that this is a fantastic dream nor do I believe it an impossibility. Mr. Clifford E. Clinton, the foundation's president, is a successful and reputable businessman, one of the leading restaurateurs in Los Angeles. The food described may not be palatable but it will save lives, and that is what we are interested in.

The program follows:

ECONOMIC AND SOCIAL IMPLICATIONS OF MODERN FOOD SCIENCE AS EXEMPLIFIED IN MULTIPURPOSE FOOD FOR FAMINE EMERGENCY RELIEF FEEDING

(By Clifford E. Clinton, president, Meals for Millions Foundation)

FOREWORD

As the first permanent organized voluntary citizens effort dedicated to the prevention of starvation, the Meals for Millions Foundation was established last fall to develop a new approach to an old problem. The foundation seeks to focus public attention on the fact that recurrent mass starvation is no longer inevitable and that malnutrition is preventable through the application of modern food science and technological knowledge.

The foundation is neither interested nor engaged in the commercial distribution of

woodlots of the Nation; to control floods and to achieve the better yields per acre which will bring down prices and taxes for every citizen. They do not sit in swivel chairs in the vast Department of Agriculture offices in Washington, concocting plans to subsidize the inefficient and destructive agricultural, grazing, and forestry practices which have so largely destroyed our natural wealth and raised all our taxes and food prices steadily. The United States Soil Conservation men are working with fundamentals and not subsidies and bribes.

The Farm Bureau in some States have been urging members to write their Congressmen to support this iniquitous Cooley bill. If you are interested in the future of this Nation, in the conservation of its natural resources and real wealth, in lower taxes and a dollar which buys more, if you are interested in game and wildlife, and in a good agriculture write your Congressman to hit this destructive bill on the head, before it destroys the most constructive and economical agency that American agriculture has ever known.

Seeds for Europe Under Aid Program

EXTENSION OF REMARKS

OF

HON. ELLSWORTH B. FOOTE

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. FOOTE. Mr. Speaker, I trust that those who have jurisdiction over the allocation of funds under H. R. 4604, the emergency foreign-aid bill, will give serious consideration to the fact that in the interest of economy to the American taxpayers and efficiency and speed in the rehabilitation of the recipient nations; seeds be specifically provided for. In the report of the Foreign Affairs Committee, \$7,000,000 is allocated for seeds, fertilizer, and pesticides for Austria, but I do not know how much is set aside for seeds. I understand the United States occupation authorities in Austria have surveyed the situation carefully and late last summer requested about \$11,000,000 worth of seed for 1948 planting. No allocation of funds for seeds for Italy and France is included.

The most economic way to increase the food and feed supply of the war-torn European countries is to supply the seeds necessary for them to grow everything possible for themselves. This is such a self evident fact that one would assume that seeds would be given first consideration. Millions of acres in Europe lay idle last summer or only partially productive for the want of seeds. This statement may be confirmed by agriculture experts who have been sent over to survey the conditions and yet no adequate provision has been made to supply the seeds needed. Certainly fertilizer alone will not bring results. In France the dollar shortage has caused the government to refuse import licenses so that the French seedmen have been unable to acquire seed they need for next spring's distribution. In both of these countries we will have another heavy demand for food next winter if they do not have maximum seed production. We are fortunate in having large supplies of many

important kinds of seeds well adapted to European conditions. Undoubtedly food is required for immediate relief, but if we are to avoid repetition of that same urgent need next winter, we must see that seed is made available to produce every pound of food and feed possible for feeding themselves and their livestock. For its most effective use, the seed should be on hand not later than March 1, 1948.

Housing

EXTENSION OF REMARKS

OF

HON. JOHN A. CARROLL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. CARROLL. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD, I include the planks on housing adopted by the American Veterans' Committee—AVC—at its recent national convention in Milwaukee, Wis.

The AVC has long played an active part in the fight to secure adequate housing for veterans and other citizens. I am sure that Members of Congress found in their own home States and districts that housing remains one of the most important problems facing World War II veterans. The problem remains to be solved and I am sure that this session of Congress will devote full attention to developing an adequate housing program.

I am glad to see that the AVC favors the early passage of the Taft-Ellender-Wagner long-range housing bill. This bipartisan measure offers the only comprehensive solution to the housing crisis which has yet appeared on the congressional horizon. By lowering costs of both rental and sales housing for all groups, as well as making possible housing for those lower-income groups who simply cannot afford any of the housing now being offered on the market, the bill is a vital item on the agenda for this session.

Another prominent objective of the AVC is the extension of rent controls without mandatory increases. With the continued increase in the cost of living any lifting of rent controls might well be the straw which broke the consumer's back.

The AVC also emphasizes the importance of aid to the industrialized housing industry which offers the hope of low-cost housing by utilizing modern mass production techniques.

HOUSING

100. The No. 1 domestic issue in the United States today, as it was a year ago, is housing. We believe that the country has failed in its obligation to house the veterans of World War II. Therefore, we feel that the Government must assume the responsibility for getting homes for the veterans.

101. From the Federal Government, we insist that rent control be continued in its original form and be properly enforced until the housing shortage is largely eliminated: We ask for the immediate passage of the Taft-Ellender-Wagner bill, with an amendment authorizing an unsubsidized self-

supporting public housing program, and the Douglas bill; we ask for the continuation of a vigorous program to assist producers of new building materials and industrialized housing; and finally, we ask for the development of a comprehensive financing program to encourage home purchasing and low-cost rental housing. We further ask that the low-rent housing program now administered by the Federal Public Housing Authority be continued and that adequate appropriations be made to assure the low-rent character of the program.

102. We urge the adoption of the principle of cooperative housing to help solve the housing crisis.

MODERNIZE BUILDING CODES

103. From State and local governments we ask for the modernization of building codes, the encouragement of State enabling legislation to finance local housing authorities. We urge the use of State and local funds for the construction of subsidized public low-rent housing and the encouragement of unsubsidized public housing, and we demand the abolition of zoning practices which prevent the setting up of low-income housing in new areas. We ask the abolition of real-estate covenants that deprive persons of the right to live where they choose.

104. From industry we ask for greater emphasis on the development of new housing materials, and a greater emphasis on the construction of rental units. Since industry cannot supply such rental units at rents which veterans can afford, we insist that the Government undertake the responsibility of providing adequate shelter through programs of its own. We call upon industry to reduce the over-all price of building materials as a first step to bring building costs within the range veterans can afford.

105. From labor we ask that the supply of building mechanics be expanded by increasing the number of apprentices, where necessary. We ask the adoption of industrialized methods of building construction, training in new methods being given any employees adversely affected so that members of the building trades will not be displaced. We ask that support and assistance be given industrialized housing where that type of housing receives structural approval from the Government. We urge that cooperation be given in modernization of building codes.

106. We favor the setting up of joint committees by AVC, other veteran and progressive organizations, and trade unions, to fight by legal methods evictions of tenants unable to pay increased rents.

107. The building industry is in the beginning of a slump at the time when the need for construction is the greatest in our history. Rather than waste precious time trying to assign the blame, we call upon the Congress to acknowledge the need for at least 1,500,000 new homes each year for the next 10 years and to underwrite this level of production. The Government should undertake to produce, through the medium of local housing authorities, whatever number of houses may be necessary in addition to the volume produced by priority builders to build up to the total of 1,500,000 units.

Folly of the Fake MVA

EXTENSION OF REMARKS

OF

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. PRICE of Illinois. Mr. Speaker, under leave to extend my remarks in the

RECORD, I herewith include an editorial from the St. Louis (Mo.) Post-Dispatch of December 12, 1947:

A NINE-FOOT CHANNEL

The Post-Dispatch believes that the time has come for some plain talk about the 9-foot navigation channel the Army engineers propose to build in the Missouri River under the Pick-Sloan plan.

There are two big questions about the 9-foot channel. The first: Is there enough water in the Missouri River to supply it and at the same time provide for the irrigation which the upper valley needs? The second: Is it likely to save enough in transportation costs to pay for itself?

Nobody knows how much water flows in the Missouri River. The records don't exist.

Nobody knows how much water would be required to maintain a 9-foot channel for the 8 months of the navigation season.

As former Governor Sharpe, of South Dakota, one of the main mouthpieces of the Army engineers, testified at a congressional hearing: "They do not know right now what water they are going to have to sustain any of these plans."

But by the best educated guess the Army engineers have been willing to make, it would require a flow of 20,000 cubic feet a second or more at the upstream end of the channel. That's approximately the whole flow of the Missouri River according to the best available records.

It is possible, of course, that there is enough water in the river to maintain the 9-foot channel and to irrigate 5,000,000 new acres as the Reclamation Bureau plans. At the very best, it is a terrific gamble. And if both the navigation and the irrigation projects are carried out, and there turns out not to be water for both, a lot of money will have been thrown away.

The Army engineers are confident they can stand on their constitutional priorities and take the entire flow of the river if that much is required for the channel.

The Reclamation Bureau says it is confident that its rights are protected by a congressional provision which gives irrigation the priority in the event of conflict with navigation.

Since a statute of Congress doesn't amend the Constitution, the Army engineers seem on the face of it to have the advantage here.

But if there is only enough water in the Missouri River for either the navigation channel or the irrigation project but not for both—as the known facts indicate—one of the agencies will have to give way.

If the Reclamation Bureau wins, the people will lose the \$338,000,000 or more they had spent on the 9-foot navigation channel.

If the Army engineers win, the people will lose the \$298,000,000 or more they had spent on irrigation.

But in that latter event the people will also lose something more precious than money—the financial stability and productiveness and wealth of a vast area which irrigation alone can sustain.

Plainly, the 9-foot channel isn't worth what it would cost in water.

Is the channel worth what it would cost in money? The Army engineers have made only one documented study showing how much it would cost to maintain and operate the channel and how much it would save in shipping charges.

This study shows that the channel would cost \$2,500,000 a year more for maintenance and operation than it could save in shipping charges—to say nothing of the cost of building it. And that would be every year, \$2,500,000 down the drain. Little wonder the Missouri River division engineer of the Army engineers, Col. George R. Spalding, said in 1933: "I am unable to convince myself that the undertaking is sound."

Plainly, the 9-foot channel isn't worth what it would cost in money either.

The course of wisdom, it seems to us, would be to use the present channel as much as it can be used without robbing irrigation of water, and to abandon this scheme for a 9-foot channel, which has been discredited by every authority, including those same Army engineers who are now spending millions of dollars on it.

There is another thing that is as plain as day on the face of the facts. These agencies—the Army engineers and the Reclamation Bureau—do not commend themselves to public confidence by the monumental gamble in which they are engaged.

They have shown a crass disregard for the public interest and for the prudent use of funds.

They have, in effect, sold out the future of the Missouri Valley for no better reason than to keep the development program in their own hands.

We submit that it is long past time for an appropriate agency to be formed and placed in charge of this valley's development. We mean an agency that won't have to take political gambles with the Treasury's money or the valley's future. We mean a Missouri Valley Authority.

Do We Owe Europe a Living?

EXTENSION OF REMARKS

OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. VAN ZANDT. Mr. Speaker, several days ago, as I was reading my morning mail, I came across two interesting items of information concerning our policy of foreign aid.

First I read a compilation of information by the Office of Coordinator of Information, House of Representatives, entitled "Around the World With Sixty-six Billion," in which was furnished a break-down of the amount of aid to foreign countries and the purpose for which it was used. The report is as follows:

Around the world with \$66,000,000,000—how United States dollars were spent

A. LEND-LEASE

Belgium	\$158,598,000
Bolivia	5,611,000
Brazil	331,651,000
Chile	21,880,000
China	1,564,698,000
Colombia	8,127,000
Costa Rica	155,000
Cuba	6,093,000
Czechoslovakia	503,000
Dominican Republic	1,614,000
Ecuador	7,541,000
Egypt	1,060,000
El Salvador	894,000
Ethiopia	5,252,000
France	3,233,859,000
Great Britain	31,392,361,000
Greece	75,604,000
Guatemala	1,779,000
Haiti	1,443,000
Honduras	374,000
Iceland	4,809,000
Iran	4,798,000
Iraq	4,000
Liberia	7,237,000
Mexico	38,617,000
Netherlands	248,896,000
Nicaragua	902,000
Norway	52,503,000
Panama	84,000
Paraguay	1,965,000
Peru	19,033,000
Poland	16,954,000

Saudi Arabia	\$17,531,000
Turkey	27,457,000
Uruguay	7,141,000
U. S. S. R.	11,297,883,000
Venezuela	4,418,000
Yugoslavia	32,036,000

Total 48,601,365,000

B. SURPLUS PROPERTY

Austria	2,000,000
Belgium	380,000,000
China	824,000,000
Czechoslovakia	9,304,694
Denmark	20,000,000
Egypt	11,800,000
Ethiopia	1,000,000
Finland	15,000,000
France	1,398,000,000
Great Britain	587,800,000
Greece	45,000,000
India	50,000,000
Iran	25,000,000
Italy	565,000,000
Korea	25,000,000
Netherlands	20,000,000
New Zealand	5,500,000
Philippines	638,000,000
Poland	50,000,000
Saudi Arabia	2,000,000
Turkey	10,000,000
Uruguay	666,666
Yemen	1,000,000

Total 4,686,071,360

C. DIRECT LOANS

Great Britain	3,750,000,000
Greece	250,000,000
Mexico	50,000,000
Turkey	150,000,000

Total 4,200,000,000

D. EXPORT-IMPORT BANK LOANS

Argentina	583,000
Austria	14,005,000
Belgium	100,000,000
Bolivia	20,629,754
Brazil	168,111,477
Canada	31,385,000
Chile	83,067,330
China	217,210,280
Colombia	49,379,452
Costa Rica	7,259,607
Cuba	63,478,473
Czechoslovakia	22,794,444
Denmark	20,000,000
Dominican Republic	3,283,932
Ecuador	17,490,000
El Salvador	1,476,000
Ethiopia	3,500,000
Finland	106,903,832
France	1,200,000,000
Greece	25,000,000
Haiti	10,680,000
Honduras	1,000,000
Iceland	590,000
Iran	462,429
Italy	143,376,265
Mexico	98,066,782
Netherlands	351,025,000
Nicaragua	4,650,000
Norway	50,226,612
Panama	2,487,704
Paraguay	6,200,000
Peru	450,000
Poland	43,547,412
Portugal	1,335,866
Saudi Arabia	25,000,000
Spain	13,681,074
Sweden	4,111,000
Turkey	28,060,000
Uruguay	14,373,875
U. S. S. R.	10,782
Venezuela	5,744,078

Total 2,960,636,460

E. UNRRA, UNITED STATES SHARE

Albania	40,502,284
Austria	86,000,000
China	229,000,000
Czechoslovakia	211,000,000
Finland	2,100,000

Greece.....	\$316,000,000
Hungary.....	3,000,000
Italy.....	262,000,000
Philippines.....	12,000,000
Poland.....	392,000,000
U. S. S. R.....	383,500,000
Yugoslavia.....	342,000,000

Total..... 2,279,102,284

F. WAR DEPARTMENT CIVILIAN SUPPLIES

Austria.....	65,665,000
France.....	9,314,000
Germany.....	431,27,000
Greece.....	76,500,000
Italy.....	380,868,000
Japan.....	294,971,000
Korea.....	41,641,000
Netherlands.....	7,730,000
Philippines.....	57,230,000

Total..... 1,365,046,000

G. AID TO PHILIPPINES

Philippines.....	695,000,000
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Total..... 695,000,000

H. OCCUPATION LIRA CREDIT

Italy.....	258,000,000
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Total..... 258,000,000

I. INTERNATIONAL BANK LOANS

Denmark.....	40,000,000
France.....	250,000,000
Netherlands.....	195,000,000

Total..... 485,000,000

J. FIXED WAR INSTALLATIONS

Australia.....	37,394,000
Iceland.....	65,000,000
Netherlands.....	44,384,624
New Zealand.....	207,069

Total..... 146,985,693

K. FOREIGN ECONOMIC ADMINISTRATION RELIEF

Italy.....	140,000,000
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Total..... 140,000,000

L. ALCAN HIGHWAY

Canada.....	138,312,166
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Total..... 138,312,166

M. RFC LOANS

Canada.....	5,000,000
Philippines.....	25,000,000

Total..... 30,000,000

N. AIR BASES

Liberia.....	20,000,000
Peru.....	2,000,000

Total..... 22,000,000

O. CULTURAL AND TECHNICAL PROJECTS

Brazil.....	680,000
Chile.....	195,000
Colombia.....	342,000
Costa Rica.....	240,000
Cuba.....	190,000
Dominican Republic.....	75,000
El Salvador.....	160,000
Guatemala.....	425,000
Haiti.....	86,000
Honduras.....	63,000
Mexico.....	574,000
Nicaragua.....	180,000
Panama.....	34,000
Paraguay.....	38,000
Peru.....	470,000
Uruguay.....	67,000
Venezuela.....	144,000

Total..... 3,963,000

P. INTER-AMERICAN HIGHWAY

Costa Rica.....	1,300,000
El Salvador.....	167,500
Guatemala.....	232,700
Honduras.....	354,500

Nicaragua.....	\$1,250,000
Panama.....	13,000

Total..... 3,317,700

Q. U. S. COMMERCIAL COMPANY

Bolivia.....	2,080,474
Ecuador.....	5,190

Total..... 2,085,664

R. OFFICE OF DEFENSE SUPPLIES

Bolivia.....	300,000
Ecuador.....	160,944

Total..... 460,944

S. STATE DEPARTMENT CREDIT

Mexico.....	217,901
Uruguay.....	30,163

Total..... 248,064

T. EDUCATIONAL AID

Iraq.....	41,000
Lebanon.....	90,000
Turkey.....	65,000

Total..... 196,000

Grand total..... 66,017,790,335

Source: New York Daily News, Oct. 5, 1947.

Mr. Speaker, after reading the above report, which has outlined our mammoth program of sending American dollars abroad, I came across the following editorial from the pen of Mr. Robert Boyer, editor, Altoona Tribune, Altoona, Pa., which appeared in the December 9 issue of the Tribune. The editorial is filled with facts that should have the earnest consideration of every thinking American.

DO WE OWE EUROPE A LIVING?

Reports from abroad by the most qualified and impartial observers, most of whom are American newspapermen, inform us that the average European believes that American wealth is endless.

Raymond Daniell, New York Times reporter, writing from London had this to say, "An Italian, better informed and more pro-American than the average, told me recently in Venice that even if the funds appropriated for European rehabilitation under the Marshall program were on a scale proposed by the Paris conference (which made most thinking Americans shudder) the cost of the individual American would only amount to about one good-sized beef steak per year. He remained skeptical and unconvinced when I assured him that the cost to the American taxpayers would be close to \$400 each, which would buy quite a number of beef stakes even in Italy's most expensive black market restaurants."

Mr. Daniell quoted a truculent German burgomeister of the Ruhr, who demanded of the American reporter, "If you haven't got the wheat for us yourselves, why don't you buy it for us from the Argentine? Your country has plenty of money, hasn't it?"

Says Mr. Daniell, "Wherever you travel in Europe, you find the feeling that no matter how much America does, we could and should do more. A British friend remarked the other day that he thought it shameful that a nation as rich as the United States does not share some of the good things of life."

Yet, with this prevailing feeling, it is remarkable and shocking to find that Europeans hold a feeling of cultural superiority over Americans.

"Even Europeans untouched by Communist propaganda are fond of expatiating on the superiority of their culture and civilization of America's" writes Mr. Daniell. He goes on to say that the European judges culture by Beethoven and Bach, fine wines, and alluring art.

It is apparent that the European's conception of civilization needs a modern renovation.

He does not think that his "superior civilization" has produced the most barbarous warfare of modern times; that his fine European culture has almost completely destroyed a major part of the European Continent twice in this century; that his type of civilization has produced, with its fine art and music, the most degrading experiences for the European people since the Middle Ages; that this "superior civilization" of Europe has lost sight of the humanities, the true wisdom of the ages, and has completely failed to produce a constructive civilization, either in cultural thought, which is in fact spiritual thought, or in material production.

Instead, it turns constantly to the "uncivilized and stupid" democracy of America, where it demands constantly a renewal of its sustenance, so that it may continue its culture, while we feed its women and children, while European men plan more world conquest while meditating over their fine wines and their inspiring music.

All of these things indicate that the leaders of this country are ignoring too many facts with regard to our relief program for Europe.

They are letting their sympathies blind them to the fact that Europe has come to depend upon this country to produce for it—to make this country in fact, if not in name, a slave producing nation for European indolence and rotten government, from Moscow to Paris and London.

Too little attention is being given by our State Department to this acquired attitude of the people of Europe; this feeling, gradually taking root since World War I, that the United States of America owes them a living.

Too little concern is shown for the vitally important job of telling the people of Europe the truth, in such strong and repetitious fashion that they will not remain unconvinced, as the Italian was to whom Mr. Daniell spoke.

We are tardy with our educational program. We have been content for years to swallow the propaganda of Europe, and to make little or no effort to educate Europeans to the real America, the real conditions, and the all-important fact that America is rich, and Europe is poor because we in America give more time to work and production than to concocting grandiose schemes for world conquest, for wars, and for power-mad governments.

Europe still has that lesson to learn, and we are doing nothing to help those people learn it.

Instead, we are feeding their illusions concerning us.

Mr. Speaker, after digesting the contents of both of these articles, I find myself in the same position as that of millions of American citizens, who are asking, "How long can we keep financing the world?"

Helping Inflation

EXTENSION OF REMARKS

OF

HON. HUBERT S. ELLIS

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. ELLIS. Mr. Speaker, today I submit for the consideration of the House a splendid editorial from the Parkersburg News of December 11, 1947, edited by Mr.

Francis Pierce Fisher, which clearly indicates that the President is not getting by in his effort to blame everyone except himself for the high cost of living. The administration is solely responsible for the existing inflation and high prices, and everybody knows it.

HELPING INFLATION

One of the worst phases of the price problem is the attempt to over-simplify it by blaming the whole inflation on particular groups, such as industry.

This misleading device has been used, unfortunately, by a number of Government officials whose positions give them ready access to the newspapers and radio. The truth is that Government itself has been one of the most important, and perhaps the most important, influence which has pushed prices inexorably upward. As long ago as last February, writing in the New York Times, Henry Hazlitt pointed out that abnormal demand was bringing higher prices and that demand was "far greater than it was before the war because money incomes are far greater, and money incomes are greater principally because the supply of money and bank credit has been almost tripled since the outbreak of the war." There has been little change in the situation since then.

Few businesses want high prices, and most businesses are doing what they can to resist them. As an example, William Eden, vice-president of American Stores Co., a large chain system, recently testified that his company's volume of business is up 31 percent—yet its net income is down some \$500,000. That is not an exception in the retail field, where all kinds of stores have voluntarily shaved profits when possible to hold their customers.

The Government cannot attack the price problem with clean hands until it puts its own house in order. Our Government fiscal policy alone makes more inflation inevitable.

Texas Commissioner of Agriculture Says Secretary of Agriculture Is No Friend of the American Farmer

EXTENSION OF REMARKS

OF

HON. GEORGE B. SCHWABE

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. SCHWABE of Oklahoma. Mr. Speaker, I am just in receipt of a letter from Mr. J. E. McDonald, commissioner of agriculture of the State of Texas, enclosing a copy of a telegram he recently sent to the Speaker of the House of Representatives, JOSEPH W. MARTIN, Jr., and Senator TAFT, in which the Texas commissioner of agriculture says that the Secretary of Agriculture is no friend of the American farmer and agriculture.

I assume that Commissioner McDonald is in a position to know, and perhaps actually does know, as much about agriculture and the needs and interests of the farmers of this country, and particularly of the great Southwest, as any other man in the country. He certainly has manifested a sincere interest in the farmers and the agricultural industry of this country. He is to be complimented for his forthright and courageous appeal in this and other instances to prevent the destruction of our free institutions and in his effort to prevent the Federal Gov-

ernment from putting the American farmer in a strait-jacket. I agree with Commissioner McDonald heartily when he says that if we give the Secretary of Agriculture, or any other Government bureau, control over commodity exchanges, it will naturally result in their attempt to control and fix prices, and be the entering wedge of bureaucratic price control. Surely we are justified in judging the future by the past.

I am pleased to quote the telegram sent by Commissioner McDonald to Speaker MARTIN and Senator TAFT, as follows:

AUSTIN, TEX., December 8, 1947.

HON. JOSEPH W. MARTIN, Jr.,

Speaker of the House,

Washington, D. C.

Senator ROBERT TAFT,

Senate Office Building,

Washington, D. C.

In the interest of our national welfare and free Government I urge you not to give Secretary Anderson or any other Government bureau control over commodity exchanges. This will naturally result in their attempt to control and fix prices and be the entering wedge of bureaucratic price control. We now have the best marketing system and the cheapest and most plentiful supply of food and commodities in the world whereas foreign countries who have price controls are asking us to help feed and clothe them. Secretary Anderson and the Department of Agriculture have proved they are no friend of the American farmer and agriculture who are producing the food, fiber, and clothes for our country. Although agriculture represents 25 percent of our population yet they receive less than 12 percent of the cost of manufactured goods to the consumer. Therefore it is evident that 88 percent of the cost of living is due to labor, manufacturing, transportation, and distribution charges coupled with high taxes. Also we should bear in mind that our country has never been prosperous and cannot be prosperous without a high wage and price level and equitable prices for the farmer. With the existing Government debt and high taxes, low wages and commodity prices would result in deflation, millions of unemployed, and disaster for our country far worse than what happened in the 1929-32 disaster and debacle.

J. E. McDONALD,

Texas Commissioner of Agriculture

Why Should Employers Deal With Agents of Foreign Plot?

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 15, 1947

Mr. MULTER. Mr. Speaker, under unanimous consent to extend my remarks in the Appendix of the CONGRESSIONAL RECORD, I include an article entitled "Why Should Employers Deal With Agents of Foreign Plot?" that appeared in the Brooklyn (N. Y.) Eagle on Friday, November 28, 1947:

WHY SHOULD EMPLOYERS DEAL WITH AGENTS OF FOREIGN PLOT?

Within recent weeks 10 men have been cited for contempt of Congress. The House of Representatives, by a sizable majority, sustained the contempt proceedings of one of its committees. On Tuesday, the employers of these men, the movie magnates of Holly-

wood, decided to suspend the 10 without pay or fire them outright.

Serious questions hang up on this sequence of events. The issue lay in the refusal of the defendants to answer one question: "Are you a member of the Communist Party?" In evident, prearranged unity each one refused to answer. Has a congressional committee proper jurisdiction to ask such a question? Eventually the final and decisive reply will have to come from the Supreme Court. Nothing forbids the public discussion of it.

The so-called liberals claims that such a question infringes upon a man's right to think and speak as he wishes according to the nature of civic rights in America. This, to them, is a violation of a citizen's right to hold whatever political belief he wishes.

There is a vast difference, in our opinion, between a man's personal political beliefs and membership in the Communist Party. The one is merely the possession of radical or nonradical thought; the other is actual membership in an international conspiracy, the purpose of which is to defend a foreign nation's interests and by any and all means to substitute the totalitarian state not merely in place of capitalism but by destroying our present form of democratic government.

It is true that such a conspiratorial organization has not been declared illegal as yet by a definite statute. We believe that it is implicitly contained in the tradition and the decisions of our courts.

Whether these 10 men are actually Communists or not will have to be decided by the proper public authority. Whether or not a congressional committee has the right to question their status will likewise be settled by the courts. But there is an even broader question involved, namely: "Has a member of the Communist Party a right to a job in the United States of America?"

Every discussion we have ever heard on the subject of communism has ducked the answer to this one. We will put our neck out and deny the Communist such a right. We do not believe that an employer has any more obligation to hire a Communist than he would have to hire an habitual drunkard or a man who, though unconvicted, was known to be a robber.

Membership in the Communist Party is a declaration of intent to place the Soviet Union above the United States of America, to engage in sabotage of American industry whenever or wherever the Commie leaders give the word, to break down subtly or openly the traditional form of society in which we live, to undermine American institutions at all times, to use trade unionism as a vehicle for bringing other workers to the same state of mind and to engage in the same kind of tactics as the Communists.

We do not believe that a member of such an organization has any right to be supported by American industry so that he might the more easily destroy it. Employers are forbidden to sign a contract for a closed shop. Why should they be obliged to deal with the agents of an international conspiracy?

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[PUBLIC LAW 389—80TH CONGRESS]

[CHAPTER 520—1ST SESSION]

[S. 1774]

AN ACT

To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the “Foreign Aid Act of 1947”.

SEC. 2. It is the purpose of this Act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of hunger and cold and prevent serious economic retrogression.

SEC. 3. The President, acting through such existing departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds herein authorized to any such existing departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, whenever he finds it in furtherance of the purposes of this Act and upon the terms and conditions set forth in this Act—

(a) procure, or provide for the procurement of, from any source—

(1) food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed, delivered in a recipient country on or after the date of the enactment of this Act; and

(2) incentive goods, consisting of commodities not in short supply in the United States, including Government-owned stocks, to be used, distributed, or sold in a recipient country, under a specific agreement previously entered into pursuant to section 5 (g) to increase the production or distribution of locally produced commodities referred to in paragraph (1) of this subsection (a): *Provided*, That not more than 5 per centum of the funds made available under the authority of this Act may be used to procure such incentive goods;

(b) transport and store, or provide for transportation and storage of, such commodities;

(c) transfer such commodities to any recipient country;

(d) incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

SEC. 4. The President shall promulgate regulations controlling the purchase or procurement of commodities under this Act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchase or procurement upon the domestic price level: *Provided*—

(1) That procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

(2) That, except in the case of commodities not produced in commercial quantities in the United States, not more than 10 per centum of the funds made available under the authority of this Act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions, provided that the President shall find that such commodities are in short supply or not readily available in the United States: *Provided further*, That no funds made available under the authority of this Act shall be used by any procurement agency of the United States Government for the purchase, within the United States and its Territories and possessions, of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to Act of July 1, 1941, 55 Stat. 498, as amended) at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made;

(3) That the President shall, in making a finding of short supply in the United States, consider (a) the drain upon natural resources, and (b) the effect of the necessary procurement upon domestic prices;

(4) That the procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

SEC. 5. Before any commodities are made available to any recipient country under the authority of this Act, an agreement shall be entered into, subject to the limitations and provisions of this Act, between such country and the United States containing an undertaking by such country—

(a) to make efficient use of any commodities made available under the authority of this Act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this Act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States, and under agreement by the government of the receiving country that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed between such country and the Government of the United States;

(c) to give full and continuous publicity by all available media (including government press and radio) within such country,

so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this Act;

(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this Act, and to furnish on March 31, 1948, or as soon as practicable thereafter, information showing—

(1) an itemized list of commodities made available with funds provided under this Act;

(2) the total amount of money received by such country from the sale of commodities made available under this Act and the average price charged per unit for each commodity;

(3) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this Act; and

(4) such other information concerning the distribution and use of commodities made available under this Act as may be requested by the President;

(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this Act; and, where necessary, to distribute to indigent and needy persons their fair share of all available food supplies;

(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this Act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of incentive goods, made available to it under the authority of this Act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a);

(h) not to export or permit removal from such country, while need therefor continues, of commodities made available under the authority of this Act or commodities of the same character produced locally or imported from outside sources, except to the extent agreed upon by the Government of the United States;

(i) to permit representatives of the Government of the United States, including such committees of the Congress as may be authorized by their respective Houses, to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this Act;

(j) to permit representatives of the press and radio of the United States to observe and report on the distribution and utilization of the commodities made available under this Act and the special account provided for in subsection (b) of this section.

SEC. 6. The President shall promptly terminate the provision of aid under this Act for any country (a) whenever he determines that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this Act; or (b) whenever he finds, by

reason of changed conditions, that the provision of aid under this Act is no longer necessary or desirable; or (c) whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States.

SEC. 7. All commodities made available under the authority of this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States of America.

SEC. 8. Wherever reference is made, in this Act, to commodities made available under the authority of this Act, such reference shall be deemed to include commodities procured with credits made available to a recipient country under the authority of this Act.

SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such aid as they may be able to furnish.

SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this Act: *Provided*, That nothing in this Act shall be deemed to authorize the issuance of any proclamations, orders, rules, or regulations in any way controlling production or prices or allocating deliveries of any commodity within the United States. He may delegate to the Secretary of State any of the powers or authority conferred on him under this Act. In accordance with the direction of the President, the responsibility for administering in the recipient countries the program of assistance provided for in this Act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress). The provisions of subsections (i) and (j) of section 5 of this Act shall not apply to distribution of commodities in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that commodities furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the objectives of the occupation and with the purposes of this Act. No citizen or resident of the United States shall serve under this Act as a United States representative, observer, or adviser until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation. The field administrator may, when he finds it essential to the purposes of this Act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

SEC. 11. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

(b) Notwithstanding any other provision of this Act, none of the funds authorized or made available under this Act shall be used or made available for use for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

(1) survey the requirements of other countries which are dependent upon the United States for a portion of their supplies of such commodities;

(2) estimate the quantities of such commodities which will probably be made available to such countries from the United States; and

(3) estimate the total amount of such commodities available for export from the United States to the recipient countries, after giving due consideration to the quantity thereof required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such commodities. In estimating the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than one hundred and fifty million bushels to protect the economy of the United States from inflationary prices and to insure against a scarcity of bread for domestic consumption during the twelve-month period beginning July 1, 1948.

The funds authorized herein shall not be made available or used to acquire a quantity of wheat, wheat flour and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the United States, will leave a carry-over of less than one hundred and fifty million bushels of wheat on July 1, 1948, unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

(c) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

(d) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$150,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection.

(e) Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such com-

commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid under this Act or any other Act providing for assistance and relief to foreign countries, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. Any such agency shall report to the Congress on March 31, 1948, or as soon as practicable thereafter, the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and directed to cancel notes of such agency held by him in an amount equal to the amount of such losses.

SEC. 12. Personnel employed to carry out the purposes of this Act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

SEC. 13. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this Act have been completed, shall transmit to the Congress a report of operations under this Act. All information received pursuant to undertakings provided for by section 5 (d) of this Act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 14. The functions, applicable records, and funds provided for the purposes of carrying out this Act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act.

SEC. 15. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act.

SEC. 16. (a) Clause (1) in the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), is amended to read as follows: "(1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments, including the United States;"

(b) The amendment made by subsection (a) of this section shall take effect as of May 31, 1947.

SEC. 17. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

SEC. 18. Nothing in this Act shall be construed to make inapplicable, in the case of commodities procured under the authority of this Act, the authority to prohibit or curtail exports granted by section 6 of the Act of July 2, 1940 (Public Law 703, Seventy-sixth Congress), as now in force or as hereafter amended.

Approved December 17, 1947.